**Government Regulatory Policies for Charitable Designation:
Benefit to NGOs or Hegemonic Process?**

by

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Abstract

Recent media reports note that there is a proliferation of Canadian individuals starting up non-governmental organizations (NGOs). Because it is difficult to maintain a small-scale NGO solely on donations, many organizations choose to apply for registered status with the Canada Revenue Agency (CRA). The CRA's Charities Directorate acts as a monitoring agency for all charitable organizations in order to ensure transparency and accountability. Registered organizations can benefit from the ability to write tax receipts, are exempt from paying income tax, and gain credibility which puts the NGOs in a favourable position to receive funding from the Canadian International Development Agency (CIDA). However, registering as a federally recognized development organization implicates these NGOs in the state's development priorities. I argue that when a small scale NGO registers as a recognized Canadian charitable organization it becomes implicated in the government's hegemonic regime. The state, and especially the government in power, can advance its ideological priorities through the definitions used for charitable organizations and through how it funds these organizations. We will see how the state supports the neoliberal capitalist model by requiring specific managerial structures and financial procedures. The NGO - however - asserts its agency in counter-hegemonic activities; using its discretion to work around these political-ideological and capitalist market-managerial hegemonic strategies.

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Although this project only has my name on it, it was definitely a group effort and I am so grateful to all of you for sticking it out with me all year. Cheers.

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Chapter One: Introduction

Recent media reports note that there is a proliferation of Canadian individuals taking it upon themselves to start up non-governmental organizations which stems from a desire to enact positive change and "do good" (Waldie 2010). Bretton Alvaré (2010: 178) points out that because there is an increase of individuals wanting to contribute to development efforts, "informal voluntary associations are increasingly feeling the need to take on the trappings and status of 'official' NGOs." Because state regulation of civil society continues to evolve anthropologists must be vigilant about monitoring the regulatory system and the shifts that continue to occur within the development industry. Anthropologists have the opportunity to examine the structure of individuals' agency in areas of civil society – specifically the NGO sector – as well as the international development work outside of formal government bilateral aid agencies. I am interested in analyzing the regulatory framework that allows individuals to register as charitable organizations, thus leading to the proliferation of small-scale NGOs in Canada.

Despite the adjective "non-governmental," Harrison and Crewe suggest that "the proliferation of NGOs cannot be assumed to be evidence of widespread opposition to the state and multilateral agencies" (1998: 6). Official NGOs apply for status with a government department (specifically the Canadian Revenue Agency, or the CRA), create a board of directors, register the organization's name under the provincial Corporations Act, and submit annual financial and operational reports. Indeed, the turn to providing development assistance through individual private agencies rather than state agencies can be seen as a manner of neoliberalism. These two factors – the impact of government regulation and the backdrop of neoliberalism – are important to understanding small-scale development NGOs.

Despite the increasing numbers of registered smaller charitable organizations and NGOs, there is a dearth of academic literature on the subject. However the media – especially national Canadian newspapers such as the *Globe and Mail* – have picked up on the trend (Waldie 2010: B1, 6-7). Journalist Paul Waldie (2010: B1) notes that,

> In a slow economy, Canadians are giving less to good causes. Donations have dropped by nearly $1 billion since 2007. But … there's a boom in private foundations… Most of them are tiny and operate without paid staff, offices or large networks of fundraisers – but they're making an enormous difference in the lives of the disadvantaged.

These small scale NGO's operate in the shadow of multi-billionaires such as Bill and Melinda Gates and Angelina Jolie (the "celanthropists" of the major philanthrocapitalists; Bishop and Green, 2008), who continue to make headlines in the world's media with multi-million dollar donations. The term philanthrocapitalism is as new as the growth of small-scale NGOs; it describes an elite class of the top 1% of the world's wealthiest individuals strategically investing in the developing world's future. The debate launched by Michael Edwards (2010) on whether the mega-rich can actually enact large-scale positive change through significant donations and investments is worth exploring as we enter a new era of "Capitalism 3.0" or "Venture Philanthropy" (Fulton, 2007). The occurrence of wealthy individuals taking on development projects and donating a significant fortune to a cause is not new itself, but the study and public debate about its organization and motivations has recently sparked public interest in the last decade (specifically concerning the notion of spinning fame into philanthropy).

