

**NEW GOVERNANCE AND NETWORK MANAGEMENT IN THE VOLUNTARY SECTOR:
ADJUSTING THE BALANCE BETWEEN AUTHORITY AND AUTONOMY IN
IMMIGRATION, REFUGEES AND CITIZENSHIP CANADA'S
SETTLEMENT PROGRAM**

A Thesis Submitted to the College of
Graduate Studies and Research
In Partial Fulfillment of the Requirements
For the Degree of Masters of Public Policy
In the Johnson Shoyama School of Public Policy
University of Saskatchewan
Saskatoon

By

ERIC G. NEUDORF

Permission to Use

In presenting this thesis/dissertation in partial fulfillment of the requirements for a Postgraduate degree from the University of Saskatchewan, I agree that the Libraries of this University may make it freely available for inspection. I further agree that permission for copying of this thesis/dissertation in any manner, in whole or in part, for scholarly purposes may be granted by the professor or professors who supervised my thesis/dissertation work or, in their absence, by the Head of the Department or the Dean of the College in which my thesis work was done. It is understood that any copying or publication or use of this thesis/dissertation or parts thereof for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the University of Saskatchewan in any scholarly use which may be made of any material in my thesis/dissertation.

Director
Johnson Shoyama Graduate School of Public Policy
University of Saskatchewan
101 Diefenbaker Place
Saskatoon, Saskatchewan S7N 5B8 Canada

OR

Dean
College of Graduate Studies and Research
University of Saskatchewan
107 Administration Place
Saskatoon, Saskatchewan S7N 5A2 Canada

Abstract

The transition to decentralized service provision has created tension between the authority of public funders and the autonomy of voluntary organizations; public administrators must learn how to balance these two aspects of network service provision if they are to overcome the challenges of network management in the voluntary sector. This report examines the balance between authority and autonomy in Immigration, Refugees and Citizenship Canada's Settlement Program, using the perspectives of key informants to uncover lessons for network management in the voluntary sector. The report finds that key stakeholders from the voluntary sector and from IRCC positively regard the program's adjustments to the balance between authority and autonomy, although further improvements are still possible.

Keywords: Public Administration, New Governance, decentralization, networks, social policy, voluntary sector, non-profit, immigration, settlement.

Acknowledgements

Through this work I learned that collaboration is an essential part of academic research. Then, it seems to me that thanksgiving should be an essential part of publication.

Many thanks to my supervisor, Brett Fairbairn, to my committee members, Iryna Khovrenkov, Joe Garcea, and Keith Walker, and to my external reviewer, Terry Wotherspoon. Without your patient advice, constructive feedback, and words of encouragement, this work would not have been possible.

Thank you to all who offered their valuable time to participate in this study, those from the Voluntary Sector and from Immigration, Refugees and Citizenship Canada. I hope that this research does justice to your ongoing efforts to make Canada a place where new immigrants feel at home.

Thank you to the Johnson Shoyama Graduate School and the Social Sciences and Humanities Research Council for much generous support.

Thank you to my dad, for slugging it through the first draft and letting me know how confusing I can be.

And thank you to my gracious wife Gina, for providing your ongoing support and friendship in the decision to go back to school and complete this work. I hope that soon I can return the favour.

Table of Contents

- Executive Summary..... vii
- Introduction..... 1**
 - New Governance and Decentralized Service Provision* 1
 - The Voluntary Sector*..... 2
 - The Settlement Program* 3
 - Organization of Report* 4
- 1. METHODS..... 5**
 - Why Use a Case Study?* 5
 - Data Collection* 6
 - Limitations* 7
- 2. NEW GOVERNANCE 8**
 - Public Administration is Changing*..... 8
 - The Tools of New Governance*..... 9
 - Assessing the Tools of New Governance*..... 10
 - Conclusion: New Governance Presents New Opportunities and New Challenges*..... 14
- 3. THE CANADIAN CONTEXT 16**
 - Rationalizing Government* 16
 - Re-tooling the Relationship between the Voluntary-Sector and the State*..... 17
 - Contribution Agreements*..... 19
 - Horizontal Governance*..... 25
 - Conclusion: New Governance Has Redefined the Relationship between the Voluntary Sector and the State* 26
- 4. THE SETTLEMENT PROGRAM..... 28**
 - The Changing Landscape of Canadian Immigration Policy*..... 28
 - The Settlement Program and the Modernized Approach* 30
 - Conclusion: The Settlement Program is an Attempt to Improve the Balance Between Authority and Autonomy in Settlement Service Provision* 34
 - Appendix 4.1: Settlement Program Logic Model* 35
- 5. FINDINGS 36**
 - I. Balancing Accountability and Flexibility*..... 36
 - II. Balancing Competition and Collaboration* 39
 - III. Balancing Central Direction and Voluntary Diversity*..... 42
 - Conclusion: The Settlement Program Improves the Balance between Authority and Autonomy in Settlement Service Provision*..... 44
- 6. ANALYSIS & CONCLUSION..... 45**
 - Analysis of the Settlement Program* 45
 - Recommendations for Improving the Settlement Program*..... 48
 - General Lessons for Managing Voluntary Sector Service-Provision Networks*..... 49
 - Summary and Conclusion: The Challenges and Opportunities of Network Service Provision*50
- APPENDIX A SEMI-STRUCTURED INTERVIEW GUIDE 53**
- REFERENCES 55**

Tables and Objects

<i>Table 1.1 – Voluntary Sector Sample</i>	6
<i>Table 2.1 – The New Governance Paradigm vs. Classical Public Administration</i>	8
<i>Table 2.2 – Examples of Hood’s NATO Taxonomy, Classified by Resource</i>	10
<i>Table 2.3 – A Balance between Authority and Autonomy</i>	14, 36
<i>Table 3.1 – Federal Transfer Tools</i>	17
<i>Box 3.1 – Contracts or Contributions?</i>	19
<i>Box 3.2 – Self Interest in the Voluntary Sector</i>	23
<i>Box 4.1 – An Example of Shifting Priorities in the Voluntary Sector</i>	28
<i>Table 4.1 – Umbrella Organizations of Varying Capacities</i>	29
<i>Box 4.2 – An Overview of the Settlement Program Using Hood’s Taxonomy</i>	31
<i>Table 4.2 – Program Consolidation</i>	33
<i>Box 5.1 – Audits: A Divide between Policy and Implementation</i>	38
<i>Box 5.2 – Spotlight on Collaboration</i>	41
<i>Box 5.3 – Shadow Day</i>	42
<i>Box 6.1 – Evidence-Based Reforms</i>	46

Abbreviations

AMSSA	Affiliation of Multicultural Societies and Service Agencies of BC
CCSD	Canadian Council on Social Development
CFP	Call for Proposals
CIC	Citizenship Immigration Canada
HRDC	Human Resources Development Canada
IRCC.....	Immigration, Refugees and Citizenship Canada
ISAP	Immigrant Settlement and Acculturation Program
ISAP	Ontario Council of Agencies Serving Immigrants
LINC	Language Instruction for Newcomers
LIPS.....	Local Immigration Partnerships
MIRSSA.....	Manitoba Immigrant and Refugee Settlement Sector Agencies
NATO.....	Nodality/Authority/Treasure/Organization
NPM.....	New Public Management
NSC.....	National Settlement Council
SISO.....	Settlement and Immigration Services Organization
SAISIA.....	Saskatchewan Association of Immigrant Settlement and Integration Agencies
TBS.....	Treasury Board Secretariat of Canada

Executive Summary

Theoretical Background: Governments around the world are moving toward a model of decentralized service provision that relies on a diverse, cross-sectoral network of organizations. This new paradigm for public administration, sometimes described as New Governance, has reshaped the relationship between the voluntary sector and the state, creating new challenges for public administrators, especially in terms of management. Public administrators cannot rely on traditional tools like hierarchical coordination for managing voluntary-sector networks. Instead management must strike a balance between enforcing the state's priorities and enabling voluntary organizations to be productive – a balance between authority and autonomy. Failure to strike such a balance can result in adverse costs, including increased (1) agency costs, (2) transaction costs, and (3) coordination costs.

Policy Problem: A new approach to management is needed to respond to the challenges and opportunities of service provision through networks of voluntary-sector organizations.

Methodology: General lessons for network service provision in the voluntary sector are drawn from an evaluation of Immigration, Refugees and Citizenship Canada's (IRCC) Settlement Program. This case study relies on key-informant interviews with leaders from the voluntary sector and from IRCC.

Findings: The consensus view of key informants is that the Settlement Program constitutes a better approach to network management than the programs that were used to manage settlement service provision in the past. Improvements have been realized in the management of (1) agency costs, (2) transaction costs, and (3) coordination costs.

Recommendations: While recommendations might also be made for the management of voluntary organizations, these recommendations are directed toward public administrators, reflecting the foundation of this report in Public Administration scholarship. Each recommendation is numbered with respect to the corresponding management cost described above, and each is intended to improve the balance between the authority of the state and the autonomy of the voluntary sector, not prioritizing or privileging either one. The final recommendation is based on a more general observation about the nature of effective reform.

1. a. Further simplify reporting for financial inputs, and refocus accountability procedures on outcomes.
b. Communicate to agents within Immigration, Refugees, and Citizenship Canada and within voluntary organizations that the purpose of audits is to improve outcomes for newcomers, not to search for problems to impose sanctions that could compromise the viability and sustainability of organizations; audits should be part of an ongoing dialogue.
2. Gradually move toward a model that uses regional specialists in each area of service provision to improve collaboration within the sector.
3. Strengthen umbrella organizations to enhance the coordination of cross-sectoral and intra-sectoral dialogue.
4. Given that regulations for immigrants, program requirements, and governance structures within the governmental and voluntary sectors have been in a state of flux since the program was implemented; wait to see results before making more reforms.

Lessons: Lessons for the management of voluntary-sector service-provision networks relate directly to this report's findings about the Settlement Program, and they correspond to the recommendations above.

1. Public accountability can coexist with financial flexibility.
2. Market competition must be adapted to the idiosyncrasies of the voluntary sector.
3. Regular and comprehensive dialogue improves network coordination.
4. Wait for evidence before making reforms because some problems and opportunities only reveal themselves over time.

Policy Implications: The benefits of network-style service provision are achievable when contributions programs are responsive to the unique challenges of the voluntary sector.

Introduction

In recent decades, governments in the developed world have come to depend more and more on third parties to deliver public services. Some reformers hail decentralization as a "rational" decision to limit the control of self-interested bureaucrats and apply more business-like methods to public administration. Critics, on the other hand, lament the "neo-liberalization" of the public sector and the loss of public-sector capacity for large-scale service provision. Both of these perspectives emphasize certain elements of decentralization at the expense of others.

Decentralization in public service provision is part of a broader paradigm shift in the way of doing government. This new approach to public decision-making is sometimes described as New Governance, which, as explained in detail in Chapter 2, shifts the focus away from a singular reliance on public programs toward alternative means of solving public problems, including the production or co-production of the requisite programs and services via partnerships with agencies in the not-for-profit and for-profit sectors. Third-party service provision networks are the result of funding tools that rearrange incentives so that non-government organizations want to supply public benefits. Third-party service-provision networks already play an important role in the way that governments create benefits for citizens. Unfortunately, in many cases these networks have been developed without attention to the unique challenges of how to respond to the challenges and opportunities of management in the voluntary sector, so there is a pressing need to develop a management approach that is especially tailored to the unique needs of state-voluntary sector partnerships.

The need to learn how to manage service-provision networks is especially pressing in the state's relationship with the voluntary sector. Although the voluntary sector is an important part of most developed societies, it is often poorly understood. Management strategies applied from the private sector can have unintended consequences when working with voluntary organizations. As such, public administrators must develop an approach to management that takes into account the voluntary sector's strengths and weaknesses, and particularly the sector's various operational and behavioural idiosyncrasies.

This report takes a first step toward developing such an approach by analyzing Immigration, Refugees and Citizenship Canada's (IRCC) Settlement Program. Using the perspectives of key informants from the voluntary sector and from IRCC to compare the Settlement Program with its predecessor programs, this report draws lessons for how to improve the management of voluntary-sector service-provision networks.

Thus, this research has important policy implications. It shows that governments can achieve benefits from voluntary-sector service-provision networks, and that these networks are not simply a means to offload responsibility. The research shows that much of the criticism of third-sector networks is really about problems of program design, and not of voluntary-sector networks, New Governance, or contribution agreements per se. There is much to be gained from collaboration with the voluntary sector if the structures for governing these networks are well designed. This research offers insight into how to design programs in ways that respond to the challenges of voluntary-sector service provision and therefore capitalize on its benefits.

New Governance and Decentralized Service Provision

Public-sector decentralization is not a new phenomenon. Lester Salamon (2000) documents the increasing importance of indirect services in several countries, including Germany and the United States, where indirect services made up nearly three quarters of government spending by 1999. Likewise, European countries of Christian democratic heritage often direct a large share of public service provision to the voluntary sector under the conviction that civil society should be the welfare provider of first resort.

In Canada, decentralization is often associated with federalism, and, over the past decade, provincial transfers have continued to grow at a remarkable rate. But the trend toward decentralization is equally impressive in terms of transfers to non-government organizations. By 2006, the sum of federal grants and contributions programs alone was \$27 billion, not including public services funded by other forms of out-contracting or provincial transfers (TBS 2006); this number has remained roughly similar over the past decade (TBS 2015a).

Salamon believes that decentralization is part of a larger paradigm shift toward what he describes as "New Governance." The Government of Canada's shift to this "New Governance" paradigm took on new importance in the 1990s under a project known as "program rationalization." The immediate impetus for rationalization was the desire to reduce government expenditures after years of increasing deficits. This reform had three activities at its core. First, it clarified the role and responsibilities of the federal state in the modern society. Second, it redistributed labour between various levels of government, the private sector, and the voluntary sector. In practice, this meant transferring many responsibilities to the provinces and non-government organizations (voluntary and private sector organizations). While the Canada Health and Social Transfer sent greater revenues to the provinces responsibilities for social services like immigrant settlement and foreign aid were transferred to the voluntary sector, and external consultants gained a more important role in policy making. Finally, rationalization involved changing the notion of the civil servant from someone who delivers services directly in hierarchical agencies to someone who enables diverse organizations to participate in decentralized service provision. With more money flowing outward to provincial governments and cross-sectoral partners, the federal government came to rely more heavily on indirect tools like contracts, unconditional grants, contributions, and audits to assert its leadership in social policy. In each of these activities "rationalization" meant a reduction in government expenditures, but it also set the boundaries within which future growth would occur as the public sector became more adept at using various incentives to form cross-sectoral partnerships (Paquet and Shepherd 1996, Laforest 2014, Trudeau 2008).

Within the boundaries set by program rationalization, new programs must be cost effective and publicly accountable. While third-party networks may indeed help government programs to trim excess costs, provide access to hard-to-reach populations, and achieve good standing in the public eye, they often create new challenges in terms of manageability. Public administrators must enforce public priorities and enable decentralized organizations to participate in service delivery by their own choice. Upholding these two aspects of New Governance simultaneously presents tremendous challenges.

Theories of organizational economics and governance can be used to illustrate the challenges involved in managing such a large network of organizations. For example, manageability problems may appear in haggling over contracts, in finding the proper balance of rewards and punishments necessary to motivate external organizations, or in coordinating the norms and procedures for daily activities (Salamon 2000). Known from a theoretical perspective as transaction costs, agency costs, and coordination costs, these manageability problems offer a compelling set of reasons to provide services within a more centralized hierarchy, where such problems are less prevalent. As Pressman and Wildavsky (1984) hypothesized, empirical studies show that goal coordination is weaker—i.e. manageability is more difficult in decentralized service-delivery systems (Winter, Dinesen, and May 2007). But the benefits of third-party service provision are real, and a new approach to network management, one that can keep manageability costs in check while capitalizing on the strategic assets that third-party organizations bring to the table, has the potential to create tremendous benefits for society. For this reason, research into network management is urgently needed.

The Voluntary Sector

The need for better insights into network management corresponds with a lack of research particularly tailored to the voluntary sector. The voluntary sector is an important and understudied third pillar of

Canadian society, and state-voluntary sector partnerships are growing in size and in number for governments in Canada and abroad. Moreover, since voluntary organizations rarely engage in profit-generating activities, the voluntary sector is uniquely dependent on external funding; therefore, the shift to decentralized service delivery affects this sector dramatically by changing the rules governing the lion's share of voluntary organizations' finances.

Voluntary organizations have been described under a variety of terms, non-profit organizations, non-government organizations, and social-enterprises, being among the most common labels. For the purposes of this study, the term "voluntary" has been chosen, foremost because it is the name that the sector has chosen for itself. The title "voluntary sector" was chosen as a way of asserting the sector's influence during the transition to New Governance. The term came into common use with the creation of the Voluntary Sector Roundtable, a coalition of voluntary and charitable organizations that was influential in re-determining the relationship between the sector and the state. In part, the sector wanted to emphasize the voluntary nature of its resources and the social nature of its work to take advantage of the political opportunities that came from presenting itself as a valuable partner to government (Laforest 2014). At that time, as it is in this study, the term voluntary was meant to refer to any organization that depends on voluntary resources to achieve a social benefit. The notion that voluntary organizations must operate in pursuit of social benefit excludes cooperatives because cooperatives exist to serve their members alone, while the idea that voluntary organizations make significant use of voluntary resources excludes many public-sector non-profits, which operate under much more restrictive contracts for state funding. Nonetheless, the terminology surrounding the voluntary sector is murky at the best of times, and it is accepted that there will be some ambiguity in determining which organizations might qualify as belonging to the voluntary sector and which might not.

Canada's voluntary sector is large and dynamic. It is also an important economic force. In 2010, Canadians combined to volunteer as many hours of labour as 1.1 million full-time workers (Stats Canada 2010). According to the 2000 National Survey of Giving, Volunteering, and Working, the broader non-profit sector, including organizations that operate largely under state contracts, like hospitals and universities—this broader sector employs at least 12% of the labour force (Stats Canada 2000), and contributes around 7.8% of GDP (Stats Canada 2005). The voluntary sector itself is growing rapidly, at a rate estimated at over 7% (CCSD 2006). Certainly this sector is a third pillar of Canadian society, worthy of careful study and attention.

Furthermore, the voluntary sector is uniquely important for studying network management because of its dependence on external funding. Interviews with voluntary sector leaders suggest that these organizations typically depend on governments for more than half of their funds. Thus, any change in the rules for how funds can be obtained or employed has a dramatic effect on the day-to-day activities of voluntary organizations. The transition to New Governance has been felt as a seismic shift within the sector because it has changed these rules, requiring a long and sometimes painful adjustment period. Because changes to network management have such an enormous impact in the voluntary sector, the sector is a unique and important contextual location for the study of network management under New Governance.

The Settlement Program

Immigration, Refugees and Citizenship Canada's (IRCC) Settlement Program offers an excellent opportunity to examine what is effective and what is not in the management of voluntary-sector service-provision networks. This program governs hundreds of financial contribution agreements between voluntary organizations and IRCC to provide integration services to newcomers like language training, employment training, and community engagement opportunities. The program offers a good place to examine the relationship between the voluntary sector and the state for several reasons. The program is recent; it was implemented in 2008, and so it exhibits current practices in network management. The

program is also comprehensive, governing nearly all relationships within the settlement sub-sector (excluding in Quebec). Furthermore, the Settlement Program is a fiscal priority for IRCC; its activities account for about one-third of the department's budget (TBS 2006, TBS 2013). Finally, although Canada's settlement sector is often cited as a model of best practice in the developed world (Richmond and Shields 2005), questions still remain as to whether decentralized service provision is actually a positive example of how to serve immigrants (Shields, Drolet, and Valenzuela 2016).

This analysis of the Settlement Program shows how network management has improved in recent years, and its remaining trouble spots may demonstrate where to target future reforms. Key-informant interviews with leaders from both the voluntary sector and from IRCC reveal the impacts of the transition to the Settlement Program after 2008. The consensus view is that the Settlement Program has improved the management of the settlement service-provision network. In the eyes of interviewees, the program has improved the balance between the authority of the public sector and the autonomy of voluntary organizations. In particular, the program has improved the management of the transaction costs, agency costs, and coordination costs associated with contributions funding, although room for further improvement remains. As a positive example of network management, the Settlement Program is helpful in determining lessons for network management in the voluntary sector. With these positive results, the Settlement Program shows that decentralized service provision can indeed be effective, if programs are designed with attention to the balance between authority and autonomy in the relationship between the voluntary sector and the state.

Organization of Report

What follows is an overview of the theory around network service provision in the voluntary sector, followed by an evaluation of IRCC's Settlement program. Immediately following this introduction is a more detailed review of the methodology behind this report. Then, the first half of the report lays a theoretical foundation for understanding network management in the voluntary sector. Beginning with an overview of New Governance in Chapter 2, the report proceeds to describe this paradigm in the Canadian context (Chapter 3), noting that the management of decentralized service provision has sometimes prioritized the authority of the state over the autonomy of external organizations. Chapter 4 presents the Settlement Program in its institutional context as a possible resolution to this imbalance. Immediately following this theoretical review is interview data describing the impact of the Settlement program, and the final chapter analyses these findings, concluding with recommendations for reform and lessons for the management of network service provision in the voluntary sector.

1. METHODS

Although it relies principally on data from key-informant interviews, this study is rooted in my role as a participant-observer. The questions addressed in this report grew out of personal experience, so I begin this chapter with a biographical note describing the circumstances that led me to wonder about the relationship between the voluntary sector and the state and the questions that originally informed my analytical and methodological approach.

My wife and I have both worked as employees and as volunteers of voluntary organizations providing settlement services to immigrants and refugees. In the summer of 2014 I administered a seasonal program for immigrant and refugee settlement that was funded via a contribution agreement with Immigration, Refugees and Citizenship Canada (IRCC). My wife's experience is more substantial. She has worked as a language teacher, as a language assessor, and as a program coordinator for several organizations, under several contribution agreements with IRCC, and over several years. Neither of us was employed within the voluntary sector for any portion of this research. Both of us have experienced frustrations working under contribution agreements. As coordinators, we were both struck by the non-fungibility constraints of our budgets; we would have more than enough money for some activities, while being hard-pressed to fund others. The amount of reporting was also surprising; it required about twenty percent of the total hours in the program that I administered. These burdens struck me as impractical constraints, creating poor value for money.

I was left wondering if there was not a better way to provide services to immigrants and refugees. In graduate school I came to a better understanding of the historical and institutional forces driving the outsourcing of service provision to the voluntary sector. I came to recognize that my own frustrations as the employee of a voluntary organization were connected to a larger change in how the public sector functions. New Governance, the paradigm for today's public sector decision making, has irreversibly altered the relationship between the voluntary sector and the state. Therefore, the question of how to improve services for immigrants and refugees is nested in a larger question about how to respond to the challenges and opportunities that have been created by the transition to a new public-sector paradigm. I realized that I was asking the same question posed by Lester Salamon (2000) when he talked about the neo-liberalization of the public sector: How can the state take full advantage of its new relationship to the voluntary sector?

Why Use a Case Study?

This report uses a case study, an evaluation of Immigration, Refugees and Citizenship Canada's Settlement Program as a way of exploring the challenges to the management of the state's relationship with the voluntary sector. A program evaluation is a focused way of finding an answer to the challenges posed by New Governance. However, given the fact that these challenges are expressed in actual relationships, a program evaluation is an appropriate, albeit contextualized, way of understanding those challenges. Another advantage of using a case study is that it allows for concrete recommendations about how to improve the relationship between the state and the voluntary sector in a specific sub-sector. These recommendations can then be expanded into general principles for partnership between the voluntary sector and the state.

However, these benefits beg the question of whether data from a case study can really be generalized into broader theoretical claims. This is a crucial question for this study, which seeks to answer questions

about the challenges and benefits of New Governance by examining a single program. Tsang (2014) explores the question of whether case studies are generalizable, concluding that there is no good reason why case studies should be less generalizable than large-n quantitative studies, except within a specific population. In fact, for the sake of generalizing to theory, case studies may be a more effective methodological tool than quantitative methods (Eisenhardt 1989, Yin 2009), especially for exploratory studies (Mohr 1985).

Data Collection

Data about the impact of the Settlement Program was gleaned through key-informant interviews with voluntary sector leaders and representatives from both the policy and the implementation arms of Immigration, Refugees and Citizenship Canada. These interviews lasted approximately one hour and followed a rough guide of twelve questions, each of which drew attention to the outcomes of the Settlement Program and the Modernized Approach (This script can be found in Appendix A). The questions were adapted slightly so that they would be suitable for interviews with participants from both the voluntary sector and from IRCC. Interviewees were encouraged to talk about what they thought was important, and the interviewer used personal discretion to determine when follow-up questions were necessary for clarification or to relate discussion back to the topic at hand. Interviews were conducted face-to-face when possible, but five interviews were conducted over the phone. Four of the telephone interviews were with IRCC employees and one was with a leader from the voluntary sector.

Qualitative interviews were considered the best way to understand the program’s impacts. The first-hand perspectives of those who were involved in designing and implementing the Settlement Program were an invaluable resource, especially considering the difficulty of measuring social outcomes, the secrecy which often surrounds government data, and the infancy of the program, which was only implemented in 2008.

Participants were selected based on willingness to participate, their status within the organization, and geographical concentration. In the interest of limiting the variables in play and to facilitate face-to-face interviews as often as possible, participants from the voluntary sector were all leaders of organizations in a single, Western Canadian province, or the leaders of umbrella organizations that included organizations from the province in question. Likewise, employees of IRCC were selected for interviews at the local, regional and national levels. Twelve interviews were conducted with key informants from the voluntary sector and from IRCC. Eleven of the informants were upper-level managers, and the twelfth informant was a program officer (a key liaison between the two sectors). The case study is thus national in scope, but with a strong regional bias toward Western Canada.

Seven interviews were conducted with managers from the voluntary sector, five with managers of settlement organizations and two with managers of umbrella organizations. One voluntary sector leader was interviewed via telephone. Leaders from a mix of small and large organizations participated in the study, and their organizations were active in a wide variety of activities, ranging from language classes to anti-racism advocacy. Apart from the umbrellas, the group of organizations includes four small agencies and one large agency. Table 1.1 provides indicators of the average size, number of employees and standard deviation within the sample (this data excludes umbrella organizations, which are more dependent on the resources of their members and often do not have a large number of employees or large revenues in their own right). The large standard deviations draw attention to important differences between small and large organizations in this sector.

Table 1.1 – Voluntary Sector Sample		
	Total Revenues	Number of Employees
Average	\$2,363,568	58.6
Standard Deviation	\$2,613,293	45.6

Five of the twelve key informants were employees of IRCC. Three of the five interviews with key informants from IRCC were conducted over the telephone. IRCC employees were spread over a larger geographical area, given the centralization of policy making in Ottawa and the division of administration into four regional directorships. Nonetheless, even interviews with IRCC employees were undertaken with specific reference to the province in question.

Given the small sample size, only consensus positions were included in this study's findings. Consensus views were defined as those opinions that were not in clear disagreement with the opinions of any other participant from within the same sector, the two sectors being the public sector and the voluntary sector. Where more than one perspective is deemed relevant to this study's findings, the perceived source of the division is clearly indicated. In the end, the choice of which consensus positions to include was made at the author's discretion, with respect to the perceived intentions of participants. Thankfully, there were very few significant divergences among informants' views.

Although the ethical requirements for a program review do not normally include confidentiality, every effort has been made to protect the identities of participants. For that reason, any biographical information has been changed, the details of accounts have been altered, and idiosyncrasies in the comments of informants have been altered at the author's discretion.

Limitations

Several limitations of the methods outlined above are worth bearing in mind:

First, any research that is born out of personal experience is likely run according to a certain bias. My experience suggests that I should be sensitive to the problems encountered by voluntary organizations. In consideration of this risk, I have been careful to structure interviews with questions that are as neutral as possible, not leading either party to address the challenges that I experienced. By describing my experiences in a biographical note, it is my hope that the reader will consider the limitations and advantages posed by this experience when reviewing the findings of this report.

Second, as noted above, a case study is by nature a contextual approach to addressing a problem. The concreteness that grounds case studies in reality also limits their application to other contexts. This problem is addressed with a detailed discussion of theory at the outset of this report, but the contextual problem cannot be entirely overcome.

Third, a qualitative study such as this is dependent on the perspectives of individuals. Individual perspectives are bounded by experience and cognition, lacking the precision of quantitative data. The information that is gained from interviews with individuals is often idiosyncratic, influenced by ex-post rationalizations, and subject to interpretation. But, any set of data, even quantitative data, is subject to limitations, and it may be a blessing in disguise that the limitations of qualitative studies are so transparent.

Finally, the study is limited by its small sample size. While twelve interviews did create a large amount of data, this sampling is limited in several respects. For one thing, these twelve interviews were divided between two parties, creating two even smaller sub-samples. With so few participants, it is very difficult to identify and give voice to minority views. Additionally, choosing participants based on willingness, while necessary, may have selected out those who have divergent perspectives about the program.

Despite these limitations, the findings presented in this report are assumed to characterize the relationship between the voluntary sector and the state as accurately as possible. Recognizing and acknowledging these limitations from the outset qualifies the nature of the findings in this report and improves their applicability to other contexts.

2. NEW GOVERNANCE

A THEORETICAL PERSPECTIVE

Governments in the developed world now depend on external organizations to deliver a large portion of public services (Salamon 2000). This trend toward decentralization is part of a broader approach to public decision-making that is sometimes described as New Governance. New Governance shifts its focus away from government agencies, instead putting new emphasis on the tools that are used to solve public problems. These tools remake the relationships between the state and third parties, changing the incentives for behavior. Decentralized service provision also assumes a new role for the public administrator; rather than coordinating activities within a hierarchical, centralized agency, the public servant must enable autonomous organizations to do their work, even while enforcing the state's priorities. Balancing these two aspects of public administration is a tremendous challenge, and it requires a new approach to management to overcome the challenges and respond to the opportunities presented by New Governance.

Public Administration is Changing

New Governance is a paradigm for addressing public problems. Public Administration scholar Lester Salamon (2000) coined the term to describe the broad transition to a decentralized public service that relies on collaboration with third parties to accomplish its goals. Proponents of New Governance characterize the public sector as overly centralized, insular, and hierarchical, and therefore vulnerable to self-interested bureaucrats. New governance attempts to solve this problem by shifting the focus of public administration from hierarchical agencies to the tools used for solving public problems. This change in perspective gives new prominence to third-party organizations from outside the public sector. In the interest of finding the best tool for a particular public problem, public administrators often employ private and voluntary organizations as public service providers. A focus on the tools of public service delivery also changes the role of the public servant. In a bureaucratic hierarchy, command and control are essential management skills, but in a New Governance framework public servants must find ways to enable third parties to accomplish public goals through negotiation and persuasion. Control over decision-making is distributed much more broadly than it is in the traditional, hierarchical model of public administration. Thus, the shift toward New Governance changes public administration by giving priority to tools over state departments and by requiring public servants to become negotiators in a broad network rather than managers in a well-established hierarchy.

Classical Public Administration	New Governance
Agency	Tool
Hierarchy	Network
Public vs. private	Public and private
Command and control	Negotiation and persuasion
Management skills	Enablement skills
Source: Salamon 2000	

The tools of public administration are different from the programs that are created by government departments. Programs are intended to solve a single public problem, but tools may be applied to solving an entire set of problems. A policy tool changes the incentives for how individuals behave. Tools may include restrictions for who can and who cannot access a certain resource, rules for how that resource is to be used, and limitations regarding who can benefit from the activity. Public-sector tools change the rules that define the relationships between producers and consumers in a supply chain. For example,

funding could be delivered to a third-party organization via one of several tools, such as a loan, a no-strings-attached grant, or a binding contract, each of which would create a different relationship between the funder and the recipient of funds, and each of which would produce a different outcome for the public. Thus, tool-choice is the cornerstone of any government intervention; it is from policy tools that the relationships between actors, their activities, and the outcomes of those activities ultimately flow.

By using third-party networks as tools for public service delivery, New Governance decentralizes decision-making. Therefore, public servants cannot expect to dictate exactly how services are delivered. Instead, public servants select tools that determine the terms of interaction, and they manage networks of third-party individuals who agree to those terms. After the tools of service provision are chosen, network management becomes the central task of public administration. Network management involves enabling organizations to do their work effectively while ensuring that the outcome of their work contributes to the public interest. Negotiation and persuasion, rather than command and control are the central tasks of network management in a decentralized public service that features public, private, and voluntary sector organizations working together.

Salamon's New Governance framework shares much of its outlook with the literature on New Public Management (NPM). Indeed, at a glance these terms might even be taken as synonyms. Caulfield (2004) outlines the central characteristics of NPM as "decentralized management, task specialization, outputs focused, and performance contracting." Each of these characteristics also applies to New Governance. The difference, according to Salamon, is that NPM underestimates the extent to which these changes are already a part of what modern governments do, and as a result NPM downplays the difficulties involved in managing such a government. The challenge, for Salamon, is not to reinvent government according to these principles, but how to "comprehend and manage the reinvented government that we have produced" (Salamon 2000).

The Tools of New Governance

One important step toward responding to the challenges of New Governance has been the development of classification systems for understanding the tools of the public service. With the shift in attention from public departments toward the tools that they employ, Public Administration scholars have developed a large body of literature around tool classification. Bardach (2012), Weimer and Vining (2004), and even Salamon (2002) have created systems of classification that are influential in Public Administration, and every government department seems to have developed its own way of sifting through the wide variety of tools at its disposal; but Christopher Hood's "Nodality/Authority/Treasure/Organization" (NATO) taxonomy (1986), typically associated with the New Public Management paradigm, may be the best-known system of classification from this body of literature. These taxonomies identify tools based on how they are applied, especially regarding their impact on the relationship between government and non-governmental organizations.

Hood's taxonomy will be applied to understanding the Settlement Program later in this report, and for that reason it deserves greater attention in this introduction to New Governance. To classify the tools of Public Administration, Hood divides policy instruments by the resources of governance that they control, finding four categories of tools. Examples of tools from each of these categories are provided in Table 2.2, and a description of each category follows:

1. *Nodality or Information tools* control the flow of information between parties. Communication within a hierarchy is relatively simple, but communication within a disparate network of non-government service providers or with targeted segments of the public requires creativity and expertise with a variety of tools.

2. *Authority tools* typically involve legal means of motivating behaviour, and are delegated to government bodies like the courts. However, authority can also be delegated to private regulators, which exercise authority within a sector based on reputation.
3. *Treasure tools* control the flow of funds between organizations. They include tools to bring funds in, like taxes, and tools to distribute funds, like unconditional grants or loans.
4. *Organization tools* control a more abstract resource: these tools are concerned with coordination—whether a service is delivered directly by the state or if it is delegated to a third party. Even if a service is distributed through spot-markets, its delivery depends on the coordination that is provided via an organization tool.

Nodality/Information	Authority	Treasure	Organization
Information collection and release	Command and control regulation	Grants and loans	Direct provision of goods and services and public enterprises
Advice and exhortation	Self-regulation	User charges	Use of family, community, and voluntary organizations
Advertising	Standard setting and delegated regulation	Taxes and tax expenditures	Market creation
Commissions and inquiries	Advisory committees and consultations	Interest group creation and funding	Government reorganization
SOURCE: Hood 1986, Craft 2011			

The broad categories in Hood's taxonomy help one to appreciate the diversity of tools available to public servants and the very different skills that many of these tools require for effective implementation. The challenge of mastering these various tools makes public administration a truly daunting task in a New Governance paradigm. Furthermore, these tools are rarely applied in isolation, but as a combination of instruments selected to respond to a particular public problem. Taxonomies like this one are a good first step toward understanding the task of public administration under New Governance, but it is also necessary to find a means of evaluating the impact of these tools (and combinations of tools) on social welfare.

Assessing the Tools of New Governance

In a New Governance paradigm, public administrators have come to prefer programs that deliver public services through third-party organizations (Salamon 2000). Meanwhile, centralized authority tools, like command and control regulations have fallen out of favour, as any observer of the 1990s push toward deregulation can confirm. Using an assessment framework to compare the strengths and weaknesses of government programs provides some insight into why indirect tools have become dominant over more authoritative tools in a New Governance era, but it also highlights some of the challenges of such programs. Salamon (2000) lays out just such a framework for assessing tools, using a complex set of matrices to weigh their strengths and weaknesses. For the sake of simplicity, this assessment framework can be reduced to analysis under five categories: efficiency, effectiveness, equity, legitimacy, and manageability. Trebilcock et al. (1986) point out that assessment frameworks based on efficiency alone are notoriously poor at predicting a government’s tool choices; rather, tool choice is driven by a political

calculus that weighs the marginal costs and benefits to particular groups of voters. Salamon's assessment framework is useful because it identifies a set of categories that come to bear on that political calculus. Each facet of this assessment framework will be considered in more detail below.

But first, a caveat: the above framework is not intended to describe a systematic process that is applied in actual decision-making. The practice of tool selection has been described as "muddling through" public intervention; that is, it is not a strictly rational process (Lindblom 1959, Trebilcock et al. 1982, Salamon 2000). The impacts of particular tools are often discerned only after implementation, with incremental adjustments made in reaction to unintended problems—something akin to following an unknown hiking path, with many forks and branches. The choice of a new tool is contingent on what has been tried before, and each adjustment to that tool is also path dependent. Nonetheless, a form of assessment not unlike that described above does guide the process of muddling through, however informally. Although this framework can rightly be described as an abstraction, it remains useful for determining the value of policy tools, even if not for predicting the form of intervention that policy-makers will choose in actual fact.

1. Allocative Efficiency

This report distinguishes between two types of efficiency. Following Trebilcock et al. (1982), the first and narrowest type can be described as allocative efficiency. Allocative efficiency is concerned with the cost/benefit ratio of a tool in providing a good or service. This is distinct from technical efficiency, which is the domain of organizational economics and so considers how to coordinate activities and align incentives while minimizing costs. Technical efficiency will be discussed under the category entitled "Management," and the term "efficiency" should be considered within the narrower category of allocative efficiency for the purposes of this report.

Public Administration scholars apply sophisticated microeconomic theories to determine a tool's allocative efficiency. These theories allow public administrators to identify whether markets, government departments, or some other tool will be able to create the best cost/benefit ratio.

In general, public administrators can assume that markets are the most efficient tool for delivering most services. This is true primarily because competition drives down costs. Furthermore, Hall and Soskice (2001), founders of the Varieties of Capitalism body of literature, show that isomorphic pressures also encourage organizations to go with the grain in market economies; using markets as the default organizational tool in a liberal society reduces the costs of taking an uncertain path and provides benefits from the use of already-existing institutions (like government regulations, education systems, securities markets, etc.) that have been uniquely tailored to a market context. For these reasons, the market can be considered the default organization tool for allocative efficiency in liberal democracies.

But the market is not always the most efficient organization tool. Theories of market failure demonstrate whether the state should intervene in certain situations. If the goods in question are non-rivalrous or non-exclusive—i.e., if they can be consumed more than once or if no one can be prevented from accessing the goods in question—then private businesses will not be able to provide the good at an optimal level. There will either be too much of the good or too little, and society will bear the costs of this inefficient allocation in a market context. Likewise, if the production of a good creates an externality, whereby costs or benefits accrue to some party outside the transaction, then markets are again found to be inefficient. Information asymmetry too can create inefficiencies in a market context because consumers or producers don't know the true value of the goods in question. For market failures like these, alternative tools including taxation, regulation, direct service provision, and subsidies may be more efficient than markets. In the end, the chief determinant of efficiency is whether the benefit that is created through intervention outweighs the opportunity cost of the required investment (Weimer and Vining 2004).

Risk and uncertainty also influence the allocative efficiency of a particular tool. Risk refers to future prospects that are measurable, enabling rational decision-making. Uncertainty, on the other hand, refers to an entirely unknown future, where no action is strictly more rational than any other (Knight 1972). Herbert Simon (2007) theorized that organizations can reduce the inefficiency of acting under uncertainty by sharing premises and procedures for decision-making. Organizations act as interpretive systems for making non-rational decisions under uncertainty, providing procedural guidelines for taking action when the most efficient course is unknown. Organizations with a diverse membership are more effective than individuals at developing interpretive systems for acting under uncertainty, providing another incentive to use organization tools other than markets under some conditions (Daft and Weick 1984).

2. *Effectiveness*

The effectiveness of a given tool is difficult to determine in advance. Effectiveness is determined by measuring whether intended outcomes are actually achieved. Thus, there are two components to judging a tool's effectiveness. First, the intended outcomes must be well articulated in advance, with hypotheses for how to measure them. Second, outcomes must be measured by gathering evidence.

Some tools will be more difficult to measure than others. For example, social outcomes, like the benefits of public education, are notoriously difficult to measure, while economic indicators, like growth, are comparatively easy to judge. Inconsistency in the way that tools are applied also makes measurement difficult, and good measurements are often costly to attain. Moynihan et al. (2009) show that as governance comes to rely more on networks than on traditional hierarchical structures, performance measurement becomes more difficult. Since the shift to a New Governance paradigm, critics contend that performance measures often have more to do with defending a government's reputation than with improving effectiveness, but reform is dependent on reliable ways of measuring results (Merry 2011). For example, teachers often resist standardized testing because it does not tell the whole story of what happens in a classroom, but these measurement tools can also direct resources to where they are most needed. The difficulty is that ease of measurement is not equivalent to effectiveness, and sometimes tools that are easy to measure may not be well suited to solving public problems.

3. *Equity*

A tool can be judged as equitable on any number of grounds. The most basic way to judge the equity of a tool may be to assess it on democratic grounds—does this form of intervention provide the same basic value to everyone in society? However, there are other ways of determining equity. Public administrators may assess whether a tool is Pareto-optimal, that is, does the tool make anyone better off without making anyone else worse off? Or one may take a utilitarian view of the tool's impact—will intervention make society as a whole better off, even if some lose out? Should governments strive for equal inputs, equal services, or equal outcomes? There are numerous perspectives on equity, but all tools must survive some form of moral scrutiny in the assessment of their total value.

4. *Legitimacy*

Tools that are deemed more legitimate will be less costly to implement. Legitimacy is achieved when those in power assent to the use of a particular tool. As such, legitimacy is a fluid category that is dependent upon the distribution of power, whether power lies with members of the public who have found a way to work together, with individuals and organizations that possess sufficient wealth, or with those whom the law affords power by their relationship to the state. If illegitimate tools are implemented, then the state will suffer costs through the upheaval that results from a loss of political support. Tools must receive legitimacy from those in power before implementation, or the state will suffer great costs. (This theory is extrapolated from the analysis of a particular authority tool,

constitutions, in Hardin, 2008).