Most of the Canadian individuals keen to "do good," however, do not have the resources and networks available to them that mega-rich celebrities and titans of business do. Without the benefits of fame, small-scale NGOs seek credibility and support from other avenues. Registration and the strategic planning involved in starting and maintaining a small-scale NGO leaves them

vulnerable to state influence in both subtle and more obvious ways in order to obtain the necessary funding, recognition and credibility to operate.

The major era of Canadian development work began with Lester B. Pearson's state-administered aid to developing countries after the World Wars. The delivery of foreign aid and assistance then spread to bilateral and multilateral government aid agencies, and from there to larger incorporated NGOs (such as the Red Cross and Amnesty International). Although it may seem that development work is moving further away from state control, what is in fact happening is a reconfiguring of the state's control and influence over the development sector. While the neoliberalist ideologies of the past 20 years have favoured capitalist market ideologies and a diminished role for the state in most sectors, the state continues to play an important role in both establishing political positions on global issues, and in developing policies to support the spread of capitalism and Canadian capitalist businesses.

Small-scale NGOs have two choices: to be persuaded to register because of the need for funding and credibility and thus to be monitored and influenced by the state, or to remain unregistered. Small scale NGOs also have far fewer resources and potentially a smaller network to call upon than the larger Canadian NGOs, such as Oxfam, or Amnesty International. Individuals new to the NGO industry may need outside assistance in the form of government funding because it is sometimes difficult for small NGOs to maintain operations solely on donations. The allure of credibility, the ability to write tax receipts and the potential funding associated with being a registered charity pushes new NGO founders to incorporate themselves into the system. Therefore, the 'macro' research question I will investigate is whether a hegemonic political-ideological model promoted by the state is saturating the world of development work within the Canadian regulatory framework.

Charity, Accountability and Regulation

The obvious areas for the state to exert hegemonic pressure on NGOs are in the definition and regulation of acceptable charitable activities. The state is able to control the NGO industry through its regulation of the managerial structures and financial procedures that all registered NGOs must adhere to. Should these registered NGOs fail to comply with the managerial structures and financial procedures, or not meet the criteria of what is "charitable" these organizations risk being penalized by losing funding or even its registered status.

The process associated with formalizing as a registered charity in Canada includes strict guidelines, passing evaluative tests and adhering to the Canadian tax laws meant to encourage transparency and accountability (CRA, 2010b). As well as being exempt from paying income tax, the CRA explains that a registered charity can:

· issue receipts for donations, which benefits the donor and may result in more gifts to the charity

· receive money from foundations and other charities (who are under strict limits as to whom they can give money)

· have increased credibility in the community because the public knows that the charity has to follow rules in order to have charitable status

· get publicity on web sites and listings of charities in Canada (CRA, 2010).

The CRA Charities Listings, open to the public, has a list of 85,540 registered charities in its database as of January 15, 2011, 73 of which are located in Antigonish, Nova Scotia. Since 1990, 43,893 new charities have been accredited. Within the last year alone, approximately 2,073 charities have registered with the CRA. Unfortunately, data is not readily available on the size of these organizations and whether there is evidence of an increasing number of small-scale NGOs

within the last decade. However, many journalists who observe the trends in the NGO sector, such as Paul Waldie (2010: B1), have noted in recent articles that there *is* in fact a notable increase in private foundations and small-scale development organizations.

At the same time that there is a proliferation of registered charities, there are also individuals maintaining their own development NGOs without registered charitable status. This route is far more difficult if they are not among the wealthier individuals pursuing the philanthrocapitalist model of development work because it costs these individuals a significant amount of time and money to maintain an organization that works primarily overseas in developing countries. As I will discuss more in the literature review about Green and Bishop's (2008) book *Philanthrocapitalism: How the Rich Can Save the World,* when you are a multi-millionaire or billionaire you have seemingly unlimited access to funding, resources and vast networks of influential people. A small-scale, family-run organization in small town Nova Scotia, for example does not have the same good fortune. However, this small town Nova Scotia-based NGO can still build up and maintain its own international development organization. It may only be in times of desperation for funding or an effort to give its donors tax receipts, when these smaller organizations decide that the benefits associated with registering with the Canada Revenue Agency are necessary.