Those with sufficient influence to push against the implementation of a particular policy tool make alternative tools more attractive. Deborah Stone (1989) shows that legitimacy is won and lost through narrative. Those who consider a tool illegitimate, for any number of reasons, may fight against its implementation by telling a story about its link to public problems. The wider the circle that accepts this story, the greater is the barrier to a tool's implementation (Baumgartner and Jones 1991). If a narrative that connects a tool to a problematic outcome can gain acceptance in the broadest of circles, among the electorate, it will prove very difficult to implement that tool. A recent example demonstrates how stories about problematic events can delegitimize policies in the public eye: in 2014 opposition politicians linked the sinking of a South Korean ferry to the failure of that government's crisis response policies; the narrative, which caught public attention in the wake of the disaster, led to the resignation of the prime minister, a cabinet reshuffle, and an overhaul of crisis response policy (Cheng, Woo, & Nam 2014). Fulton and Neudorf (forthcoming) provide another example of how interest groups can use narratives to delegitimize policy tools in their analysis of the fight waged by Alberta's electric companies against that government's proposal to nationalize electricity generation in the 1940s. In anticipation of a referendum on the issue, Alberta's power companies leveraged their considerable resources to tell the urban electorate a story that linked nationalization with higher rates. In order to defend against the creation of challenging narratives like these, public administrators often prefer tools that are less visible to public scrutiny. Tax breaks, for example, are less visible than new programs, which appear on the public books. Illegitimacy is a strong barrier to implementation. If those with power do not consider a tool legitimate, then public administrators must dedicate resources to constructing a counter-narrative about the tool's impact. Often, the cost of constructing such a counter-narrative outweighs the benefits of using a particular tool.

5. *Manageability*

When public administrators consider a tool's allocative efficiency they are asking which form of organization will create the greatest welfare for society. But the question still remains whether that form of organization can be managed efficiently. If the best tool for a particular good is a private market, then organizations within that market will be encouraged to trim their costs under the influence of competition. But if the best tool for a particular good is a public sector organization or a network of state-funded agents, then the state must consider how to manage these organizations efficiently.

When organizations have poor management, they incur costs that are higher than necessary in three areas:

- A. *Agency Costs*: Principal-agent theory describes a scenario where the interests of a principal individual do not align with the interests of the agents employed by that individual. Bureaucrats, for example, are agents who are expected to work for a publicly elected principal, but bureaucrats may choose to pursue their own goals if the public is unable to monitor bureaucrats' activity. Bureaucrats may be more reckless with public finances than they would be with their own, or in cases of corruption, they may even use public funds for their own benefit. Monetary incentives are the most common way of aligning the interests of agents with those of principals in the for-profit sector, but intrinsic motivations like a sense of mission, duty, or organizational identification can also align the interests of principals and agents. If a principal cannot align agents' interests with its own, it must either find a way of monitoring agents' activities—whether by measuring their inputs or outputs, either of which can be a costly activity—or the principal must endure the losses that will result from agents pursuing their own interests.

- B. *Transaction Costs* decrease when partnerships are stronger; for example, employee wages are negotiated only occasionally within firms, but day labourers must haggle over wages repeatedly because they lack an established relationship with their employers. These extra negotiations impose costs and reduce productivity. Ronald Coase (1937) was the first to observe that the cost to acquire a good actually exceeds the price of the good itself. Activities like searching, bargaining, drawing up contracts, and policing an exchange represent the costs of any transaction. Were it not for costs like these, entrepreneurs would always contract out for services rather than hiring employees. Instead, organizations like government departments are formed to eliminate these transaction costs for internal projects by enabling collaboration. Where transaction costs are low, it is better to allow market competition, because competition encourages organizations to look for ways to cut costs and boost productivity. The opportunity to reduce transaction costs through closer collaboration must be balanced with the opportunity to improve efficiency through competition.
- C. *Coordination Costs*, on the other hand, increase within a larger partnership. Entrepreneurs incur coordination costs to ensure that all individuals are working together efficiently toward a goal. Assuming that all individuals in an organization want to achieve the same goal, individuals may still direct their efforts in ways that are incompatible with one another due to a lack of information. Those looking to coordinate the organization's activities toward a central objective must spend resources devising and articulating shared premises for decision-making, procedures for action, and visions for how to achieve an organization's ultimate goal. Although organizational norms help to reduce the costs of uncertainty, spreading information about these norms becomes costlier as the network of individuals working toward a goal grows larger and more diverse. Organizational norms may also restrict the actions of individuals by imposing required procedures. Thus, coordinating the activities of an organization can be costly, especially in diverse organizations, but without central coordination there will be little synergy between the work of individuals.

Table 2.3: A Balance Between Authority and Autonomy			
An imbalance between...			
AUTHORITY	and	AUTONOMY	
Accountability	and	Flexibility	...Increases agency costs.
Competitiveness	and	Collaboration	...Increases transaction costs.
Central Direction	and	Individual Diversity	...Increases coordination costs.

Conclusion: New Governance Presents New Opportunities and New Challenges

Programs that use decentralized service-delivery networks may perform well in nearly all of these categories, but manageability presents a special challenge for public administrators in a New Governance context. In the presence of market failure, the state traditionally turns to public corporations or government departments to deliver goods. These types of organization are well suited to the traditional, hierarchical forms of management that Salamon (2000) associates with classical public administration (Table 2.1). Rigid accountability structures, close collaboration, and strong procedural norms can be very effective for managing the activities of a hierarchical department. But public administration is turning more and more toward decentralized networks for service delivery. These forms of organization require a new approach to management that recognizes the autonomy of independent agents even while it employs those agents toward public preferences. In a New Governance context, the public administrator must

work with incentives, rules, and messages to negotiate and persuade organizations to work toward the public interest. Management in a New Governance context thus requires public administrators to balance accountability with flexibility to keep down agency costs; competition with collaboration to keep down transaction costs; and central direction with individual diversity to keep down coordination costs (Table 2.2). Unless public administrators can strike an appropriate balance between these facets of the balance between the state's authority and the autonomy of independent organizations, then network service delivery will provide suboptimal outcomes in terms of manageability

3. THE CANADIAN CONTEXT

THE TRANSITION TO NEW GOVERNANCE AND ITS IMPACT ON THE VOLUNTARY SECTOR

Lester Salamon's work was written largely with reference to the American context, but the same transition to a New Governance paradigm has occurred in Canada (cf. Paquet 2001, Aucoin 1996 and Glor 2001 for the analyses of how Canada fits within the New Governance and New Public Management paradigms respectively). New Governance in Canada shares the same features as the American version, like a focus on tools and an increasing dependence on indirect service provision; nonetheless, the story of the transition to New Governance in Canada is distinct. The particulars of the Canadian story still inform tool-choice by public administrators. More specifically, the Canadian story of the shift to New Governance has changed the relationship between the state and the voluntary sector, thereby informing the logic behind new programs like IRCC's Settlement Program.

Rationalizing Government

The transition to a New Governance paradigm did not spring up out of nothing. The seeds of this transition can be observed in reforms to the public service in the entire period following the Second World War. Particularly notable is the Glassco Commission of 1962, or the Royal Commission on Government Organization, which brought in advisors from the Hoover administration in the United States to make recommendations for reforming the public service, using the private sector as a model of success. The Commission advised the devolution of authority from the central organs of government to allow line departments more flexibility in personnel and financial management, advocating performance reviews and fiscal rules rather than hierarchical control. Although many of the Commission's recommendations were not implemented, the Glassco Commission was characteristic of later attempts at reform in that it questioned strict hierarchical controls, sought to transform accountability while increasing efficiency, and looked to what was already occurring in the United States as an example of how to move forward.

The transition to New Governance continued gradually until the 1990s, when it gathered increasing momentum in response to the alarm over public debt. The immediate impetus for this governance change was a desire to reduce government expenditures after years of increasing deficits. But the decisions that were made in the process of cost-cutting reshaped government permanently in keeping with the paradigm shift that was already underway.

Cabinet and the Treasury Board Secretariat (TBS) were the primary forces behind the transition to New Governance in Canada through a process often referred to as "program rationalization." Program rationalization had three activities at its core: clarifying the role of the federal state, devolution of federal responsibilities when appropriate, and a new focus on the tools of public administration. In each of these activities, rationalization meant a reduction in government expenditures, but it also set the boundaries within which future growth would occur as the public sector became more adept at using various incentives to form cross-sectoral partnerships. (Cf. Paquet and Shepherd 1996, Laforest 2014).

First, program rationalization clarified the role and responsibilities of the federal state in the modern society. In keeping with the themes of New Governance, determining the role of the federal state often meant delegating responsibility to the provinces. However, rationalization also included the application of microeconomic theory to determine when intervention was actually necessary, this in the all-pervading pursuit of efficiency (Laforest 2014).

Second, for those activities that were not considered to be properly the responsibility of the federal government, rationalization meant devolution to other orders of government, the private sector, and the voluntary sector. In practice, this meant off-loading many responsibilities to the provinces. The most well remembered example of this trend might be the Canada Health and Social Transfer (1996), which combined federal contributions for health and social services into one giant transfer payment, and which reduced restrictions on the use of those funds. Parallel changes occurred in the relationships between the state and the private sector and between the state and the voluntary sector. In the same way that the Canada Health and Social Transfer delegated greater responsibility to the provinces, the responsibility for social services like immigrant settlement and foreign aid was transferred to the voluntary sector, and external consultants gained a more important role in policy making.

Finally, rationalization shifted the focus within the public sector from the programs that government delivers to the tools that it employs. With more money flowing outward to provincial governments and cross-sectoral partners, the federal government came to rely more heavily on indirect tools like contracts and audits to assert its leadership in social policy, rather than depending on directly administered programs. While the state was experiencing contraction in terms of size, its tool kit was expanding to include a wide variety of instruments for influencing third-party behaviour.

Re-tooling the Relationship between the Voluntary-Sector and the State

The process of program rationalization had tremendous implications for all state relationships with third parties, no less for the voluntary sector. While voluntary organizations have always played an important part in delivering social services to Canadians, the voluntary sector's role in public service delivery changed as its relationship to the state changed under program rationalization. First, the preferred funding instrument of the state changed from no-strings-attached grants to high-accountability contribution agreements (Phillips et al. 2008); Table 3.1 outlines the most common tools that the Canadian government uses to transfer funds. But, second, the voluntary sector also received a more important role in governance as part of the Voluntary Sector Initiative (Phillips 2012, Laforest 2014). While the first of these changes has created tension between the voluntary sector and the state, the foundation that was laid toward a more-collaborative approach to governance may have sown the seeds that will help to relieve that tension.

Table 3.1 – Federal Transfer Tools		
Contracts	Contributions	Grants
Not subject to audits	Subject to audits	Not subject to audits
Department can recover damages	Department cannot recover damages	Department cannot recover damages
Must compete with other contractors	Must meet program requirements	Must maintain eligibility
Conditional on the delivery of outputs	Conditional on a pre-specified agreement	Few strings attached
SOURCE: TBS 2015b		

Canadian social services have always been provided within what Susan Phillips has described as a “mixed economy of welfare” (2012). Public welfare has never been considered the sole duty of the state. Families, charities, and even for-profit corporations are encouraged to participate in the delivery of services in order to improve social welfare. However, this encouragement has taken different forms at different times, and relationships with third parties have received new importance since the transition to a New Governance style of public administration.

The oldest form of coordinating voluntary resources is still the best known. Organizations that can maintain charitable status are exempted from taxation under the *Income Tax Act*. Private citizens who make donations to organizations with charitable status can also receive a rebate on their personal income tax. This system of tax expenditures was inherited from British common law, and relies on an inclusive, though vague, definition of charity based on public benefit (Broder 2001). This primitive form of state-voluntary sector partnership, while it does allow organizations to share in public service delivery does not go very far toward aligning public interests with the private interests of the charitable organization. The tax expenditures approach to state-voluntary sector partnership simply recognizes that the state shares its mission to improve social welfare with charitable organizations, and it allows citizens to direct some of their taxes toward private organizations that are engaged in socially beneficial activity (Phillips 2012).

However, voluntary donations are not sufficient for most organizations to provide their services at a level comparable to that provided by government departments. If they wish to engage in public service delivery with any kind of scale or stability, voluntary organizations depend on transfer payments from governments. In the recent past, more than half of voluntary sector financing in Canada has come from the federal and provincial governments, with private donations from foundations, corporations, and individuals playing a secondary role (Phillips et al. 2008). On average, governments provide 35% of voluntary sector funding through grants and contributions, contracts, and fee for service payments or earned income (Salamon et al. 2003).

Financial grants were an important type of transfer payment for funding voluntary organizations in the past. With few strings attached, financial grants are a type of transfer payment that is "not subject to being accounted for or audited . . . but for which eligibility and entitlement may be verified or for which the recipient may need to meet conditions" (TBS 2015b). In the past, largely unconditional grants were transferred to voluntary organizations deemed to be operating in the public interest, and the funding was used to service the core operations of the organization.

Until the 1990s, unconditional grants defined the relationship between the voluntary sector and the federal Government. Realizing that there is a strong link between volunteering and political participation (Donnelly, Youniss, and Atkins 2007), the federal government began to recognize advocacy groups as an ally in promoting a shared sense of Canadian citizenship in response to the National Unity Crisis. Although voluntary organizations still received transfer payments with specific terms and objectives, advocacy organizations could also receive grants for core funding from the federal government and direct that funding toward citizenship activities. For this reason, although much of their program funding came from provincial governments, voluntary organizations focused their lobbying efforts on the federal government in the pursuit of unconditional grants (Laforest 2014).

At that time the project of program rationalization was already tightening the restrictions around the relationship between line departments and voluntary organizations, emphasizing project-oriented funding; but the use of grants for most public services finally came to an end with the Human Resources and Development Canada (HRDC) crisis of 2000. When a confusing series of audits were released early that year, the media and the official opposition concluded that up to \$1 Billion dollars of public funds had been mismanaged. It was alleged that, due to improper management within HRDC, transfer payments were made to third parties without accountability for program-delivery. The scandal called into question the entire system of grants and contributions, with many concluding that it was liable to misuse as a tool for political kickbacks. The Auditor General called for the end of grants as a policy instrument due to their

susceptibility to political influence. In the end, a massive audit revealed that the actual loss of public funds amounted to only a few thousand dollars. Nonetheless, the government was faced with the reality that the entire system of transfer payments required an overhaul, not only to meet the standard of financial stewardship called for in the original audits, but also to meet the demands of public perception. A stringent accountability system for grants and contributions was implemented, requiring applicants to apply for funding on a program-by-program basis, using forms that required hundreds of pieces of information (Sutherland 2003). While the scandal was centralized in Human Resources and Development, all government departments were affected when high-accountability contracting became the new normal. The actual accountability requirements implemented since the scandal may vary from department to department (or even within departments), but the implementation of high accountability requirements for distributing transfer payments occurred across all sectors. Contracting based on prior-existing relationships with voluntary organizations had come to an end, and a more business-like era of skepticism and accountability had taken its place.

BOX 3.1 – Contracts or Contributions?

In bureaucratic parlance there is an important difference between contracts and contributions funding. "The term 'contract' is reserved for the procurement of goods and services where there is competition between potential contractors – both non-profit and for-profit organizations – designed to promote value for money" (TBS 2015b). Contracts are distinct from transfer payments in that they are used to purchase a specific output. For example, a contract might be issued for the construction of a monument or for administrative services. Transfer agreements like contribution agreements allow organizations to make their own decisions about how to use funds, so long as they can report on the use of financial inputs and demonstrate the achievement of outcomes.

Contribution Agreements

Contribution Agreements have become the most common tool for transfers to voluntary organizations since the HRDC crisis (Phillips et al. 2008, Richmond and Shields 2005). The Treasury Board policy for transfer payments defines contributions as "conditional transfer payments to organizations for a specified purpose pursuant to a contribution agreement that is subject to being accounted for and audited" (TBS 2015b; cf. Box 3.1). Contribution agreements are attractive tools for managing voluntary-sector service provision because they can balance the state's need for accountability with the opportunity to employ diverse organizations toward a common goal.

Within Hood's framework, contributions are primarily classified as a treasure tool, but they require a combination of other tools for their application within a program. Voluntary organizations receive funds on the condition of providing accounting information and being subject to audits. Audits are an authority tool that can be used to guard against fraud, while budgets and proposals are information tools ("nodalities" in Hood's language). The state may also issue a call for proposals that outlines what outcomes it wants to fund: another set of information tools. Finally, funding a voluntary sector network requires an organization tool, often a market where service providers can compete for contributions. This market needs rules for competition that answer questions like these: What evidence counts for measuring outcomes? Who can participate in the market? And what are the consequences for breaking the rules. While contributions can be thought of as a treasure tool, they do not function in isolation but as part of a broader program for managing networks of service providers.

Salamon's tools assessment framework can be applied to demonstrate the strengths and challenges of using contribution agreements for service provision. Using this framework, it becomes evident that partnership with the voluntary sector is more desirable in terms of allocative efficiency than are unilateral

service provision or service provision in the private market. Furthermore, contribution agreements can be more effective and provide a more equitable level of service than tools like tax expenditures, grants, and contracts. And, while grants may be a more efficient tool than contributions for managing the voluntary sector, contributions programs still offer great potential when managed with attention to their strengths and weaknesses. Nonetheless, this potential has not always been realized, and the challenges associated with contribution agreements are better documented than are the strengths of this tool.

I. The Strengths of Using Voluntary Sector Contribution Agreements

There are several reasons why the state might want to employ voluntary organizations rather than provide services unilaterally.

1. First, voluntary organizations are able to mobilize private resources as free gifts. A voluntary organization sends signals of reciprocity to potential donors if it allows for democratic input in decision-making, reallocates residual claims broadly, and subordinates governance decisions to a mission. The ability to attract voluntary resources from private citizens reduces the salience of the organization's collective action problems and increases the organization's competitiveness (Enjolras 2009). Government departments have targeted these voluntary resources as an underutilized resource since the era of program rationalization (Laforest 2014; Grey and Statham 2005; Evans, Richmond and Shields 2005).
2. Second, the ability to direct voluntary resources also allows governments to be more spontaneous. Because volunteers are members of the public, they are more aware of people's needs and can respond to them rapidly and innovatively. In Calgary's 2013 flood, for example, the city's government was able to rally citizens to come to the aid of their neighbours with the kind of flexibility that government programs could never aspire to; likewise, in the Syrian refugee crisis Canadian voluntary organizations coordinated large-scale volunteer efforts to help with local settlement even before government agencies could organize transportation for the refugees. Other examples of voluntary sector flexibility abound (cf. Vigoda-Gadot 2003, Siemiatycki and Triadafilopoulos 2010), while others document that involving voluntary organizations provides consumers with greater choice (Shpaizman 2007, Salamon 1995).
3. Third, interviews with key informants from the voluntary sector suggested that reduced labour costs might be an incentive for governments to contract out to voluntary organizations (Transcript 1). Carella, Gurrieri and Lorizio (2007) show that the difference in labour costs is likely due to the existence of public sector unions, which have often stood in opposition to outsourcing public services (cf. The Economist 2011). Furthermore, voluntary agents may be willing to accept lower rates of pay because of an intrinsic motivation to contribute to a particular mission.

For these reasons, it can be more desirable to employ voluntary organizations as service-delivery agents, rather than delivering services directly.

Many of the gains that can be achieved via network service provision might also be achieved using private markets. Markets are even better than decentralized networks at cutting costs, and they are remarkably adaptable to consumer preferences. The problem with using markets to deliver social services is that the benefits of many social services have positive externalities; when one person pays for these services, everyone benefits. This benefit structure encourages free riding, where most consumers expect others to pay the cost of social services, but they still want to benefit. Consumers, who are only willing to pay for personal benefits, will purchase a suboptimal quantity of many social services, a clear market failure that leaves everyone worse off. Immigrants and the very poor, who may be underserved by lending institutions, may also purchase far less service than would be optimal in a pure market context. Therefore, markets are not efficient tools for delivering social services; working with the voluntary sector is a much more attractive option.

Contribution agreements have improved the ability of governments to employ voluntary sector agents. That the rapid increase in government transfers to voluntary organizations occurred at the same time as contribution agreements came into vogue hints at the fact that this form of outsourcing is a desirable way of doing business for government departments (Salamon 2000). Contribution agreements are better than other tools for coordinating government objectives within the voluntary sector for several reasons:

1. First, contribution agreements perform better than grants in managing risk and in encouraging competitive cost-management. Contributions funding is more targeted than unconditional grants can be, allowing decision-makers to reward more competitive behaviour and less risky projects. These aspects of contribution agreements target the allocative efficiency that can be found in markets for many goods, even while overcoming market failure.
2. Second, contributions provide a better balance between the autonomy of voluntary organizations and the authority of the public principal than other tools. With contributions, public servants are able to stipulate in advance which outcomes must be achieved, so outcomes are ultimately accountable to the electorate. Grants and tax expenditures compromise the authority of the public funder because these forms of funding can be employed at the service-provider's discretion, and there is much more uncertainty as to what will actually be achieved and whether it will actually be in the public interest. For contributions, it is common practice not only to stipulate outcomes in advance, but also to determine how those outcomes will be measured, greatly reducing uncertainty. On the other hand, contracts compromise the autonomy of voluntary organizations; they are so rigid that the agents on the ground are unable to respond to problems as they arise or adapt to the preferences of volunteers (To provide an analogy from the private sector, the need for contractors to respond to new problems on the fly is one reason why more flexible public private partnerships have begun to displace construction contracts in public works projects; Vijay and Dimick 2013). Contribution agreements are better than these alternatives for contracting with the voluntary sector because they strike a rough balance between authority and autonomy.
3. Finally, contributions also perform better than grants in terms of legitimacy. Following high-profile scandals like the HRDC crisis, the electorate felt affirmed in its mistrust of bureaucracy. A narrative in the mass media connecting grants to corruption and special interests has gained credence, and the accountability requirements associated with contribution agreements are seen as an appropriate response (Paquet and Shepherd 1996). A second narrative about public-sector inefficiency praises the transition to a more business-like relationship with third party service providers. Trust in the voluntary sector remains high, even as trust in the state has declined. In the eyes of the public, the neo-liberalization of state-voluntary sector partnerships creates a buffer zone that distances the implementation of social policy from the political lobbying of special interests. In this context voluntary organizations can play a useful mediating role between government agents and citizens in the provision of public services. These qualities offer the potential that voluntary organizations can be more efficient service providers than government departments. This story too has widespread acceptance among the electorate. Thus, the broad legitimacy associated with contribution agreements may be one of the most important factors contributing to the tool's widespread use (Evans and Shields 2005).

II. The Challenges of Using Voluntary Sector Contribution Agreements

Nonetheless, positive outcomes do not occur automatically in partnerships between the voluntary sector and the state. Voluntary organizations are prone to pitfalls that are less common in the public and private

sectors. Building on Salamon (1995), Hall and Reed (1998) describe four common types of voluntary sector failure:

- An inconsistent resource supply
- An unequal focus, leading to gaps and duplications in service delivery
- An undue dependence on the influence of large donors
- A historically non-professional approach to service delivery

With these potential problems and also the benefits of state-voluntary sector partnership in mind, it becomes clear that realizing the benefits of partnership with the voluntary sector while avoiding its pitfalls requires a different kind of public administration. Once contributions have been chosen as the tool for partnering with the voluntary sector, the central tasks of the public servant are to enable organizations to do their work and to ensure that the outcomes of their work contribute to the public interest. Attending to these tasks can pose a difficult balancing act: network managers must enforce the state's authority, even while they must allow for the voluntary sector's autonomy.

Failure to achieve a balance between voluntary sector autonomy and public sector authority means missing out on some of the benefits of partnership, even as programs incur additional costs. When the agreements that govern state-voluntary sector partnerships fail to balance authority and autonomy, three types of management costs start to pile up: agency costs, transaction costs, and coordination costs. Each cost appears when a different aspect of the balance between authority and autonomy is compromised. For example, if there is an imbalance between accountability and flexibility, whether too much of one or too much of the other, agency costs increase. Likewise, when competition inhibits collaboration or when collaboration stops organizations from competing for productivity gains, transaction costs increase. Last, the use of blunt and inflexible directives may limit productivity as much as if there was no coordination at all. The failure to balance any aspect of the continuum between the state's authority and the voluntary sector's autonomy increases management costs, as was illustrated in Table 2.2.

Contributions may or may not succeed in balancing the authority of the state and the autonomy of the voluntary sector, depending on how they are applied. As the following literature review demonstrates, academics have been highly critical of contributions programs to date. While it is acknowledged that the application of contribution agreements has often led to undesirable outcomes, this report does not take the stance that contribution agreements are an inherently poor tool for managing the relationship between the voluntary sector and the state. The benefits of partnership with the voluntary sector are clear to see, and contributions do seem to do a better job of balancing authority and autonomy than do tax expenditures, grants, or contracts. Nonetheless, contributions can be applied in such a way as to create large management costs, as the academic research has shown in detail. The criticisms found in the literature can be grouped loosely according to the three management costs that arise with an imbalance between authority and autonomy.

1. Increased Agency Costs

The most basic criticism of how contribution agreements are applied is that their use of business-like accountability measures is an overly simplistic framework for partnership with the voluntary sector. In making this claim, it is implicit that conventional conclusions often drawn from principal-agent theory based on private-sector situations do not apply to voluntary organizations. Unlike agents in the private sector, voluntary-sector agents may be accountable to multiple principals and may be intrinsically motivated; these factors inhibit the potential for an accountability system based on principal-agent theory to provide optimal results (Steinberg 2010, Burgess and Ratto 2003). Extrinsic motivators like pay bonuses may actually reduce the motivation of employees who are intrinsically motivated to work toward a specific mission (Deci 1972). In state-voluntary sector partnerships, some of the goals of principals and agents are likely to be aligned, and intrinsic motivators are likely to play a role in the decisions of voluntary-sector agents. Van

Puyveld et al. (2013 and 2014) show how the goals of managers differ in public and non-profit schools and nursing homes, recommending an accountability system that acknowledges the mix of extrinsic and intrinsic motivators for different activities, while paying attention to the demands of others that might have an alternative principal-agent relationship with the organization. In short, creating an accountability regime for voluntary-sector organizations is more complicated than simply applying strategies from the private sector.

Based on experience with the private sector, governments may impose higher accountability requirements on voluntary organizations, failing to recognize the role played by intrinsic motivators and multiple principals. The costs of monitoring grants and contributions programs are usually passed on to voluntary organizations through additional reporting, so these costs are only counted on government budgets as transfers. Although excessive accountability does not always affect citizens through higher government expenditures, the true cost of high accountability is incurred as the loss of voluntary-sector productivity (Levasseur and Phillips 2004).

Nonetheless, it is also too simple to say that voluntary organizations should be less accountable than they are now. Voluntary-sector managers are also prone to self-interested activities. Voluntary-sector managers may want to protect employees or raise wages at the expense of productivity; they may seek prestige at the expense of clients; or they may even siphon off funds for personal gain (Box 3.2 provides an example of the latter). There is a balance to be struck between accountability that protects the public interest and the flexibility that allows voluntary organizations to be productive.

BOX 3.2 – Self Interest in the Voluntary Sector

In September of 2013, Morteza Jafarpour and Robert Salama, executives at the Hamilton-based Settlement and Immigration Services Organization (SISO) were found guilty of defrauding the government of approximately \$2.9 million by falsifying reports about the organization's activities. Jafarpour received two years in prison, while Salama received a sentence of 18 months. Meanwhile, SISO was bankrupted, and nearly 150 people lost their jobs with the organization.

SOURCE: Chapman 2013

2. Increased Transaction Costs

Contribution agreements also impose transaction costs through the need to constantly renegotiate the conditions of funding. The transfer payment approval process often must pass several layers of review, beginning with the program officer and working up the chain of command, sometimes even requiring approval from the deputy minister. At any point in this process, the application may be sent back to the organization for amendment in a costly and time-consuming process of “quasi-negotiation.” The organization may be required to submit quarterly statements before the next set of funds can be released, all the while, the threat of lost funding looms. The sort of organizational learning that might begin to reduce these transaction costs is inhibited by the fact that organizations often receive funding from more than one department or program, each of which may have its own forms, procedures, and requirements. Large transaction costs disproportionately affect smaller organizations, which may not be able to mobilize the administrative personnel or expertise required to tackle complex funding applications while they are engaged in service delivery (Levasseur and Phillips 2004, Donhilow 2005).

Mahoney (1992) demonstrates how the combination of transaction costs and agency costs should be expected to affect the choice of organization tools with a theoretical framework that can also be applied to contributions programs. He theorizes that in cases where both transaction costs and agency costs are relatively high, partnerships must rely on solidarity rather than accountability. Most voluntary organizations that receive government contributions can be thought of as “coping organizations” (Wilson 1989), where neither outputs nor outcomes can be easily observed as the product of individual effort. The agency costs of monitoring both outputs and inputs are always higher in coping organizations, so intrinsic motivators are important for an efficient partnership. Since the transaction costs of contribution agreements are high as well, a strong sense of solidarity, which is sometimes found in a cooperative or a voluntary organization, is necessary to cement an efficient partnership, what Mahoney calls a clan relationship.

Even though, according to Mahoney’s analytical framework, a clan relationship would be the most effective organizational tool for partnership with the voluntary sector, contributions are delivered through a market. Mahoney’s theory predicts that a market structure will result in higher than necessary transaction costs and agency costs. Levasseur and Phillips (2004) show that these costs do seem to be higher than optimal when they can be observed, but transaction costs may be difficult to observe. For example, the competition that occurs in markets may prevent organizations from working together when their interests are aligned. Organizations that may have been willing to collaborate in the past might instead engage in long periods of haggling over limited resources and require difficult concessions before choosing to work together. Transaction costs may also appear as search costs for organizations that lose out on funding, or in the form of political barriers between the sector and the state. Furthermore, the process of applying for funding and monitoring outcomes may eliminate some organizations from partnering with the state due to a lack of capacity, while organizations that do receive funding may be encouraged to play it safe. Of course, competition should reduce costs if competitors can undercut the proposals of a poorly-performing agency, but the benefits of competition might not always be realized for voluntary organizations because cost-savings may simply result in a reduction of government-transfers rather than the redistribution of funds for new projects. In the best case, the market for contributions would increase efficiency while maintaining the collaborative environment that keeps transaction costs low.

3. *Increased Coordination Costs*

Authoritative directives from a central hierarchy can be an effective way to coordinate some activities, but this tool makes networks into blunt and maladaptive instruments for service provision. Ideally, network management will be able to direct the activity of diverse actors toward a common goal without introducing pressures that encourage all organizations to look the same. The diversity of the voluntary sector is anticipated as one of the strengths of network service provision, with a wide variety of organizations offering a better chance that clients will get the specific assistance that they need (Hyman, Meinhard and Shields 2011). So if central coordination eliminates this flexibility, it is a very high price to pay.

In general, academics have shown that the state’s control over funding puts pressure on voluntary organizations to conform to certain norms, making them less able to do what they do best. Dimaggio and Powell (1983) theorize that large funders can introduce pressures that encourage voluntary organizations to conform to behavioural norms. Osbourne et al. (2008) confirm this theory, observing that voluntary organizations become less innovative when they must meet requirements set by the state. Unwin (2004) suggests that when the state buys only particular services, then organizations tailor their supply to the state’s demand; if the state wants to encourage innovation and diversification, it must develop funding tools that are less prescriptive. Phillips et al. (2008) show that when voluntary organizations accept contribution agreements, they tend to pursue activities that are not as applicable to their original missions.

Sidhu and Taylor (2009) agree that the loss of diversity is a consequence of state coordination in their interview-based study of Australian settlement organizations. This high level of conformity to the norms that are set by the state bestows an air of expendability on organizations; Acheson and Laforest (2013) warn that if an organization's credibility is based on what it can do rather than on its unique mission, then it is liable to being replaced by any group willing to accept less for equal services. In a meta-analysis of voluntary sector research, Brooks (2000) finds that government grants can actually crowd out private sector donations. Economists suggest that crowding out results when donors view government grants as substitutes for private giving, and organizations that receive grants tend to spend much less on fundraising (Anderoni and Payne 2003); and state control over funding only seems likely to encourage both of these behaviours.

Academic research reveals a potent mix of expendability and dependence in the relationship between the voluntary sector and the state. In short, when the autonomy of voluntary organizations is undermined, organizations are reduced to a hollow shell, too weak to achieve exactly what the state has contracted them to do. The impotence of voluntary organizations is a high price to pay for coordination according to the state's priorities. Coordination tools that are less authoritarian could reduce the incidence of these costs while still achieving the state's goals.

Summing up this survey of strengths and challenges, it is clear that contribution agreements have redefined the relationship between the voluntary sector and the state. A new form of public administration is required to capitalize on the benefits of this relationship while overcoming its challenges. A review of academic literature on contribution agreements suggests that in the past contribution agreements have prioritized the authority of the state ahead of the autonomy of the voluntary sector, driving up management costs. These problems are not inherent to contribution agreements, but are a function of how they have been applied.

Horizontal Governance

At the same time as contribution agreements were redefining the relationship between the voluntary sector and the state, public administrators began experimenting with a more horizontal relationship to voluntary organizations (Phillips 2004; sometimes described as New Public Governance, Shields, Drolet and Valenzuela 2016). Again, the impetus for this shift was program rationalization. Line departments were not only offloading service provision to third parties, they were also looking to make up for a loss of policy-making capacity by involving external experts in decision making. Again, the solution was sought via increased partnership with third parties, including think tanks, universities, private organizations, and voluntary organizations. The goal was a more horizontal and a more democratic form of governance—that is, a less hierarchical and authoritarian form of governance, including input from organizations that had on-the-ground knowledge of citizens' needs and challenges (Phillips 2012).

The Voluntary Sector Initiative (VSI) formalized this new and more horizontal relationship between the sector and the state. An initiative of the federal government that began in 2000, the VSI was intended to improve communication and collaboration between the voluntary sector and the state. Although the VSI was centered in the Ministry of Social Development, it brought together voluntary-sector representatives from across Canada to a joint table with assistant deputy ministers representing the whole of government. The selection of delegates to the VSI favoured large representative organizations with the capacity to engage in the ongoing effort of consultation. The VSI directed its efforts toward working out high-level policy issues regarding topics such as financing, advocacy, and building the capacity required for more-horizontal governance. It also oversaw the distribution of over \$90 million to strengthen the relationship between the voluntary sector and the state. This funding was used, among other things, to institutionalize the National Survey of Giving, Volunteering, and Participating, to encouraging volunteering, and to incentivize the voluntary sector to engage in policy development. After a change of government in 2006, the VSI was eliminated, but the ideal of horizontal governance continued to inform the relationship between the voluntary sector and the state.

Despite the eventual decline of the VSI, the voluntary sector reorganized and redefined itself in response to the ideal of horizontal governance. Although the initial response to cuts to grants programs was a call to arms, the voluntary sector has redefined itself as a willing and responsible partner in the process of program rationalization (Laforest 2014; cf. Trudeau 2008). Even the use of the term "voluntary sector," which became common during this period, was consciously chosen with the relationship to the state in mind. When voluntary-sector representatives first gathered to develop a common response to the ongoing process of program rationalization, they chose the name "the Voluntary Sector Roundtable" to highlight the fact that voluntary resources could be employed in the public benefit. The Voluntary Sector Roundtable, and the VSI which grew out of its relationship with the federal government, set the terms for partnership with the state, in the anticipation of a growing and mutually beneficial partnership: a more horizontal form of governance.

It is paradoxical that contribution agreements should have become so dominant even as voluntary organizations were gaining a more important role in sectoral governance. Even the voluntary sector's role in policy making is governed by contribution agreements that ensure accountability. Levasseur and Phillips (2004) describe this paradox as a game of snakes and ladders, where the positive impacts of horizontal governance are offset by the negative impacts that contribution agreements have on voluntary organizations. However, framing contribution agreements as a foil for horizontal governance is an oversimplification that fails to recognize the fact that both these changes can lead to both positive and negative outcomes; contribution agreements can create positive outcomes for society as a way of keeping social spending accountable to parliament, while horizontalism can make service provision more difficult to manage (Moynihan et al. 2009). Not only are the two developments not in contradiction, they can even be complementary. Nonetheless, the paradox between these two developments is noteworthy, and it is worth exploring why contribution agreements should have become so prevalent, even as sectoral governance has become more collaborative.

Conclusion: New Governance Has Redefined the Relationship between the Voluntary Sector and the State

Canada's transition to a New Governance paradigm for public administration has encouraged the offloading of services to other levels of government and to third-party organizations as a means of gaining legitimacy and managing costs. However, in so doing, the federal government's project of program rationalization also set the parameters for the future growth in the state apparatus. Much of this growth has come to depend on partnerships with third-party organizations, including voluntary organizations. To manage these relationships, New Governance administration forgoes traditional, hierarchical ways of doing business in favour of a balance between the authority of the state and the autonomy of third parties, in an attempt to capitalize on the strengths of network service provision while responding to its challenges.

The seeds of success for managing voluntary-sector service provision networks may be found in the combination of contributions funding and horizontal governance within a single program. It makes sense that if horizontal governance and contributions funding both sprang out of program rationalization, there might be synergies between the two. Horizontal governance gives voluntary organizations a part in determining public preferences, in shaping policy, and in managing programs. Three particular challenges to managing contribution agreements stand out: increased transaction costs, increased agency costs, and increased coordination costs. Horizontal governance has the potential to respond to each of these costs, by making programs responsive to instances where accountability measures should be tempered, where competition is creating barriers to collaboration, or where the state's priorities overlook opportunities to create benefits for society. In short, contributions programs can be combined with horizontal governance to change the balance between authority and autonomy in the management of the relationship between the voluntary sector and the state. The following chapter introduces Immigration,

Refugees and Citizenship Canada's *Modernized Approach to Settlement* and the related Settlement Program as new way of balancing that relationship.

4. THE SETTLEMENT PROGRAM

BALANCING AUTHORITY AND AUTONOMY IN THE SETTLEMENT SUB-SECTOR

New Governance has transformed the relationship between the voluntary sector and the state. Where the state was typically the sole operative in the delivery of public services, voluntary organizations are now agents in a complex network for service provision. Partnerships between the voluntary sector and the state require a new approach to public administration, one that emphasizes negotiation and persuasion, balancing the enforcement of public priorities with the free activity of voluntary organizations. IRCC's Settlement Program is one program that attempts to achieve such a balance between authority and autonomy with the combination of binding contribution agreements and an atypically horizontal approach to governance that gives voluntary organizations a say in their own oversight. This chapter profiles the Settlement Program in its institutional context, while key informants' opinions about the program are presented in Chapter 5.

The Changing Landscape of Canadian Immigration Policy

Immigration, Refugees and Citizenship Canada (formerly Citizenship and Immigration Canada) is the ministry responsible for the Settlement Program. Canada did not always have a ministry that was specifically devoted to overseeing immigration and settlement. Until the mid-1990s responsibility for immigration was divided between the Ministry of Employment and the Ministry of Multiculturalism. While immigration was once viewed as a means to labour recruitment, and integration activities were seen as a way of protecting Canada's multicultural heritage, the focus of IRCC is now on newcomers themselves. The employment ministry now administers most aspects of immigrant labour programs like the Temporary Foreign Workers Program, and advocacy for multiculturalism has taken a back seat in IRCC's priorities. On its website, IRCC describes its activities as: facilitating the arrival of immigrants, providing protection to refugees, helping newcomers settle in Canada, granting citizenship, issuing travel documents, and promoting multiculturalism (IRCC 2016). However, multiculturalism is not even mentioned in the current mandate letter to the current Minister of IRCC (Prime Minister 2015). Demonstrating an increasing emphasis on newcomers and integration, the federal government increased its investment in newcomer settlement by \$1.4 billion over five years. The majority of IRCC's budget is now used for immigrant settlement (TBS 2006, TBS 2013).

BOX 4.1 – An Example of Shifting Priorities in the Voluntary Sector

“International Women of Saskatoon was formed in 1985 to address the unique needs and issues that affect immigrant, refugee and visible minority women, which remained outside the perimeters of the mainstream service organizations... For 30 years, IWS has been providing support and services to immigrant/refugee women and their families... However, the lack of regular and continuous funding for gender-based programs poses a serious challenge to our ability to provide the needed services for the target group. At the same time, there is now... an urgency to look at the larger issue of immigrant settlement and integration processes and services. We want to play a part in resolving all the external and internal issues in order to better the lives of all immigrants and refugees and the community at large. As one way to signal our commitment to this broader agenda, we revised our organization's bylaws... We wish to include the larger community as our partners and be more inclusive and effective in responding to the changing needs of immigrants and refugees.”

IRCC relies on a broad network of external stakeholders to deliver settlement services to newcomers. An abbreviated list of stakeholders includes academic organizations, provincial representatives (both partisan and non-partisan), employers, and voluntary organizations, the latter including large and small organizations, special interest groups, religious organizations, language teachers, refugee workers, umbrella organizations, and others. In the pursuit of funding transfers, many voluntary organizations have redirected their efforts in a way that mimics IRCC’s change in priorities. Box 4.1 traces the transformation of one organization from an advocacy group into a service-provision organization, a change that mirrors the experiences of many organizations within the sector over the past twenty years (Acheson and Laforest 2013).

Although voluntary organizations in the settlement sub-sector are very diverse, these organizations are becoming increasingly organized. Provincial umbrellas are beginning to take an active role in the organization of the sector across Canada. Umbrella organizations coordinate communication, enable collective action, and provide leadership. Some umbrellas, like the Ontario Council of Agencies Serving Immigrants (OCASI), were well established before the implementation of the Modernized Approach. Others, however, are just starting to develop the capacity to coordinate activities within their jurisdictions. For example, the Saskatchewan Association of Immigrant Settlement and Integration Agencies (SAISIA) did not have a single full-time employee before 2013 (Table 4.1 illustrates this disparity). Umbrella organizations from smaller provinces have collaborated to form regional organizations like the Western Region Working Group and the Canadian Immigrant Settlement Sector Alliance. These regional bodies provide a counter-voice to OCASI at the national table, although they still are much smaller than OCASI in terms of capacity.

TABLE 4.1: Umbrella Organizations of Varying Capacity

Organization	AMSSA	SAISIA	MIRSSA	OCASI
Province	British Columbia	Saskatchewan	Manitoba	Ontario
Organization Founded	1977	1987	-	1978
Full-Member Organizations*	67	10	46	236
Personnel Expenditures*	\$629,368	\$75,671.00	\$50,577	\$2,374,384.00
New Permanent Residents in Province, 2013**	36,210	10,679	13,100	103,494
*Based on each organization's 2014 annual report				
**Source: CIC 2015a				

In addition to the provincial umbrellas, a national organization has developed to give the sector a more unified voice. The National Settlement Council (NSC) is a joint table where high-level representatives of the sector, including the heads of large service-provision organizations from across Canada, meet with assistant deputy ministers and directors-general from IRCC twice each year (Transcripts 11 & 12).