State Control through Definition of "Charitable"

The Canada Revenue Agency is responsible for defining what is charitable for the purpose of its registration process. The CRA has determined an adequate definition of "charity" based on common law dating back to an Australian court case in 1891 (Income Tax Special Purpose Commissioner [ITSPC] v. Pemsel). The charitable law of Australia itself "has its origins in the 1601 Statute of Charitable Uses, also known as the Statute of Elizabeth...." (ITSPC v

Pemsel 1891). The Pemsel case ruled that charity is defined as "the relief of poverty, the advancement of education, the advancement of religion, and other purposes beneficial to the community" (ITSPC v Pemsel 1891). This classification has been used ever since in Canadian common law as a matter of convenience. The effect of this has been to define "good" charity and put the decision making power of *what is* "good" charity in the hands of developed, western civilizations.

In order for an NGO to become a recognized charitable organization it must negotiate its way through Canadian charity and development policy regulations. The CRA (2006) determines whether a development organization is charitable based on its definition of charity and whether it is "established for public benefit," thus the CRA requires that all organizations wishing to become registered pass the Public Benefit Test. This test determines how ethically sound the organization's motivations are and ensures that the purpose of the organization has tangible benefits that do not discriminate between recipients based on class, race, gender, etc. (CRA 2006). State control is exerted here through the CRA's authority to manipulate the definition of charity to suit its purposes. If an organization applying for registered status proposes a mission statement which fails to meet the criteria for charitable activities, the organization will not be considered for registration.

State Control through Accountability

Fifty years ago charitable organizations did not have to register with any governing body in Canada. Until five years ago, even the registered charities were not as well monitored as they are today. In response to reports concerning inefficient and unaccountable spending by NGOs in disaster relief, individuals who donated expressed concern and the government responded with regulations. An article from CBC News Online shortly after the earthquakes in Bam and Iran, as

well as the tsunami in South East Asia discusses how charities have spent (or *not* spent) money and the proposed legislation (Bill C-33) believed to enable increased accountability and transparency. The subject of contention was the lack of accountability registered charities had, and the concern public donors had that their money was not being received by their intended donation recipients (i.e. the tsunami and earthquake victims). For example, $32 million was pledged to the earthquake victims in Iran, but only $17 million actually appeared for relief efforts (CBC News Online 2006). This was the kind of situation the government hoped to prevent by initiating a regulation system that could ensure transparency and accountability.

Why was there a lack of accountability with Canadian registered charities before 2006? The author of the article stipulates that the sheer number of registered charities (over 80,000) in Canada, combined with the annual donations(about $5 billion a year) makes it a daunting task to not only monitor all that money being donated, but also supervise the allocation of those funds by these charities (CBC News Online 2006). There are around 5000 applications for registered charitable status coming in every year and only a few dozen examiners on staff to look through the mountain of applications within the Charities Directorate of the Canada Revenue Agency (CBC News Online 2006). While almost 1000 or more applications are approved every year, more than 2000 are not granted charitable status due to incomplete or inaccurate applications, or failure to meet the public benefit test (see the appendix for graphical highlights of new charities and revoked charities from 1965-present). Furthermore, in 2006 it was found that one in six Canadian charities (around12, 000) spent more on fundraising and administrative expenses than on providing charitable services (CBC News Online 2006). For example the Canadian Association of the Blind in 2002 took in $1.5 million in donations but only spent $11,000 on charitable works (CBC News Online 2006).

In an effort to increase transparency and accountability, the Canadian government

introduced new tax legislation in the form of Bill C-33 in November 2006 (Carter 2006). The

group of government officials and charity leaders who had examined the issue for two years

tabled the report with recommendations in May 2003, hoping that increased accountability and

transparency would mean more money for the charity sector because Canadian public donors

would see the organizations as more credible and trust-worthy (CBC News Online 2006). The

recommendations highlighted the contrasting sentiment between the state and the development

industry. The state believes regulation is necessary to ensure accountability, and will result in

increased donations. However registered organizations see increased regulation as a hindrance to

operations, because NGOs are now burdened with stricter reporting regimes and obligations.

State Control through Regulation

According to Bill C-33, some of the new changes included the

> introduction of split-receipting rules and rules to curtail abusive donation
> tax shelter schemes. These changes are contained in subsections 248(30)
> to (41) of the [Income Tax] Act. Other proposed amendments include
> new definitions of charitable organizations and public foundations, rules
> affecting the revocation of charitable registrations, municipal or public
> bodies performing a function of government in Canada as new qualified
> donees, and new expanded disclosure of information concerning
> registered charities to the public (CBC News Online 2006).