At the same time as the voluntary sector is growing more organized, IRCC has implemented a number of governance changes. Rather than treat each province as a distinct region, IRCC transitioned to operating under four regional directorships: The West, Central Canada, Quebec, and the Atlantic Provinces. Program officers work out of local offices that report to one of these regional offices.

Although IRCC now has jurisdiction over settlement services in all of English Canada, this was not always the case. A federal-provincial agreement gives sole jurisdiction over settlement services in Quebec to the provincial government, and hundreds of millions are transferred to that province for settlement services each year. Until recently, the Canada-BC Immigration Agreement (2010) gave the Government of British Columbia authority over "the design, administration and delivery of federally funded settlement and integration services in British Columbia." Manitoba also operated under a similar agreement. Jurisdiction over both provinces returned to IRCC in 2012. According to one key informant who oversaw the transition, voluntary organizations in Manitoba were not used to having regular dialogue with government, while organizations in BC were accustomed to lower levels of financial reporting. Organizations in both provinces were allowed an adjustment period before falling under the same terms and conditions as the rest of Canada (Transcript 11).

Meanwhile, numerous changes to immigration law were enacted by parliament. These changes affected the mix of immigrants that voluntary organizations served, immigrants' backgrounds, and their overseas exposures. Each change to immigration law required numerous adjustments to programs in thousands of service-provision organizations.

The Settlement Program and the Modernized Approach

Since 2008, the entirety of this complex sub-sector has been administered under the Settlement Program and the Modernized Approach to Settlement Services, a strategic approach to management (CIC 2008, 2009). When funding for settlement services began to increase after 2006, the Modernized Approach was developed as a way to channel the department's growth productively. The new Settlement Program was developed to be fully consistent with this Modernized Approach to management.

The Modernized Approach was developed in recognition of central reforms from the Federal Treasury Board Secretariat (TBS). In response to growing dissatisfaction from the voluntary sector, the Treasury Board appointed an expert panel to review its policies on transfer payments (TBS 2006). The Panel came to the conclusion that a fundamental change in administration was needed to eliminate the complicated rules and red tape that hamper federal transfer payments. The federal government responded positively to the report. The Treasury Board implemented a new risk-assessment strategy that would impose fewer accountability requirements on low-risk organizations; it directed line departments to reduce the administrative burden associated with their programs, and it recommended the development of a body that would disseminate best practices in contributions funding to the rest of government. These reforms were intended to reduce the burden of the state's authority as it was felt by voluntary organizations, giving them greater autonomy, but without compromising accountability to parliament (Phillips et al. 2008).

Following the Treasury Board's reforms to the terms and conditions for federal transfer programs, IRCC identified a number of problems through reviews of its immigrant settlement programs: Host, Language Instruction for Newcomers (LINC), and the Immigrant Settlement and Adaptation Program (ISAP) (CIC 2004a, 2004b, and 2004c). These problems were addressed in the development of the Modernized Approach to Settlement Services, an overarching management strategy for the delivery of immigrant settlement services. First, the Modernized Approach recognized that performance measurement should be attentive to what outcomes are actually being achieved, rather than measuring outputs like the number of clients served; it envisioned an accountability regime that combined the measurement of outputs, outcomes, and financial resources to ensure that the activities of organizations were achieving results. Second, the Modernized Approach acknowledged the fragmented nature of settlement services; different aspects of settlement were administered under different programs, even though the same organizations were often drawing contributions through all of them. In response, the Modernized Approach envisioned a single program for settlement services where organizations could harmonize activities under a single agreement. Third, in recognition that settlement needs vary in different regions and over time, the

Modernized Approach envisioned collaborative planning and prioritization, with all stakeholders playing a part in planning and carrying out programming (CIC 2008, 2009). These three central components of the modernized approach all envision adjustments to the balance between authority and autonomy, the first adjusting agency costs through a new accountability regime, the second adjusting transaction costs through a consolidated market, and the third adjusting coordination by taking a more horizontal approach to governance.

IRCC developed the Settlement Program with attention to the three priorities identified in the Modernized Approach. In most respects, the Settlement Program is only incrementally different from its predecessor programs, LINC, ISAP, and Host. Most importantly, the Settlement Program remains dependent on contribution agreements as the main tool for accountability, and many other tools also remain the same (Box 4.2 provides an overview). But the Settlement Program does introduce several changes that adjust the balance between authority and autonomy. These changes can be categorized under the three facets of the authority-autonomy continuum and corresponded to the central components of the Modernized Approach.

BOX 4.2 - An Overview of the Settlement Program Using Hood's Taxonomy

NODALITIES: IRCC communicates its priorities to service-provision organizations every three years in a call for proposals. 2015's call for proposals was the second under the new Settlement Program. Less formal information tools are also used to distribute information about the state's preferences, including the offer of informal feedback on incomplete proposals and an online review of best practices in the sector. Several tools ensure that regular dialogue with the sector occurs at various levels, from the national to the very local. These include the meetings of the National Settlement Council, "Settlement Summit" meetings in each province, progress reports from service-provision organizations, financial reports, program applications, and meetings between the managers of voluntary organizations and local program officers.

AUTHORITY: Contribution agreements include terms and conditions that, if violated, give IRCC the right to charge organizations with fraud. Organizations must meet specified outcomes to stay within the agreement. Regional program officers perform audits to ensure that these conditions are met, and failures to follow the terms and conditions normally result in renegotiations. IRCC reserves the right to withhold funds from non-compliant organizations.

TREASURE: Contribution fund service provision, almost always at no cost to clients (while fee-for-service programs can be approved, profit-making is strictly prohibited). Organizations also employ voluntary labour and financial gifts to enhance their service provision as they see fit; organizations do not pay taxes on this income if they can maintain charitable status.

ORGANIZATION: CFPs open a market for service-provision proposals. Due to a non-profit constraint, most organizations within the network are voluntary organizations. IRCC also funds indirect service providers, mostly umbrella organizations, to help coordinate the settlement sector. These organizations engage in research and consultations, they help control the flow of information, and they provide input into policy. However, the hierarchical government department still plays a role in administering the Settlement Program. Ottawa exercises the final say over policy, reviews reports, and approves proposals, delegating authority over administration to four regional departments which oversee local offices.

1. *Adjustments to the Management of Agency Costs*

The Modernized Approach envisioned an accountability regime that measured outcomes in addition to financial inputs. To this end, the Settlement Program's logic model (Appendix 4.1) articulates a set of outcomes that can indicate successful service provision. Each of these outcomes points toward the long-term outcome that "newcomers are successfully integrated." Organizations can contribute to this final outcome by demonstrating that newcomers are aware of services in their area, that newcomers progress in official language training, that they find employment, or that communities provide a welcoming environment for newcomers. Organizations can also receive funding to deliver indirect outcomes like evidence gathering, tool-development, or consultation.

In keeping with the vision of the Modernized Approach, the Settlement Program consolidates the services provided under LINC, ISAP, and Host into a single program (Table 4.2). Consolidation reduces the burden of accountability for larger organizations by reducing the number of reports for multi-purpose organizations, although reports tend to be longer.

More significantly for reducing agency costs, the Modernized Approach allows organizations to allocate 15% of funds for administrative purposes, requiring minimal reporting.

The Settlement Program also includes a Funding Risk-Assessment Model (FRAM) that reduces the burden of accountability for low-risk organizations.

2. *Adjustments to the Management of Transaction Costs*

Under the Settlement Program's rules for competition, organizations that can demonstrate a more competitive supply of outcomes are rewarded with continued financial contributions. Organizations must be able to measure the actual outcomes of their activities, as opposed to measuring outputs like the number of clients served. Those organizations that are able to demonstrate that they can deliver on outcomes more efficiently can expect to receive financial contributions for more of their proposals, for larger and riskier programs, and for pilot projects.

In order to reduce the costs of drafting proposals, articulating priorities, screening applicants, and enforcing contribution agreements, the Settlement Program consolidates LINC, ISAP, and Host into a single program effectively combining three markets for settlement contributions into one (Table 4.2).

Similarly, under the Modernized Approach, calls for proposals (CFPs) happen only on every third year, rather than annually, further reducing transaction costs and encouraging stability.

In order to counteract the negative aspects of competition, *The Modernized Approach* encourages collaborative programming. The stated aim of competition under the Modernized Approach is to reduce the duplication of services, awarding financial contributions to those who demonstrate the best outcomes in each field of service; so, from this perspective, collaboration and competition are not alien to one another. Collaboration allows organizations to access the specific assets of other groups in their communities, reducing the transaction costs of creating a separate agreement with each group to perform complimentary tasks. Organizations are expected to collaborate with all stakeholders in their communities, devising strategic plans that avoid the duplication of services and respond to regional needs in joint proposals. In this way, IRCC hopes to counteract the negative aspects of competition with greater collaboration (CIC 2009, Cordero-Guzmán et al. 2008).

As an avenue for encouraging collaborative planning, IRCC has chosen to coordinate Local Immigration Partnerships (LIPs) in communities. An Ontario innovation now spreading to the rest of Canada, LIPs create a place for all local players, voluntary organizations, employers, governments, and others, to coordinate their efforts and develop a strategy for improving immigrant and refugee settlement in their communities.

TABLE 4.2: Program Consolidation		
Before 2008	2008 to Present	
From a suite of programs...	...to a single program...	...using a suite of services that can be combined to achieve outcomes.
Language Instruction for Newcomers (LINC)	<p>THE SETTLEMENT PROGRAM</p> <p>A. Orientation – Newcomers make informed decisions about their settlement and understand life in Canada.</p> <p>B. Language/Skills – Newcomers have language/skills needed to function in Canada.</p> <p>C. Labour Market Access – newcomers obtain the required assistance to find employment commensurate with their skills and education.</p> <p>D. Welcoming Communities – Newcomers receive help to establish social and professional networks so they are engaged and feel welcomed in their communities.</p> <p>E. Policy and Program Development – To ensure effective delivery and achieve comparable settlement outcomes across Canada.</p>	<p>Needs Assessment and Referrals</p> <p>Information & Awareness Services</p> <p>Language Learning & Skills Development</p> <p>Employment-Related Services</p> <p>Community Connections</p> <p>Support Services</p>
Immigrant Settlement and Adaptation Program (ISAP)		
Host Program (HOST)		
*Table adapted from CIC 2009.		

3. *Adjustments to the Management of Coordination Costs*

Under the Modernized Approach, the Settlement Program includes a role for voluntary organizations in collaborative planning, policy making, and administration. The Settlement Program Logic Model (Appendix 4.1) describes the intended outcomes of these activities, which are consistent with a more-horizontal approach to governance than had existed under LINC, ISAP, and Host. As a result of new funding for collaborative policy development and program management, provincial umbrella organizations and LIPS have a more important role in representing voluntary organizations.

As part of the decision to prioritize collaborative planning, CFPs under the Settlement Program give more attention to local priorities. In the 2015 CFP, Ottawa divided priorities into national and local needs. In the Western Region, for example, the most recent call for proposals prioritized, among other things, “Centralized French-language distance assessment,” “Employer-led partnerships,” and “one umbrella organization per western province and territory.” (CIC 2015b).

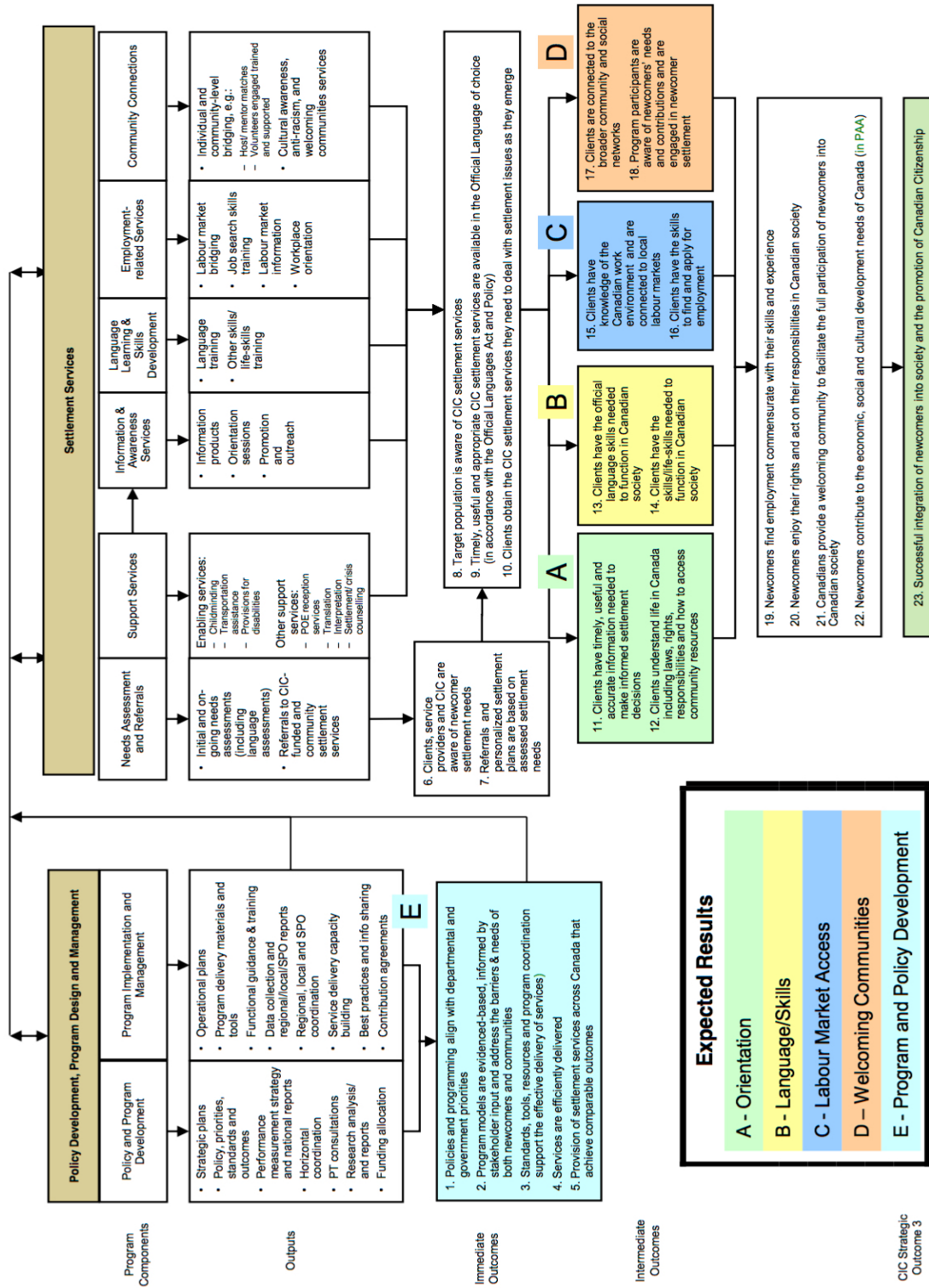
Still, some funding priorities are predetermined by the terms and conditions of the Settlement Program, which are dictated by the Treasury Board and cannot be violated. For example, the Settlement Program prioritizes direct service provision by allocating 90% of its funds for direct services, leaving only 10% for the indirect services associated with horizontal governance and capacity building. Similarly, a rolling allocation formula prioritizes some provinces over others by allocating funds to regions where immigrants are actually settling; the Modernized Approach includes a commitment to a standard, equitable level of service provision Canada-wide; this commitment further informs regional distribution patterns, mandating that the quality of services is balanced across the country. These funding rules guarantee that some projects will be privileged over others, even if they produce inferior outcomes.

Conclusion: The Settlement Program is an Attempt to Improve the Balance Between Authority and Autonomy in Settlement Service Provision

In the spirit of incremental reform, the Settlement Program includes several adjustments to the balance between authority and autonomy, but it leaves many aspects of its predecessor programs the same. Since the theoretical literature had indicated problems in several facets of this balance, these adjustments might improve the manageability of the settlement service-provision network. The next chapter presents findings from interviews with key informants as to whether these changes have actually resulted in the improved integration of newcomers to Canada.

Appendix 4.1: Settlement Program Logic Model

Settlement Program Logic Model



5. FINDINGS

STAKEHOLDER PERSPECTIVES ON THE MODERNIZED SETTLEMENT PROGRAM

The following findings are based on stakeholder perspectives regarding whether the Modernized Approach to the Settlement Program actually improves the management of settlement services. The generalizations in the text below represent a loose consensus of the opinions of voluntary-sector leaders, policy-makers, and public administrators. Although not everyone reacted the same way to the changes, nearly everyone agreed that the new approach is an improvement over what existed before. The data for these observations comes from 12 interviews with key informants from the voluntary sector and from IRCC. Eleven of the informants were upper-level managers, and the twelfth informant was a program officer (a key liaison between the two sectors). While most interviews were conducted in person, three of the five interviews with key informants from IRCC were conducted over the telephone. The hour-long interviews followed a loose script (Appendix A), drawing attention to areas where one might observe changes as a result of the transition to the Modernized Settlement Program, but an open-ended interview style also encouraged informants to lead the conversation toward the issues that they thought were the most important. These interviews yielded over sixty pages of transcripts, all relating the ways that the settlement sector has changed and how it can continue to change for the better (More information about methodology can be found in chapter 1).

These findings are divided into three categories, which roughly correspond to the management costs described in Chapter 2. Revisiting Table 2.3 (reproduced below) as an illustration, a failure to balance the authority of the public sector with the autonomy of the private sector can result in three types of management costs: increased agency costs as a result of an imbalance between accountability and flexibility; increased transaction costs as a result of an imbalance between competition and collaboration; and increased coordination costs as a result of an imbalance between the state’s priorities and the voluntary sector’s diversity. Although some of the findings in this report may blur the lines between these categories, each topic is only discussed under one heading. Although findings about the Settlement Program could be broken down in other ways, this construct helps to tie findings about the Settlement Program to the broader conversation in the academic literature about the relationship between the voluntary sector and the state. A section of this chapter is devoted to each of these three facets of authority and autonomy.

Table 2.3: A Balance Between Authority and Autonomy			
An imbalance between...			
AUTHORITY	and	AUTONOMY	
Accountability	and	Flexibility	...Increases agency costs.
Competitiveness	and	Collaboration	...Increases transaction costs.
Central Direction	and	Individual Diversity	...Increases coordination costs.

I. Balancing Accountability and Flexibility

Key informants from both sectors agreed that accountability is necessary and some productive tension should exist between the two parties. While organizations need some flexibility, accountability helps

organizations to deliver services that are up to the public standard. But financial monitoring has been a major source of frustration for voluntary-sector leaders. Although the extent of budgetary reporting has been reduced under a consolidated Settlement program, voluntary-sector leaders still consider audits and financial reporting to be an excessive burden. The question is not whether accountability is necessary; instead, voluntary sector leaders object to the means and extent of accountability (Transcripts 3, 4, & 7).

The provision for 15% of funds to be allocated to a general administrative budget allows organizations to manage their funds with much more flexibility, reducing the cost of accountability; but inflexibility in other budgetary lines leads to inefficiency. Organizations that can reallocate funds to different activities as they see fit are able to manage their funds more optimally. The ability to reallocate administrative funds at the organization's discretion was hailed by one voluntary-sector leader as "a major breakthrough." But voluntary-sector leaders suggest that they would still benefit from further flexibility. Hard barriers between budgetary line-items prevent savings in one line-item from being passed on to another. The result of inflexible budgeting is that organizations may purchase more than is necessary under one category where budgeting exceeds costs, meanwhile pinching pennies in another category of spending. These funding limits are based on what was specified at the time that the contribution agreement was negotiated, and renegotiation is itself costly. Voluntary sector leaders believe that allowing easier transfers from one budgetary line to another would allow them to be more efficient in achieving outcomes (Transcripts 6, 8, & 11).

Voluntary-sector leaders also expressed frustration over financial audits. They believed that program officers sometimes exercised an extreme level of oversight, as is illustrated in Box 5.1. One voluntary-sector leader told an anecdote about how an IRCC representative had gone about counting the number of chairs that were eligible for use in a program. Another told of how IRCC was willing to withhold all of a program's funds in a conflict over a few hundred dollars. An effective appeals process does exist for managing disputes, and extreme oversight is not considered typical of program officers. One IRCC Policy Maker explained, "we tried hard from the policy side to limit the audits," but this individual believed that the message might not have made its way to program officers. More positively, all parties agreed that audits should be based on dialogue: once a problem with service delivery has been identified, the focus should be on finding a way to fix it rather than finding reasons to impose sanctions. Whereas the former approach is essentially remedial, the latter is essentially punitive (Transcripts 1, 3, 4, 9, 10, & 11).

IRCC's risk-management strategy makes audits into a lesser problem for more established organizations, many of which have developed trusting relationships with the federal government, based on years of partnership. IRCC uses a Funding Risk Assessment Model (FRAM), which requires less monitoring for lower risk programs.¹ The Federal Treasury Board Secretariat (TBS) mandates risk-based monitoring in order to reduce the burden of audits on service-providers. Low-risk organizations did not express as much frustration over auditing (Transcripts 6, 9, 10, & 11).

In all cases, the impact of financial auditing is related to the relationship between the organization and the funder. Where the relationship is poor, agency costs are higher than necessary, to the point where organizational stability can be put into jeopardy, as the final anecdote in Box 5.1 indicates. Where the relationship is positive, auditing is less of a problem. In fact, the leaders of two well-established organizations indicated that audits were not a problem at all. Even when problems are identified in an audit, organizations that are in a positive relationship with IRCC can expect to work out these problems through discussions and negotiations, rather than incurring significant penalties. The negative impact of accountability measures can be greatly diminished in a relationship based on dialogue and trust (Transcripts 2, 3, and 6).

¹ Although the author requested access to this document, it was not made available.

BOX 5.1 - Audits: A Divide Between Policy and Implementation

"We were using a chair and a desk for a IRCC-funded program for part of the year, and when that program was over, we used the same chair and desk for a provincially funded program. When a program officer saw what we were doing, he asked us to change to a different chair and desk for the rest of the year . . . These are the kinds of conversations we were having."

-Voluntary Sector Leader

"We tried hard from the policy side to limit the audits. Stop counting the number of pens—and the number of red pens! It's silly! Wait until you see something weird. We tried to simplify stuff, [but] it would be a struggle to get it implemented. There's a divide between policy and implementation at IRCC. A lot of the people we got were from an enforcement background in immigration. They look for what's wrong . . . I don't know if the bean counting stopped after that."

-IRCC Policy Maker

"A few bad apples can really put an organization on edge: I once found myself struggling to explain some of our activities to a program officer. My explanations for our activities were obviously not resonating with this person. We had held a seminar for some of our language students that the program officer didn't think qualified under our contribution agreement, and, as a result, the funding for our program was withheld for several months. We're lucky that we had enough eggs in different baskets that we were able to float ourselves through it. We couldn't believe that all of our work would be jeopardized over just a few hundred dollars. There should never be a point where one person can send your CEO, your CFO, and your program coordinator into such a tizzy. That crosses a line that endangers organizational stability. Thankfully, all of our other program officers have been excellent."

-Voluntary Sector Leader

SOURCES: Transcripts 1, 3, and 9.

Leaders from both sectors pointed to the now-defunct British Columbia model of financial monitoring as a possible alternative to what is used in the Settlement Program. The BC program had more frequent calls for proposals, but financial monitoring was not required unless an organization failed to achieve 80% of the outcomes stipulated in its contribution agreement. The federal government has now resumed responsibility for the administration of settlement services in BC, but the BC program was still cited by leaders from both groups as a possible example of how to improve flexibility for service-provision organizations while maintaining an appropriate level of accountability (Transcripts 11 and 12).

The federal approach to accountability does appear to be moving away from financial monitoring. Government officials hinted that to apply close scrutiny to how funds are used is out of step with the spirit of contribution agreements, which are meant to be more flexible. Outcomes should be stipulated in a contribution agreement, but organizations should not be told how to achieve those outcomes. Exercising control over a voluntary organization's inputs is inconsistent with the contributions approach to funding, one policy-maker explained. Those voluntary-sector leaders most involved in policy consultations also agreed that the entire system seems to be evolving away from an approach that relies on financial auditing. Despite continuing frustration from voluntary-sector leaders, the movement toward a form of auditing that acknowledges the shared goal of serving newcomers well, a development that these leaders view positively (Transcripts 3, 4, 9, 10, 11 & 12).

Still, as accountability systems have moved toward the measurement of outcomes, voluntary organizations have struggled with the transition. Evaluation and evidence gathering present major challenges to organizations that have never developed the capacity for such activities, and there is a stigma that goes with any sort of measurement because of its relationship with auditing. Nonetheless, as organizations discover the rewards that come with reporting on positive outcomes, evaluations are

undertaken with increasing enthusiasm. "I would do it again in a heartbeat," explained one leader after the completion of his organization's first program evaluation. Voluntary organizations are learning the value of being able to present evidence about their successes and struggles. Learning that value, and developing the capacity to take advantage of it has been a slow process that is only beginning to bear fruit (Transcripts 2, 6, & 7).

Evidence-based evaluations help organizations to pinpoint their successes and failures, then allowing them to write better proposals for future programs. Good proposals take measurement into account from the outset, determining how best to assess the outcomes in question. Organizations are thus learning how to link funding proposals to evidence gathered in the prior period. Proposal writing and evaluations feed into one another so that good proposals allow for effective evaluations, and good evaluations inform effective proposals in a positive feedback loop (Transcripts 4, 5, & 7). Furthermore, evidence gathering helps organizations to justify activities that they are funding apart from IRCC's stated priorities. If organizations can develop funding networks that allow them to pursue innovative projects without immediate contributions from IRCC, then those organizations can make a case for contributions in the next call for proposals (Transcripts 6 & 7).

II. Balancing Competition and Collaboration

It has been difficult to realize the benefits of competition in the voluntary sector; instead it is easier to observe how competition inhibits collaboration. The transition to procurement practices that reward better outcomes with financial contributions has not been a natural adjustment for voluntary organizations. Some voluntary-sector informants believed that if one organization received larger financial contributions for a new project, those funds must be acquired by reducing contributions to other organizations—like robbing Peter to pay Paul. One voluntary-sector leader expressed deep frustration over this practice, claiming that IRCC had funded another organization's high-profile pilot project at the expense of some of his language classes. In this environment competition erodes trust, undermining the collaborative focus that IRCC has articulated as part of the Modernized Approach (Transcripts 1, 8, 9).

Organizations are currently considering fee-for-service programs as a way to recover costs and realize greater benefits from competition; organizations that can reinvest the returns from fee-for-service programs face a much stronger incentive to increase efficiency. For example, one voluntary-sector informant suggested that the organization might charge fees to employers for providing specialized training to their immigrant workers. The leader of one umbrella organization suggested that a framework outlining the rules of competition and revenue sharing in fee-for-service programs might be on the horizon. However, the current terms and conditions of the settlement program prohibit profit making, a rule that makes it challenging to implement fee-for-service programming. Some voluntary-sector leaders were also skeptical of fee-for-service programming, suggesting that any gains made from these programs would be offset by a reduction in contributions funding; although one voluntary-sector informant noted that the opportunity to access more diverse sources of funding is worth pursuing even if the numbers in budgets remain the same (Transcripts 2 and 7).

In the meantime, the transition to three-year CFPs is viewed as a positive change that promotes organizational stability and reduces the cost of negotiating new agreements and writing proposals. In the same vein, both voluntary sector informants and leaders from IRCC viewed program consolidation as a step in the right direction when it comes to reducing transaction costs (Transcripts 1, 4, 9, & 12).

Several individuals from IRCC stated that the aim of competitive procurement was to avoid the duplication of services so that all organizations can work together as a network. One individual intended this statement as a rebuttal to the idea articulated above that IRCC takes from one organization to fund another; the goal is to provide funding to a network of complimentary organizations. Over the long term, IRCC's goal is that each organization specializes in providing a certain service, supporting one another in

a collaborative network. Not only does specialization encourage collaboration, it also reduces complexity for newcomers, who can identify a definite location for each service rather than finding a spattering of services across several competing organizations, explained one policy maker. In the current system, organizations have sometimes avoided referring newcomers to another organization in a bizarre form of protectionism. Leaders from both parties suggested that this sort of antagonism is a real problem, at least over the short term, especially between organizations that have been providing the same services for years. One voluntary sector leader explained, "we would feel pressured to accept a contract that we did not feel capable of meeting because if we didn't take it another organization would." This individual feared that if clients went to other organizations, then his organization's contribution agreements would be put at risk, endangering the stability of the organization. Acknowledging the practice of hoarding clients and funding, policy makers hope that eliminating the duplication of services will replace a competitive market with a collaborative network over the long term, a result that would not only reduce transaction costs, but would also reduce problems like client hoarding as well (Transcripts 1, 2, 3, 5, 7, & 10).

A more business-like approach to competition is dependent on the ability of organizations to evaluate programs and provide evidence of success. However, most organizations have only tracked outputs in the past and have experienced difficulty in developing the capacity to measure the outcomes that they have achieved. Collaboration is the much-touted solution to developing the capacity for program evaluation. One informant from IRCC went so far as to say that, with respect to evaluation, the Modernized Approach "forces organizations to find partners." In a partnership context, evaluation cannot be done unilaterally; it requires involvement of all partners for several reasons, not least of which is that many organizations currently lack the capacity to measure outcomes on their own. Even the leader of a large and well-established organization explained that developing capacity for program evaluation has taken several years. Furthermore, an external perspective is essential for effective program evaluation. New relationships outside the sector are beginning to develop—with researchers at universities and with newly established consulting firms—so that organizations can more effectively assess how well their programs are meeting the required outcomes. OCASI, the provincial umbrella organization from Ontario, has received funding to develop a national framework for program evaluation, and organizations are working together to develop measurement tools or to establish common benchmarks for success (Transcripts 2, 5, 6, 7, & 10).

All stakeholders view collaboration as a way to improve outcomes for newcomers, but anecdotal evidence suggests that organizations have struggled to build the necessary trust to enable large-scale collaboration. Collaborative programs are being developed, but there is competition and mistrust over the power positions in these programs. For example, several Saskatchewan voluntary organizations recently collaborated to develop the Settlement Workers in Schools Program, a province-wide initiative to provide services to the school-age children of immigrants. Initially there was some dispute over where the program's coordinator should be based, whether in Saskatoon or Regina. While this decision was resolved without conflict, decisions about governance rights in future collaborative programs have the potential to break down trust between organizations; likewise, the selection of delegates to umbrella organizations like the National Settlement Council can cause friction between privileged and non-privileged organizations. In many cases, collaboration is based on trust between individual leaders; as a new generation takes the reigns within the sector, the opportunity exists to increase collaborative programming, but, at the same time, collaborative relationships between new leaders will need to be rebuilt from the ground floor. Voluntary-sector leaders need positive experiences of collaboration before they will be willing to devote significant resources toward collaborative projects. This suggests that it is imperative for governments to provide incentives, resources and guidance for fostering positive partnerships that will yield readily visible, positive results to organizations and clients (Transcripts 3 & 11).

But the experience of successful collaboration is creating a positive outlook. One positive example is highlighted in Box 5.2. IRCC administrators explained that collaborative projects mitigate risk for the funder and reduce complexity for newcomers; collaborative administration can also reduce the cost of service delivery because it encourages stability and economies of scale. Furthermore, one voluntary-

sector leader explained that collaboration with other organizations can allow an organization to provide services beyond what IRCC chooses to fund. For example, voluntary-sector leaders unanimously expressed dismay that IRCC funding is only for permanent residents, not for citizens or temporary workers. While it is difficult to imagine settlement services being extended to all citizens by parliament, organizations that can collaborate with other groups in their regions might begin to provide some services to citizens who still need assistance integrating into Canadian society. Likewise, voluntary organizations often had missions that differed slightly from the priorities articulated by IRCC, such as providing anti-racist education or creating additional opportunities for immigrant women. Collaboration with community organizations (like local governments or foundations) helps voluntary organizations to provide services that IRCC does not have the mandate to fund. By going beyond what IRCC will fund, collaboration can also spur innovation. If voluntary organizations can present evidence that innovative programs have been successful in meeting the outcomes mandated under the Modernized Approach, even without federal funding, they may receive funding in the next call for proposals. Finally, although no informants mentioned it explicitly, knowledge transfer is certainly another benefit that comes from collaboration. Theory suggests that when organizations work together, best practices spread from one to the other, and, in general, the effectiveness of administration and planning should improve. Thus, there is ample reason for IRCC to encourage collaboration (Transcripts 2, 3, 4, 5, 7, & 8).

Local Immigration Partnerships are one way that IRCC has chosen to stimulate the sector's collaborative capacity. A policy maker from IRCC explained, "LIPS are a way of building community capacity without working to drive that capacity." Again, this strategy fits with the logic of contribution agreements, which are intended to empower organizations without being overly directive, balancing the authority of the funder to determine outcomes with the autonomy of organizations to execute their own affairs. Stressing IRCC's commitment to encouraging collaboration, this informant boasted, "Not one application for LIPs has been rejected." Although this strategy is still in its infancy outside of Ontario, several quotes demonstrated that voluntary-sector leaders are excited about the possibility of creating collaborative capacity in their communities: "We had been arguing for something like this for fifteen years," one said. Another individual elaborated, "LIPs are a great idea because they start a conversation about the best interests of the client." Still, one individual from IRCC hinted that the benefits of LIPs might not be visible for several years after implementation, and the leader of a voluntary-sector umbrella organization agreed that it "will take time and commitment" to see the fruit of Local Immigration Partnerships. In the meantime, there is a definite optimism regarding future of collaboration in the sector (Transcripts 2, 3, 4, 6, 7, & 10; cf. CIC 2015a)

BOX 5.2 – Spotlight on Collaboration

"Global Gathering Place partnered with Pro Bono Students Canada (PBSC), a national pro bono student organization with a mandate to provide legal services without charge to organizations and individuals in need across Canada. Six law students from the University of Saskatchewan were placed with our agency to offer their services from October to March under the supervision of qualified lawyers. On Monday and Tuesday evenings, clients can book appointments with one of three students who are on hand to help with completing forms and applications. Clients can receive help completing housing applications, childcare forms, card renewals, and so on. Two other students are developing and presenting workshops on important topics such as Landlord/Tenant Law, Rights at the Workplace, and Guardianship. Finally, one student is working to improve GGP's bylaws and constitution. Partnerships such as this help future lawyers gain perspective on challenges facing newcomers to Saskatchewan and provide essential cross-cultural exposure while providing clients with a much needed service. It's truly a win-win situation!"

SOURCE: Global Gathering Place 2014.

III. Balancing Central Direction and Voluntary Diversity

Interviewees noted a few deficiencies in the structures that enable dialogue between voluntary organizations and the state, but they also expressed a general satisfaction with the level of dialogue they have experienced under the Settlement Program. Likewise, although collaborative policy making is something new for leaders in both sectors, activities that facilitate this outcome are being undertaken with enthusiasm.

Although the National Settlement Council (NSC) enables regular, high-level dialogue, some public-sector informants noted the disadvantages of this type of consultation. One described the NSC as an "elite-brokerage model," where certain individuals and groups receive privileged positions in representation of the larger sector. Policy makers justified the approach on the basis that a representative group enables more consistent dialogue with the sector; "We can't go to 5,000 organizations. We'd have a nervous breakdown," the individual explained. The elite brokerage model is not unique to the Settlement Program; instead it mirrors the trends that flowed from the VSI in the relationship between the state and the voluntary sector more generally (Transcripts 5, 9, 11, & 12).

While an elite brokerage model of consultation is bound to create winners and losers, voluntary-sector leaders generally seemed pleased with the quality and quantity of dialogue between the sector and the state, and even key informants from smaller, non-elite organizations expressed a high general level of satisfaction. Some key informants from the voluntary sector expressed concern that the terms of the Settlement Program itself had been merely "presented" rather than developed in dialogue with the sector, but even these individuals seemed pleased with the dialogue that had been achieved since then. These organizations are satisfied with the level of dialogue because consultation has not been limited to the activities of the National Settlement Council; neither does dialogue begin or end with CFPs. It has been an ongoing process. IRCC organizes Regional Integration Summits and a National Settlement Conference between CFPs, where a broader swath of representatives from the sector meet to discuss best practices, to network, and to present their concerns. More importantly, the accountability and procurement processes assume that dialogue will occur around contribution agreements when issues arise (Box 5.3 offers an example). Where this dialogue is well implemented, organizations felt that consultation had been effective (Transcripts 1, 2, 5, 6, 7, & 9).

The ability of umbrella organizations to represent organizations effectively is central to consultation in an elite brokerage model. Formerly, "IRCC understood umbrella organizations as advocacy groups," the leader of one umbrella organization explained. Now public administrators see umbrellas as partners in coordinating communication and engagement, in sharing resources, and in managing expectations. Key informants from IRCC expressed concern over how to "engage and nurture these organizations," especially when "they don't have the capacity to represent smaller organizations effectively." However, the provincial and regional umbrellas are not only diverse in capacity, but in self-perception, in management style, and in governance arrangements. Some are able to represent their members more effectively than others. Some privilege large organizations to a greater extent, while others are more democratic (Several of the sector's umbrella organizations are profiled in Table 4.1, and these organizations represent the full spectrum along the capacity continuum). Voluntary-sector leaders' positive view of consultation is likely connected to the

Box 5.3: Shadow Day

"There are times we've been questioned by IRCC on the way that we do things. For example, [in a small city] there are so many places our clients need to get to. We can't always do that here on the bus or on foot with clients. We've been challenged on the amount we use taxis and personal vehicles to transport people. IRCC came out and did a shadow day. By the end of the day they understood why we do what we do, balancing the realities of what we need to do with what we want to achieve."

SOURCE: Transcript 3

ability of their umbrella organizations to represent them effectively at the national level. Umbrella organizations are a lynchpin of the Settlement Program's consultation process (Transcripts 4, 5, & 7).

Despite the emphasis within the Modernized Approach on more horizontal governance, vestiges of hierarchical coordination still exist, creating coordination problems. While voluntary-sector service-providers are part of a third-party network, program officers work directly under IRCC's regional directors; so the two parties receive information through completely different channels. This dual structure encourages information asymmetries, where one party has different or better information than the other about how a program should operate. For example, the online system for reporting, iCare, is intended to assist service-provision organizations with reporting, but it does not inform the work of program officers. One voluntary-sector leader linked this particular asymmetry to the conflicts his organization had experienced with a program officer over program spending. Although the Settlement Program aims for a more horizontal form of governance cross-sectorally, vestiges of horizontal coordination within organizations can create coordination problems in network-style service provision. These two forms of coordination are not necessarily incompatible, as one policy maker pointed out, but they should be harmonized so that information is distributed effectively (Transcripts 3 and 4).

Some of IRCC's priorities are still determined in a hierarchical manner, often according to mandates from the Treasury Board. For example, despite the growing importance of indirect service-providers like umbrella organizations, the terms and conditions of the Settlement Program prioritize direct service provision. As mentioned, only 10% of funding is dedicated to funding indirect service provision. This division of funds means that, of approximately \$600 million for settlement services outside of Quebec, only \$60 million is available for all professional development activities, conferences, umbrella organizations, consultations, and intra-sectoral coordination. Likewise, only 15% of program funds can be used for administration. The leader of a small voluntary organization said the disproportionate prioritization of direct services in funding formulas "creates a struggle to survive," and another voluntary-sector informant claimed that organizations will try to take on too many programs in search of more administrative funding. This principal-agent funding system creates a situation where the agents, in this case the directors of voluntary organizations, are incentivized to pursue more contribution agreements in order to increase the salaries of central administrators. A third voluntary-sector leader suggested that putting more resources toward capacity building activities would actually improve the cost-benefit ratios for programs in that organization. Such frustrations are the result of a unilateral decision from IRCC to prioritize the bulk of funding for direct services to clients. These conflicts result from what remains of hierarchical decision-making in a decentralized network (Transcripts 2, 6, & 7).

Nonetheless, IRCC's priority is to fund direct services rather than to build up capacity within the sector. It was particularly troubling for voluntary-sector leaders that IRCC's emphasis on direct service provision ties up resources that are needed for capacity building. More than one IRCC employee echoed the idea that service-providers are expected "to hit the ground running." Informants from both sectors used almost identical language to explain that "[IRCC is] purchasing services from these organizations for delivery to newcomers." Policy makers explained that where capacity is lacking, collaboration is expected to fill in the gaps. Here IRCC has tried to play a coordinating role, for example, by connecting younger leaders with mentor organizations or by prioritizing collaborative projects in CFPs (cf. Cordero-Guzmán et al. 2008). In any case, funding for these indirect services must be directly related to better outcomes for newcomers within the scope of the current program (Transcripts 4 & 7).

Some confusion still exists over the supply of professional development opportunities. The terms and conditions of a contributions program require a more hands-off approach to funding; therefore, government employees do not consider coordinating learning and development events to be the proper domain of the funder, except in the case of regional and national summits. Instead, organizations themselves should be working together to coordinate these events. While voluntary-sector leaders seemed to expect IRCC to develop learning events as a centralized coordinator, IRCC employees viewed

professional development as an element of service provision to be justified in proposals for program funding (Transcripts 3 & 4).

The Modernized Approach also prioritizes equality of services Canada-wide. IRCC uses a rolling allocation formula to determine the regional distribution of funds. The average number of new immigrants to a particular region over a three-year period determines the amount of funding the region receives. Over the past few years, the number of immigrants landing in the prairie provinces has greatly increased, while the number of new immigrants to Ontario and BC has not. Providing similar outcomes also requires shifting some funds from cities with well-established integration networks to deliver higher-cost outcomes in rural and northern areas. Encouraging the development of service-provision networks in rural and northern areas also complicates the consultation process by increasing the diversity of organizations within the sector. However, policy makers remain committed to providing equal settlement outcomes wherever newcomers go (Transcript 5).

Even when IRCC imposes its priorities on voluntary organizations, it is not insensitive to the unique challenges that some organizations face. IRCC recognizes that a commitment to standardized service delivery requires extra attention to the needs of weaker organizations. One policy-maker explained, "Consistency means that we're like Tim Hortons: the same everywhere." Yet this individual recognized that the goal of providing standardized outcomes might require diverse inputs in different jurisdictions. For example, IRCC recognizes the need to be less stringent with francophone organizations, "which tend to be fledgling," an informant explained. Likewise, organizations based in rural and northern communities may require additional support to achieve similar outcomes. Some regions have higher costs of living, while others may have underdeveloped public transit or few opportunities for cultural education (cf. Box 5.3). Small organizations too may lack the capacity to fulfill reporting requirements that can easily be met by larger organizations with dedicated staff. Locally based program officers give IRCC a better understanding of the needs that voluntary organizations can see on the ground. Most organizations were able to find a way to present evidence about their unique needs to program officers, whether that be through a formal report or some other form of dialogue, and special needs were accounted for in funding and in audits (Transcript 4).