The new definition of charitable organizations contained in Bill C-33 is significant because it

clearly stated what charities and NGOs were and were not permitted to do according to the

Income Tax Act. This is an example of the more thorough capitalist market managerial system

that the Canadian government was putting in place in order to monitor registered NGOs. For a

list of the most common sanctions (as accumulated by Imagine Canada's website) imposed on

charities, see Appendix C. There is a common set of infractions and penalties according to how

many times an organization may have failed to comply with CRA regulations. For example, if an NGO fails to file its annual information return on time, is incapable of keeping proper records or issues incomplete tax receipts it is penalized with fines and suspensions until the organization proves that it is capable of adhering to the managerial requirements. Otherwise, the NGOs are at risk of losing registered status and the benefits associated with this. It is evident that the state is able to exert its power over NGOs by regulating the managerial structure and financial procedures.

Whether smaller NGOs consider the benefits of registering with the CRA substantial motivation for registering is subject to the goals each individual organization sets for itself. In addition to being subject to government oversight through the administrative procedures of the CRA, development NGOs may also be influenced by Canadian development policy, as determined and reinforced by the Canadian International Development Agency (CIDA) which receives its directives from the government in power. The responsibility for Canada's overseas development assistance through CIDA currently rests on Beverly J. Oda, the Minister for International Cooperation (CIDA, 2010b). CIDA's three development priorities are "increasing food security, securing the future of children and youth, and stimulating sustainable economic growth" (CIDA, 2010). In addition to these priority themes, CIDA "continues to integrate three crosscutting themes in all of its programs and policies"; these include issues on environmental sustainability, gender equality, and political transparency and accountability (CIDA, 2010).

Argument

I argue that when a small scale NGO registers as a recognized Canadian charitable organization it becomes implicated in the government's hegemonic regime. The state, and especially the government in power, can advance its ideological project through the definitions it

uses for charitable organizations and through how it funds these organizations. Further, we will see how the state supports the neoliberal capitalist model by requiring specific managerial structures and financial procedures. However, the NGO continues to assert its agency in counter-hegemonic activities by using its discretion to work around these political-ideological and capitalist market-managerial hegemonic strategies.

I begin with a discussion of the methodology and theory used to conduct my research in chapter two. I conducted one-on-one interviews with individuals who worked for the Canada Revenue Agency's Charities Directorate, two women who live in Antigonish County, Nova Scotia who founded their own small-scale non-governmental organizations, and a local lawyer familiar with charity tax law. The woman whom I interviewed from the CRA's Charities Directorate was selected in order to contribute her knowledge and experiences within the government agency responsible for registering organizations and mandating the capitalist market managerial system. The lawyer was able to translate policy documents and legislation for me, as well as contextualize both the political-ideology of the government and its neoliberal managerial system within the Canadian NGO industry. The two women who founded their own international development NGOs were valuable contributors to this research because they shared their experiences with applying for registration, their reasons for wanting to apply and what changes they noted in their NGO's structural organization once registered. By interviewing these women, I came to understand how the government enacts its political-ideological agenda and neoliberal managerial system on these kinds of small-scale NGOs. My discussion of Gramsci's theory at the end of this chapter will give the reader a better understanding of how I believe the Canadian government is imposing its power within the Canadian NGO industry. Gramsci theorizes that

dominant powers control subaltern groups through forceful and persuasive means, and I believe the Canadian government controls its registered NGOs in the same way.

The third chapter reviews the literature pertaining to the NGO industry and how it has evolved throughout the years. It begins with an examination of early Canadian development work supported by Prime Minister Lester B. Pearson after the Second World War. Here, development aid is in the form of emergency relief and reconstruction of Europe, and is aimed at solidifying international partnerships. It is clear that development is controlled and executed by the state itself. The discussion continues to illustrate how control over development efforts shifted from state-control, to bilateral-aid agencies, to large non-governmental organizations such as the Red Cross and Amnesty International, and finally to the recent proliferation of small-scale NGOs. There is also an examination of the debate surrounding philanthrocapitalism and whether extremely wealthy individuals have a real advantage over governments and are capable of making a significant change in developing countries.