Conclusion: The Settlement Program Improves the Balance between Authority and Autonomy in Settlement Service Provision

The Settlement Program and *The Modernized Approach to Settlement Services* have been able to strike an improved balance between the authority of the federal government and the autonomy of voluntary sector organizations. Incremental adjustments to financial reporting and a greater emphasis on dialogue in program audits have improved flexibility, but financial accountability still frustrates voluntary-sector leaders. Likewise, program consolidation and fewer calls for proposals have reduced transaction costs, but the efficiencies normally associated with market competition have proved elusive under the Modernized Approach to date. Nonetheless, as organizations develop capacity for collaboration, program evaluation, and cost-recovery, the benefits of competition may yet be realized. Finally, the settlement sub-sector is moving toward a more horizontal form of coordination, including a role for voluntary organizations in policy making and administration, but vestiges of hierarchical coordination still remain, thereby contributing to the already difficult task of managing the settlement service-provision network. These observations represent the consensus views of voluntary sector leaders, public administrators, and policy makers. The next chapter undertakes to interpret these results and determine how further improvements to the balance between authority and autonomy are yet to be achieved.

6. ANALYSIS & CONCLUSION

IMPROVING THE MANAGEABILITY OF STATE-VOLUNTARY SECTOR PARTNERSHIPS

The New Governance paradigm represents how governments address public problems today. For better or worse, this paradigm depends on relationships with third parties to deliver services. The voluntary sector has become an important partner in Canada's New Governance era, delivering services through complex networks of organizations. The challenge of managing these partnerships is typical of a New Governance approach to public administration, but it also holds tremendous opportunity for creating public benefits if managed effectively.

This final chapter begins by assessing whether the Settlement Program provides a positive example of network management under New Governance. It uses the assessment framework from Chapter 2 to analyze whether the data presented about the Settlement Program demonstrates positive performance under several categories. This analysis of the Settlement Program is followed by a set of recommendations to improve the program, and these recommendations are examined to identify four key lessons for managing voluntary sector service-provision networks in a New Governance era.

Analysis of the Settlement Program

1. *Allocative Efficiency*

Comments from key informants in the voluntary sector and at IRCC indicate that the Settlement Program performs well within the narrower category of allocative efficiency, which, as defined in previous chapters, excludes questions about how to manage costs in organizations. Most importantly, the program provides social benefits that most immigrants would be unwilling or unable to purchase on their own in a private market; this fact was happily taken for granted by informants from both sectors, who assumed that these services could not be provided efficiently through markets. Compared with unconditional grants and tax expenditures, the program is financially less risky because it includes the ability to audit how inputs are applied and whether outcomes have been achieved. Furthermore, partnership with the voluntary sector allows IRCC to capitalize on voluntary resources, giving the ministry good reason to rely on voluntary organizations to provide settlement services rather than providing these services directly. The Settlement Program also protects against fraud by offloading the legal responsibility for service-provision to the voluntary-sector (cf. Box 3.2).

2. *Effectiveness*

The data in the previous chapter is largely inconclusive regarding the Settlement Program's effectiveness. To determine the program's effectiveness, one must ask whether the program is achieving its final outcome, that "newcomers are successfully integrated into society." One must also identify a counterfactual: how well would newcomers have been integrated without the program, or with a different program? Both of these tasks are beyond the scope of this study (hopefully answers to these questions will begin to emerge when IRCC performs an internal assessment of the program in 2017).

Nonetheless, a few preliminary conclusions can be drawn about the effectiveness of the Settlement Program using the perceptions of voluntary sector leaders and IRCC employees as a guide. The

academic literature on decentralized service provision associates several adverse consequences with contribution agreements. Most of these costs could be observed empirically, including weakened levels of diversity, innovation, and private giving in the voluntary sector; improvements to these factors might indicate a more effective program. Key informants from both sectors reflected on the underwhelming level of innovation in the sector. Voluntary-sector leaders explained that, although organizations have ideas for new programs, several barriers stand in the way of their implementation. First, some organizations found that IRCC's pre-determined priorities had stifled some ideas at conception. Second, one informant from IRCC feared that risk aversion may be encouraging organizations to play it safe. Third, this same informant explained that a transition in the allocation of funding away from BC and Ontario to the Prairie Provinces may be stifling innovation because the prairie provinces have yet to develop the necessary capacity to coordinate innovative pilot projects. If the additional funds required for projects outside of the status-quo are being directed to an area with underdeveloped capacity, it stands to reason that more time would be necessary to develop innovative projects. IRCC officials expressed optimism that the new round of proposals would produce a greater number of innovative projects. Although innovation has not yet improved in response to the changes brought about by the Settlement Program, most were optimistic that the Program's benefits would be observable in the near future (Transcripts 2, 4, 5, & 12).

This review of the barriers to innovation reveals that time and consistency are essential for measuring the effectiveness of social programs. The use of outcomes evaluations further illustrates this point. Seven years since the implementation of the Settlement Program and the Modernized Approach, interviews with voluntary-sector leaders revealed that these organizations are still developing the capacity for program-evaluation. Program evaluations have yet to generate large-scale improvements for settlement service provision because of the long-term learning effects that voluntary organizations face in adjusting to an outcomes-based program. With time, good program evaluations will lead to more competitive proposal writing, including measurement tools that in turn promote better evaluation, but this positive feedback loop would be impossible without long-term consistency (Transcripts 6, 8, & 12).

Governments often lack the discipline that is necessary for determining effectiveness. An exception may prove the rule: Statistics Canada exercises tremendous discipline in keeping measurements consistent so that its measurements can actually be useful for drawing conclusions about society, leading to better outcomes for everyone. However, even the consistency of Statistics Canada cannot be taken for granted, as the elimination of the long-form census proved in 2011. Each new government faces the strong temptation to remake the previous government's programs after its own design. But in order to measure whether the Settlement Program integrates newcomers effectively and determine how it can improve, it is imperative that the

Box 6.1: Evidence-Based Reforms

“[At] the same time that we were trying to roll out [the Settlement Program], there were also the funding changes and the governance changes in B.C., Manitoba, and Ontario rolling out. I think that made it a pretty complex landscape. [And] at the same time you had these constant policy changes impacting the mix of immigrants, their background, and their overseas exposures. I often wish that we could just push pause on one of these! The policy and the practical administration, and changes to regional structures—it was a pretty complex soup of changes all rolling out at the same time. I do think the framework is good. I don't know how long it's gonna be until we know that it really works... This stuff does take time. I'd like a period of steady state. But maybe that never exists! ...I don't have a strong view right now of what things need to change. The policy maker wants more evidence.

SOURCE: Transcript 12

government exercises discipline in any reforms to the program. The views of one public servant on the relationship between effectiveness and stability are presented in Box 6.1.

4. *Equity*

Interviewees agreed that the Settlement Program has made standard, equitable service access a priority. This does not mean that regions, provinces, or organizations receive equal inputs; nor does it guarantee equitable outcomes. A rolling allocation of funds based on need ensures that provinces receive the resources they need to provide settlement services to immigrants who are actually residing on their soil. The emphasis on standardization ensures that resources are earmarked to provide a consistent level of service provision even in high-cost areas, like rural and northern communities. At the same time, the Modernized Approach allows that standardization may require differential treatment for differential needs. This principle is especially important for smaller communities, which may require additional funding to provide services where the infrastructure for serving newcomers is underdeveloped; informants from organizations in these communities did feel that their unique needs had been considered. Key informants from both sectors agreed that the Modernized Approach identifies access to equitable service as a priority, and IRCC is delivering on that priority; whether or not the program actually achieves equitable outcomes through equitable service-provision may become more clear after 2017's program review.

5. *Legitimacy*

The Settlement Program walks a fine line between maintaining legitimacy in the eyes of the public and gaining the approval of organizations in the settlement sub-sector, and there are costs to keeping both groups satisfied. Meeting demands for public accountability means imposing expensive mechanisms for oversight, and dissatisfaction with the current level of oversight among voluntary-sector informants and within the academic literature requires the government to construct a counter-narrative about accountability in response. The frustrations of some voluntary-sector informants continued to simmer, especially with respect to financial monitoring. Likewise, although those leaders interviewed were generally content about the prioritization of elites in consultations, a rift between large and small organizations, for example, might lead to widespread dissatisfaction, something one policy maker noted as a definite risk. Overall, the program appears to have made strides toward an improved relationship with the voluntary sector without compromising its good standing in the eyes of the public, requiring less effort from public servants to maintain the program's legitimacy.

6. *Manageability*

Most importantly, the data presented in the previous chapter suggests that the Settlement Program has indeed improved the manageability of the settlement service-provision network; although there is still room for further improvement. Key informants from both sectors noted that incremental improvements have occurred in the management of transaction costs, agency costs, and coordination costs:

- a. A more conversational form of auditing—where renegotiation comes before enforcement, and the unique challenges of the organization are taken into consideration—has lessened the sting of accountability for voluntary-sector informants, but agency costs might be further reduced by focusing on outcomes instead of on financial inputs.
- b. Public administrators expect to see benefits from program evaluations, collaboration, and the reduction of duplicate services, but competition is still not a natural fit for the

voluntary sector, and the benefits of competition and collaboration are more anticipated than realized.

- c. A more horizontal approach to network coordination has improved the relationship between the voluntary sector and the state, but this system appears precarious in its dependence on elites; and the vestiges of an older, hierarchical system of governance have created barriers to the flow of communication.

In sum, the comments of key informants from both sectors indicated that the crucial balance between authority and autonomy has been improved with the implementation of the Settlement Program and the Modernized Approach, but there are still opportunities to improve the program.

Recommendations for Improving the Settlement Program

Key informants often brought up ways to improve the management of the Settlement Program. Many of the following recommendations flow from those suggestions. Because effective management represents the biggest challenge to Settlement Program, four of the following recommendations relate to management, offering ways to lessen the incidence of (1) agency costs, (2) transaction costs, and (3) coordination costs. The recommendations are numbered accordingly. A final recommendation corresponds to the need for stability, as identified in the above discussion of effectiveness.

While recommendations might also be made for the management of voluntary organizations, these recommendations are directed toward public administrators, reflecting the foundation of this report in Public Administration scholarship.

1. a. Further simplify reporting for financial inputs, and refocus accountability procedures on outcomes.

As indicated in the analysis above, financial reporting still imposes a heavy burden on voluntary organizations; audits should move away from measuring financial inputs and toward measuring outcomes. Outcomes are a better focal point for audits than financial inputs because outcomes indicate what benefits have actually been created. Furthermore, allowing more budgetary flexibility would give organizations greater flexibility without compromising the overall standard for accountability. Organizations can already allocate 15% of funds for administrative purposes; similar allocations could be allowed under different categories as well. If organizations are deemed high risk or in danger of not meeting their targets, audits could be adjusted to be more comprehensive.

1. b. Communicate to agents within Immigration, Refugees and Citizenship Canada and within voluntary organizations that the purpose of audits is to improve outcomes for newcomers, not to search for problems to impose sanctions that could compromise the viability and sustainability of organizations; audits should be part of an ongoing dialogue.

The analysis above also indicates that audits have an important purpose, to improve outcomes for newcomers. But informants from the voluntary sector told stories about how audits had put their programs in jeopardy, indicating a fear of future audits. These fears should be set aside. Both program officers and voluntary sector leaders need to understand that audits are not about playing "gotcha;" instead, audits should pinpoint areas for improvement and suggest a way forward. Changing perceptions about audits will help organizations to grow more comfortable with gathering and presenting evidence to support their claims. When an organization is experiencing challenges or frustrations, its leaders should feel comfortable presenting evidence to a program officer in order to come up with a solution. In many cases this dialogue is already the norm, but an education campaign could drive these points home in ways that

make sense to both program officers and voluntary sector leaders, enhancing the value of audits and improving the relationship between local program officers and organizations.

2. Gradually move toward a model that uses regional specialists in each area of service provision to improve collaboration within the sector.

The analysis of the Settlement Program showed that the benefits of competition have been difficult to realize. Market-style competition is not always entirely compatible with voluntary-sector service provision, and innovations to the market structures that govern the distribution of contributions funding are needed to realize the benefits of competition. Competition over a limited pool of resources encourages animosity between organizations that should be collaborating toward a common goal. Officials from IRCC explained that the long-term goal of competition is to eliminate duplication within the sector by awarding funds to organizations that can deliver the best outcomes in a single area of service provision. Over time, this move toward specializing different aspects of service provision within single organizations could reduce the antagonism that has surfaced in the process of winnowing out poor service-provision organizations.

3. Strengthen umbrella organizations to enhance the coordination of cross-sectoral and intra-sectoral dialogue.

As has already been noted, giving voluntary organizations a say in their own governance has improved the coordination of the settlement sub-sector. Umbrella organizations are the lynchpin of this more horizontal approach to governance. Umbrellas already coordinate some communications, offer the opportunity for collective action, and provide leadership, but these organizations could be leveraged to provide even greater benefits; for example, umbrella organizations could be employed to enforce professional standards, to coordinate assistance for small organizations that lack the capacity for reporting or proposal writing, to give local authorities a point of contact with the settlement sub-sector, or to harmonize communications between local IRCC offices and voluntary organizations. However, if umbrellas fail to provide effective representation and coordination for portions of the settlement sub-sector, they risk undermining the coordination of the entire network. Determining a set of governance rules might be a way to ensure that umbrella organizations are equipped to perform their roles effectively. For example, mandating democratic governance for umbrellas would strengthen the channels through which small organizations achieve representation in elite-level consultations. Further improvements to the coordination of the settlement service-provision network could almost certainly be realized by strengthening umbrella organizations.

4. Given that regulations for immigrants, program requirements, and governance structures within the governmental and voluntary sectors have been in a state of flux since the program was implemented; wait to see results before making more reforms.

Finally, as has already been emphasized, it is too soon to make structural changes to the Settlement Program. In addition to the implementation of a new program and a new approach to management, the period since 2008 has seen changes of government, adjustments to funding, and a rearrangement of regional governance structures at IRCC. Consistency allows organizations to capitalize on what they have learned about the new framework for doing business, decreasing coordination costs. Moreover, it is impossible to gather good data without consistency. Improvements to the program can indeed be made, but these should not be undertaken before enough evidence can be gathered to make a compelling case for change.

General Lessons for Managing Voluntary Sector Service-Provision Networks

Findings about the Settlement Program can be extrapolated upon to make a few general recommendations for managing voluntary-sector service provision networks. These recommendations are

intended to fill a gap in the literature around New Governance and tool selection by demonstrating practices that can improve the balance between authority and autonomy in network management. Of course, by their nature as extrapolations from observations of a single program, further empirical evidence is necessary to validate these lessons in other contexts. Nonetheless, it is expected that these lessons could be applied quite generally to capitalize on the benefits of voluntary-sector service provision in a New Governance era. Each lesson is numbered corresponding to the recommendations above.

1. Public accountability can coexist with financial flexibility

Changes implemented through the Settlement Program demonstrate that it is possible to provide organizations with more flexibility without compromising the level of accountability in service delivery. Tying reporting to risk can be particularly effective, and allowing organizations to report on outcomes rather than on activities can allow them to prove their value without accounting for each dollar within a pre-determined budget.

2. Market competition should be adapted to the idiosyncrasies of the voluntary sector.

While a New Governance paradigm exhibits a preference for market-style tools, the voluntary sector is not perfectly amenable to market-style competition for funding. Competition can be used to eliminate inefficiencies and duplication of services, but it cannot boost productivity. Therefore, if market-style tools are to be used to fund the voluntary sector, public administrators must innovate to apply new funding-distribution tools, cost-recovery methods, and rules for competition to the needs of voluntary organizations.

3. Regular and comprehensive dialogue improves network coordination.

Positive perceptions of the Settlement Program appeared to be correlated with greater dialogue. Regular consultations at various levels are a boon to coordination, but dialogue does not end with policy consultations; it is part of the daily administration of service-provision networks. The frustrations associated with audits can be lessened with a more conversational approach to auditing that recognizes the unique challenges of organizations, and puts solutions ahead of enforcement. Furthermore, when service-providers can have a more direct voice in policy, programs are more likely to reflect on-the-ground realities. This kind of dialogue depends on mutual trust and relationships at the national, regional, and local levels. With robust dialogue at all levels, the coordination of voluntary-sector networks can be greatly improved.

4. Some challenges and opportunities only reveal themselves over time; patience pays off.

The necessity of patience can certainly be extrapolated into a general principle for network management. Effective coordination and reform are dependent on stability, and, in a sector that is subject to the changing forces of public opinion and collective action, the case for patience cannot be overemphasized.

Summary and Conclusion: The Challenges and Opportunities of Network Service Provision

Lester Salamon conceptualized New Governance not only as a descriptive framework, but also as a foundation for responding to the opportunities and challenges of decentralized service provision. When public programs employ voluntary organizations, they may gain opportunities to increase the efficiency, effectiveness, equity, and legitimacy of service provision, but decentralized service provision also makes management much more challenging. While government agencies and public corporations can rely hierarchical management structures, network managers must find ways to enable voluntary organizations to work toward the public good even while enforcing the authority of the state.

A failure to find a balance between the authority of the state and the autonomy of voluntary organizations shows up principally as three types of management costs: agency costs, transaction costs, and coordination costs. If public administrators give voluntary organizations too much flexibility, then financial contributions are liable to be wasted or even used for fraudulent purposes; but too much accountability restricts voluntary organizations in a way that may be very costly as well. Keeping down agency costs means striking a balance between public-sector accountability and voluntary-sector flexibility. Likewise, situating service delivery in a market context creates unnecessary transaction costs, but the absence of competition might allow organizations be less efficient. Coordination within the voluntary sector requires some central administration, but a hierarchical approach to coordination inhibits the ability of voluntary organizations to work in diverse ways toward the public good. In each case, public administrators must strike a balance between authority and autonomy in the management of decentralized service-provision networks.

In Canada, the transition toward New Governance saw the development of partnerships between the voluntary sector and the state that are administered under the paradoxical combination of contribution agreements and horizontal governance. Academics have been highly critical of how the federal government has structured its transfer programs around contributions funding; they note that the balance between authority and autonomy has been tilted toward the authority of the public sector. At the same time, the Canadian government has envisioned a style of network management that gives voluntary organizations a say in their own administration: a more horizontal form of governance. There may be synergies between horizontal governance and contribution agreements in that horizontal governance could help temper tough accountability measures, enable collaborative planning, or identify the areas of need that organizations observe on the ground, even while keeping accountability, competition, and central authority in place.

The Settlement Program was developed to allow horizontal governance and contribution agreements to work in tandem as a strategy for network service provision. As an increasing priority for the federal government, the Settlement Program was developed in an environment where transfer agreements and horizontal governance are the norms for new growth. In the spirit of the Treasury Board's central reforms, IRCC developed the Modernized Approach as a strategy for the management of the settlement sector's growth. The Modernized Approach envisioned outcomes monitoring, a consolidated market, and collaborative planning at the centre of settlement service provision, and the Settlement Program was developed to be consistent with these goals; it includes a number of incremental reforms that respond to deficiencies in the programs that existed before.

Key informants from IRCC and from voluntary organizations spoke favourably of the Settlement Program and the Modernized Approach. All agreed that the program was an improvement over what existed before. They cited improvements in the management of agency costs, transaction costs, and coordination costs, improvements to the overall balance between authority and autonomy. However, informants from both sectors also identified ways to make further improvements. Leaders from the voluntary sector appreciated the greater flexibility that comes with the new 15% allocation for administrative needs, and all parties viewed the moves to an outcomes framework as a positive change; but voluntary organizations still expressed frustrations with financial audits. Informants from both sectors found that the benefits of competition were more difficult to observe, but they saw positive momentum toward the kind of collaborative service delivery that might reduce transaction costs in the future; in the meantime, all agreed that the new consolidated program was a big improvement over the disjointed approach that had existed before the Settlement Program. With respect to coordination costs, key informants from both sectors observed that umbrella organizations were beginning to play an important role in horizontal governance, although several informants recognized that these organizations were still in their infancy outside of Ontario. All voluntary-sector informants sensed that consultation had improved under the new approach as well. In all, the Settlement Program was viewed as a positive step in the management of the relationship between the voluntary-sector and the state.

Therefore, the lessons learned from the experience of the Settlement Program may be useful for network-management more generally. A few lessons are worth observing. First, public accountability and financial flexibility are not incompatible, especially in programs where public administrators pay attention to outcomes as a way of managing accountability. Second, the benefits of market competition are not easy to realize in the voluntary sector, and the rules for competition should be adjusted to ensure that the efficiency gains from competition are not offset by losses in the sector's ability to collaborate; competition and collaboration are not mutually exclusive, but the benefits of the two can be difficult to achieve in the same program. Third, network coordination requires regular dialogue at all levels of interaction. Finally, public authorities should exercise patience before reforming such complex systems for service provision; where so many independent agents are involved, some benefits and some challenges will only reveal themselves over time.

Thus, this research shows that much of the criticism of third-sector networks is really about problems of program design, and not of voluntary-sector networks, New Governance, or contribution agreements per se. Despite the challenges that network managers face in a New Governance context, voluntary-sector service provision networks also have vast potential to create value for society. These networks bring together widely diverse organizations in the pursuit of a common goal, offering the potential for a vast scale of delivery alongside the nimbleness to respond to nearly every unique need that society can present. Academics have rightly pointed out many challenges for public administrators in a New Governance era; but this research shows how a better approach to management and corresponding program design these challenges may be overcome, unlocking immense benefits for society. This research offers insight into how to design programs in ways that respond to the challenges of voluntary-sector service provision and are capable of achieving great benefits over time.

APPENDIX A

SEMI-STRUCTURED INTERVIEW GUIDE

This document was originally presented to participants prior to interviews and used to guide the interview process.

The following questions identify the main areas that the researcher intends to explore through the personal interviews. The questions are intended to guide the participants and to garner their thoughtful responses. It is expected that in some cases, depending on the nature of the response, the discussion might extend beyond the bounds of this outline. The respondents will be encouraged to tell the stories they think are most important.

Draft Questions for Discussion with Voluntary Sector Stakeholders:

1. What has been your organization's historical experience with government contribution agreements?
2. Is the *Modernized Approach* to settlement an improvement over the prior framework for acquiring contribution agreements?
3. To what extent did this framework result from dialogue between voluntary organizations and CIC?
4. Does this framework provide enough flexibility to allow your organization to remain true to its mission?
5. Has the amount of diversity within the sector changed as a result of this framework?
6. Has the amount of innovation within the sector changed as a result of this framework?
7. What has CIC done to encourage capacity building for your organization?
8. How would you evaluate the accountability requirements associated with government partnerships?
9. What percentage of your organization's resources are spent on preparing reports and applications?
10. How have government partnerships influenced the ability of your organization to achieve a stable presence in the market for immigrant settlement services?
11. How would you improve the framework for government partnership going forward?

Draft Questions for Discussion with Public Managers:

1. What is your personal experience with voluntary sector partnerships?
2. Is the *Modernized Approach* to settlement an improvement over the prior framework for partnering with the voluntary sector?
3. To what extent was this framework the result of dialogue between service provision organizations and CIC?
4. How has the new framework impacted CIC's ability to meet its objectives for settlement service provision?
5. Has the new framework impacted the equity of service provision geographically and demographically?
6. What impact has the new framework had on innovation and policy learning?
7. What has CIC done to build capacity and encourage professionalism among voluntary organizations?

8. What percentage of a voluntary organization's resources should be spent on preparing reports and applications?
9. Has the new framework influenced the stability of voluntary-sector service providers?
10. How would you improve the framework for voluntary-sector partnership going forward?

REFERENCES

- Acheson, Nicholas, and Rachel Laforest. 2013. The expendables : "Community organizations and governance dynamics in the Canadian settlement sector." *Canadian Journal of Political Science* 3 (46): 597–616.
- Anderoni, James and A. Abigail Payne. 2003. "Do Government Grants to Private Charities Crowd Out Giving or Fund-raising?" *The American Economic Review* 93 (3): 792-812.
- Aucoin, Peter. 1996. *The New Public Management: Canada in Comparative Perspective*. Montreal, QC: Institute for Research on Public Policy.
- Bardach, Eugene. 2012. *Practical Guide for Policy Analysis: The Eightfold Path to More Effective Problem Solving*. London, Eng.: SAGE Publications.
- Baumgartner, Frank R. and Bryan D. Jones. 1991. "Agenda dynamics and policy subsystems." *The Journal of Politics* 53 (4): 1044-1074.
- Broder, Peter. 2001. "The legal definition of charity and Canada Customs and Revenue Agency's charitable registration process." The Canadian Centre for Philanthropy. <http://www.imaginecanada.ca/sites/default/files/www/en/publicaffairs/definition.pdf>. Accessed 1 January 2016.
- Brooks, Arthur C. 2000. "Is there a dark side to government support for nonprofits?" *Public Administration Review* 60 (3): 211–218.
- Burgess, Simon and Marisa Ratto. 2003. "The role of incentives in the public sector: issues and evidence." *Oxford Review of Economic Policy* 19 (2): 285-300.
- Canada. 2010. *Canada-British Columbia Immigration Agreement*. Ottawa.
- — —. Clerk of the Privy Council. 1997. "Modernizing service delivery." In *Fourth Annual Report to the Prime Minister on the Public Service of Canada*. Ottawa.
- — —. Parliament. House of Commons, Canada. 2010. Standing Committee on Citizenship and Immigration. "Best practices in settlement services." Ottawa.
- — —. Voluntary Sector Task Force. 2001. "An accord between the Government of Canada and the voluntary sector." Ottawa.
- Canada and the Voluntary Sector. 2005. *The Voluntary Sector Initiative*. <http://vsi-isbc.org/eng/index.cfm>. Accessed 8 January 2016.
- Canadian Council on Social Development. 2006. "Pan-Canadian funding practice in communities: challenges and opportunities for the Government of Canada." Ottawa.
- Carella, Maria, Antonia Rosa Gurrieri, and Marilene Lorizio. (2007). The Role of Non-profit Organisations in Migration Policies: Spain and Italy Compared." *The Journal of Socio-Economics* 36 (6): 914-931.

Caulfield, Janice. (2004). "New public management in a developing country: creating executive agencies in Tanzania." In *Unbundled Government: A Critical Analysis of the Global Trend to Agencies, Quangos, and Contractualisation*. Christopher Pollitt and Colin Talbot (eds.): 229-246. New York, NY: Routledge.

Citizenship and Immigration Canada. 2004a. "Evaluation of HOST." Ottawa.

— — —. 2004b. "Evaluation of the Immigrant Settlement and Adaptation Program." Ottawa.

— — —. 2004c. "Evaluation of the Language Instruction for Newcomers Program." Ottawa.

— — —. 2008. "Modernizing the Settlement Program." Ottawa.

— — —. 2009. "Settlement Program: Implementation of the Modernized Approach (For External Stakeholders)." Ottawa.

— — —. 2013. "Quarterly financial report for the quarter ended June 30, 2013."
<http://www.cic.gc.ca/english/resources/publications/qfr/2013-q1.asp>. Accessed 25 February 2016.

— — —. 2014. "CIC Settlement Program evaluation (2016/17): Considerations for evaluating indirect services." P2P Conference. Ottawa. November.

— — —. 2015a. "Facts and figures 2013 - immigration overview: permanent residents." Ottawa.
<http://www.cic.gc.ca/English/resources/statistics/facts2013/permanent/11.asp>. Accessed 1 January 2016.
Ottawa.

— — —. 2015b. "Funding guidelines: National call for proposals 2015."

Chapman, Julia. 2013. "Jail for SISO executives in \$2.9 million fraud case." *CBC News*. 30 September.
<http://www.cbc.ca/news/canada/hamilton/news/jail-for-siso-executives-in-2-9-million-fraud-case-1.1873142>.

Cheng, Jonathan, Jaeyeon Woo, and In-Soo Nam. 2014. "South Korea prime minister resigns over ferry sinking." *The Wall Street Journal*. 27 April 2014. <http://www.wsj.com/articles/SB10001424052702304163604579527221929272560>.

Coase, Ronald. 1937. "The nature of the firm." *Economica* 4 (16): 386-405.

Cordero-Guzmán, Hector, Nina Martin, Victoria Quiroz-Becerra, and Nik Theodor. 2008. "Voting With Their Feet: Non-profit Organizations and Immigrant Mobilization." *American Behavioral Scientist* 52 (4): 598-617.

Craft, Jonathan M. 2011. "Exploring the use of nodality based tools by Canadian electoral agencies." *Revue Gouvernance*. Winter: 1-18.

Daft, Richard L. and Karl E. Weick. 1984. "Toward a model of organizations as interpretive systems." *The Academy of Management Review* 9 (2): 284-295.

Deci, Edward L. 1972. "Intrinsic motivation, extrinsic reinforcement and inequity." *Journal of Personality and Social Psychology* 22 (1): 113-120.

DiMaggio, Paul J. and Walter W. Powell. 1983. "The iron cage revisited: institutional isomorphism and collective rationality in organizational fields." *American Sociological Review* 48: 147-160.

- Donnelly, Thomas M. 2007 "High School Community Service as a Predictor of Adult Voting and Volunteering." *American Educational Research Journal* 44 (1): 197-219.
- Donhilow, Rebecca. 2005. "Caught in the Middle: The state, NGOs, and the Limits to Grassroots Organizing along the US-Mexico Border." *Antipode* 37 (3): 558-580.
- Eisenhardt, K.M. (1989). "Building theories from case study research." *Academy of Management Review*, 14: 532-550.
- Enjolras, Bernard. 2009. "A governance-structure approach to voluntary organizations." *Nonprofit and voluntary sector Quarterly* 38 (5): 761-783.
- Evans, Bryan and John Shields. 2005. "The third sector: neo-liberal restructuring, governance, and the remaking of state-civil society relationships." *Policy Matters* 18: 1-10.
- Evans, Bryan, Ted Richmond, and John Shields. 2005. "Structuring Neoliberal Governance: The Nonprofit Sector, Emerging New Modes of Control and the Marketisation of Service Delivery." *Policy and Society* 24 (1): 73-97.
- Fulton, Murray and Eric Neudorf. Forthcoming. "How market regulation influences competition between co-operatives and investor-owned firms: A story about power in rural Alberta." To be submitted to the *Journal of Co-operatives*.
- Gill, Vijay and Sarah Dimick. 2013. Canada as a global leader: Delivering value through public-private partnerships at home and abroad." Conference Board of Canada. Ottawa.
- Global Gathering Place. 2014. "Pro bono law students." *The Global* (Newsletter). December.
- Glor, Eleanor D. 2001. "Has Canada adopted the New Public Management?" *Public Management Review* 3 (1): 121-130.
- Grey, Emily, and Paul Statham. 2005. "Becoming European? The Transformation of the British Pro-Migrant NGO Sector in Response to Europeanization." *Journal of Common Market Studies* 43 (4): 877-898.
- Hall, Michael H, and Reed, Paul B. 1998. "Shifting the burden: how much can government download to the non-profit sector." *Canadian Public Administration* 41 (1): 1-20.
- Hall, Peter A. and David Soskice. 2001. *Varieties of Capitalism. The Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press, 2001.
- Hardin, Russell. 2006. "Constitutionalism." In Barry R. Weingast and Donald Wittman (eds.). *Oxford Handbook of Political Economy*. New York: Oxford University Press.
- Hood, Christopher. 1986. *The Tools of Government*. London, Eng.: Chatham House.
- Hupe, Peter L. 2011. "The thesis of incongruent implementation: Revisiting Pressman and Wildavsky." *Public Policy and Administration* 26 (1): 63-80.
- Hyman, Ilene, Agnes Meinhard and John Shields. 2011. "The Role of Multiculturalism Policy in Addressing Social Inclusion Processes in Canada." Canadian Multicultural Educational Foundation. Edmonton.

Immigration, Refugees and Citizenship Canada. 2016. "Immigration, Refugees and Citizenship Canada." <http://www.cic.gc.ca/english/department/>. Accessed 24 February 2016.

International Women of Saskatoon. 2016. "History of International Women of Saskatoon." <http://internationalwomenofsaskatoon.org/wp-content/uploads/2014/05/History-of-IWS.pdf>. Accessed 13 February 2016.

Knight, Frank. 2013. *Risk, Uncertainty, and Profit*. Vernon Classics in Economics. Wilmington, DE: Vernon Press.

Laforest, Rachel. 2014. *Voluntary Sector Organizations and the State: Building New Relations*. Vancouver: UBC Press.

— — —. 2013. "The role of ideas and interests in voluntary sector organizing: Some insights from Canadian scholarship." *VOLUNTAS: International Journal of voluntary and Nonprofit Organizations* 25: 1175–1191.

Levasseur, Karine and Susan Phillips. 2004. "The snakes and ladders of accountability: Contradictions between contracting and collaboration for Canada's voluntary sector." *Canadian Public Administration*, 47 (4): 451–474.

Lindblom, Charles E. 1959. "The science of 'muddling through.'" *Public Administration Review* 19 (2): 79–88.

Lovrich, Nicholas P. Jr. 1999. "Policy partnering between the public and the non-for-profit private sectors." *American Behavioral Scientist* 43 (1): 177-191.

Mahoney, Joseph T. 1992. "The choice of organizational form: Vertical financial ownership versus other methods of vertical integration." *Strategic Management Journal* 13: 559-584.

Merry, Sally Engle. 2011. "Measuring the World: Indicators, Human Rights, and Global Governance." *Current Anthropology* 52 (3): S83-S95.

Mohr, L.B. (1985). "The reliability of the case study as a source of information." In Coulam, R.F. and Smith, R.A. (eds), *Advances in Information Processing in Organizations*, Vol. 2. Greenwich, CT: JAI Press: 65-93.

Moynihan, Donald P., Sergio Fernandez, Soonhee Kim, Kelly M. LeRoux, Suzanne J. Piotrowski, Bradley E. Wright, and Kaifeng Yang. 2009. "Performance regimes amidst governance complexity." La Follette School of Public Affairs. *Working Paper Series* 17: 1-30.

Oakleigh, Allison. 2009. "Not just a tool: The responses of non-profit leaders to 'service-delivery' relationships with governments." *Third Sector Review* 15: 55–73.

Ontario Council of Agencies Serving Immigrants (OCASI). 2014. *Walking the Talk: OCASI Annual Report*. <http://www.ocasi.org/sites/default/files/ocasi-annual-report-2014-english.pdf>. Accessed 1 January 2016.

Owen, Tim. 2000. "NGO-government partnerships." *Journal of International Migration and Integration* 1 (1): 131-137.

Osborne, Stephen P., Celine Chew, & Kate McLaughlin. 2008. "The once and future pioneers? The innovative capacity of voluntary organisations and the provision of public services: a longitudinal approach." *Public Management Review* 10: 1–43.

Paquet, Gilles. 2001. "The new Governance, Subsidiarity and the Strategic State." In *Governance in the 21st Century*. Paris, France: Organization for Economic Cooperation and Development.

Paquet, Gilles and Robert Shepherd. 1996. "The program review process: An introduction." Working Paper. Ottawa: University of Ottawa Research.

Prime Minister of Canada. 2015. "Minister of Immigration, Refugees and Citizenship mandate letter." <http://pm.gc.ca/eng/minister-immigration-refugees-and-citizenship-mandate-letter>. Accessed 24 February 2016.

Phillips, Susan D. 2001. "From charity to clarity." *The Philanthropist* 16 (4): 240-262.

— — —. 2004. "The Myths of Horizontal Governance: Is the Third Sector Really a Partner?" International Society for Third-Sector Research Conference. Toronto.

— — —. 2012. "Dual restructuring: Civil society and the welfare state in Canada, 1985-2005." *British Journal of Canadian Studies* 25 (2): 161-180.

Phillips, Susan, Rachel Laforest, and Andrew Graham. 2008. Getting Third Sector Financing Right in Canada?: Quiet Incrementalism and Subversive Innovation toward Reform. Paper presented to the International Society for Third Sector Research. Eighth International Conference. Barcelona, Spain. July.

Pressman, Jeffrey and Aaron Wildavsky. 1984. Implementation: How great expectations in Washington are dashed in Oakland; Or, why it's amazing that federal programs work at all, this being a saga of the Economic Development Administration as told by two sympathetic observers who seek to build morals on a foundation of ruined hopes. Berkeley: University of California Press.

Public Service Commission. 1998. "A timeline of the Public Service Commission of Canada." Ottawa. http://web.archive.org/web/20070703131234/http://www.psc-cfp.gc.ca/research/timeline/psc_timeline_e.htm. Accessed 31 December 2015.

Richmond, Ted and John Shields. 2005. "NGO-Government Relations and Immigrant Services: Contradictions and Challenges." *Policy Matters* 6 (3): 513-526.

Salamon, Lester M. 1981. "Rethinking public management." *Public Policy* 25.

— — —. 1995. *Partners in Public service: Government-Nonprofit Relations in the Modern Welfare State*. Baltimore: The Johns Hopkins University Press.

— — —. 2000. "New governance and the tools of public action: An introduction." *Fordham Urban Law Journal* 28: 1611-1674.

— — —. 2002. *The Tools of Government: A Guide to the New Governance*. New York: Oxford University Press.

Salamon, L., and H. K. Anheier. 1996. "Social origins of civil Society: Explaining the Nonprofit Sector Cross-Nationally." *Working Papers of the Johns Hopkins Comparative Nonprofit Sector Project* 22: 1-38.

Salamon, Lester M., S. Wojciech Sokolowski, and Regina List. 2003. *Global Civil Society: An Overview*. Baltimore: Center for Civil Society Studies, Johns Hopkins.

Shpaizman, Ilana. 2007. "The Influence of Neo-Liberal Ideas and Political Conflict on

the Privatization Process of Immigrant Policy: A Comparison of Israel, Canada and the Netherlands." The Hebrew University of Jerusalem, Israel. http://www.umdcipe.org/conferences/Maastricht/conf_papers/Papers/The_influence_of_neo-liberal_ideas.pdf. Accessed 11 April 2016.

Sidhu, Ravinder and Sandra Taylor. 2009. "The Trials and Tribulations of Partnerships in Refugee Settlement Services in Australia." *Journal of Education Policy* 24 (6): 655-672.

Simon, Herbert. 2007. "Public administration in today's world of organizations and markets." *Political Science* 33 (4): 749-756.

Siemiatycki, Myer and Tridafilos Triadafilopoulos. 2010. "International perspectives on Immigrant Service Provision." Mowat Centre for Policy Innovation. School of Public Policy and Governance. University of Toronto. Toronto: University of Toronto.

Smith, Adrienne. 2010. "CIC's modernized approach to settlement programming: A brief description." Immigration, Refugees and Citizenship Canada. Ottawa.

Statistics Canada. 2010. "Canada survey of giving, volunteering and participating." Ottawa.

— — —. 2005. "The daily: non-profit institutions and volunteering: economic contribution." Ottawa. <http://www.statcan.gc.ca/daily-quotidien/051212/dq051212b-eng.htm>. Accessed Dec 29, 2015.

— — —. 2000. "Canada survey of giving, volunteering and participating." Ottawa.

Steinberg, Richard. (2010). Principal-agent theory and nonprofit accountability. In K. J. Hopt and T. Von Hippel (eds.), *Comparative corporate governance of non-profit organizations*. Cambridge, UK: Cambridge UP.

Stone, Deborah. 1989. "Causal stories and the formation of policy agendas." *Political Science Quarterly* 104 (2): 281-300.

Sutherland, Sharon L. 2003. "'Biggest scandal in Canadian history': HRDC audit starts probity war." *Critical Perspectives on Accounting* 14 (1-2): 187-224.

Treasury Board Secretariat. 2013. "2013-14 Estimates." Ottawa.

— — —. 2014. "Assessment of the impact of departmental implementation of 'The Government of Canada Action Plan to Reform the Administration of Grant and Contribution Programs'" <http://www.tbs-sct.gc.ca/ip-pi/reports-rapports/2014/aidi-ermo-eng.asp>. Accessed 1 January 2016.

— — —. 2015a. "2015-16 Estimates." Ottawa.

— — —. 2015b. "Policy on transfer payments." <http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=13525>. Accessed 1 January 2016.

— — —. Independent Blue Ribbon Panel on Grants and Contributions. 2006. "From red tape to clear results." Ottawa.

The Economist. 2011. "The battle ahead." January 8: 9.

Trebilcock, Michael J., Douglas G. Hartle, J. Robert S. Prichard, Donald N. Dewees. 1982. "The choice of governing instrument." The Economic Council of Canada. Ottawa.

- Tsang, Eric W. K. 2014. "Generalizing from Research Findings: The Merits of Case Studies." *International Journal of Management Reviews* 16: 369-383
- Trudeau, Dan. 2008. "Junior Partner or Empowered Community? The Role of Nonprofit Social Service Providers Amidst State Restructuring in the US." *Journal of Urban Studies* 45 (13): 2805-2827.
- Unwin, Julia. 2004. *The Grant Making Tango: Issues for Funders*. London, Eng.: The Baring Foundation.
- Van Puyvelde, Stijn, Ralf Caers, Cind Du Bois, and Marc Jegers. 2012. "The governance of nonprofit organizations: integrating agency theory with stakeholder and stewardship theories." *Nonprofit and voluntary sector Quarterly* 41: 431–451.
- — —. 2013. "Agency problems between managers and employees in nonprofit organizations: a discrete choice experiment." *Nonprofit Management and Leadership* 24 (1): 63-85.
- — —. 2014. "Managerial objectives and the governance of public and non-profit organizations." *Public Management Review*: 1–17.
- Vigoda-Gadot, Eran. 2013. *Managing collaboration in public administration: The promise of alliance among governance, citizens, and businesses.* Westport, CT: Praeger Publishers.
- Weimer, David L., and Aidan R. Vining. 2004. *Policy analysis: concepts and practice*. 4th ed. Upper Saddle River, NJ: Prentice Hall.
- Wilson, James Q. 1989. *Bureaucracy: What Government Agents Do and Why They Do It*. New York: Basic Books.
- Winter, Søren, Peter Dinesen, and Peter May. 2001. "Implementation regimes and street-level bureaucrats: employment service delivery." Paper presented at the Public Management Research Conference, Tucson, Arizona, October 25–27.
- Wolch, Jennifer. 1990. *The Shadow State: Government and Voluntary Sector in Transition*. New York: The Foundation Center.
- Yin, R.K. 2009. *Case Study Research: Design and Methods*, 4th edn. Thousand Oaks, CA: Sage.