Chapter Four examines the state's definition of "charity" and the application process for registration with the Canada Revenue Agency. The state's political-ideology is implemented through its manipulation of the definition of charitable work, and decides whether or not an NGO is eligible for registered status and funding. The discussion moves to an explanation of the Canadian International Development Agency's requirements for disbursing funding to smaller NGOs, and a brief look at Canada's National Budget and how it allocates funding for development work. In closing, I have included two examples where NGOs were unable to receive funding for their operations because their missions did not comply with the state's political-ideology. Throughout this chapter the degree to which the state has control over NGO

operations is evident as its foreign policy objectives and capitalist managerial system are seen to be integral parts of the Canadian regulatory framework.

My interviews with the two women who founded their own development NGOs are the focus of the fifth chapter. I begin by going through Canada's relationships with the countries these women work within, and discuss how these foreign relations may impact the women's work in these countries. Depending on what the Canadian government will support, these women's operations abroad may be restricted to certain activities. I look at one woman's case where her charity became a registered organization and how she saw her NGO operating differently; starting as a community-based organic operation, to a corporate entity responsible to the requirements of the CRA and the Income Tax Act. The capitalist market managerial system is evident in this woman's case as she explains how her financial reporting and requirements have changed. The second woman's case is an example of an organization presently going through the application process and how her interaction with ex-child soldiers may or may not be an issue that the state will have to consider. This woman's experience may be indicative of the state's political-ideological power being implemented within the Canadian development industry.

I conclude with a summation of my findings and a discussion of what we may need to consider in the future pertaining to the contradictions of accountability: where the issue of accountability and transparency is the avenue by which the government can control these NGOs. However, if the regulatory system's intent – to ensure accountability - was done away with we may fall into the scenario where money donated to NGOs is left unaccounted for and may not be used for its intended purposes.

Chapter 2: Methodology and Theoretical Framework

This chapter addresses not only how I conducted the research for this project, but the theoretical framework which directed the analysis of my findings. A discussion of the methodology serves to explain why I chose to incorporate certain literature sources as well as why I chose the participants I interviewed for this project. I explain my personal interest in this project and where there may be instances of bias as a researcher because I believe this is an important consideration when reviewing my research findings. Towards the end of the chapter there will be an explanation of Gramsci's theory of hegemony as it guides my analysis throughout this project.

Ethnography

Being based in small town Nova Scotia may have limited my access to the range of NGO founders, lawyers and individuals working with the CRA. However, through the course of this research it became evident that an ample source of experienced individuals was available right here in Antigonish. This suggests the abundance of philanthropic organizations across Canada now, as there were a number of "plan A" and "plan B" options for research interviews available in Antigonish.

I conducted interviews with agents of the policy environment and NGO sector and attempted to understand what their experiences have been in relation to the forces they were working with or against. My sample is small: I interviewed one lawyer, one agent of the Charities Directorate for the CRA, and two individuals who chose to start up their own NGOs. There will always be criticism for such small sample sizes because people (the general public and academics in the 'quantitative camp') believe in order to get an accurate understanding of the majority of a certain demographic or group, you need to engage with the majority, if not all,

of a certain group. However, choosing a smaller sample size gave me the opportunity to conduct in-depth and meaningful interviews.

One of the first academic articles I read concerning the relationship between the state and non-governmental organizations (Alvaré 2010) only looks at one NGO's experience. Alvaré (2010) wrote his article from the perspective of being part of the organization that chose to register, and has taken a foucauldian theoretical stance that all NGOs eventually register for official status and join the ranks of self-disciplining and self-monitoring organizations. It is my belief that not all organizations register for tax-deductible "official" status because they do not want to have to change their organization's goals or methods, and therefore I have chosen to look at NGO founders who chose to register and who have not been registered.

Each participant was chosen for his or her ability to contribute his or her experience and expertise in his or her own field within the Canadian regulatory framework. I interviewed a lawyer who was invaluable throughout the project; offering his expertise by translating a number of policy documents, the Income Tax Act, and introducing me to other significant court cases and resources pertaining to my research. I was also introduced to a woman, whom I will call Elizabeth, who works for the Charities Directorate at the Canada Revenue Agency and is one of the agents responsible for reviewing organizations' applications for charitable status. Early on, Elizabeth pointed me in the direction of certain CRA policies pertaining to the registration processes that organizations have to go through, and later she explained a number of key processes and regulations I was interested in[1].

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[1] I should mention now clearly that the answers and opinions expressed during my interviews with individuals, both informal and formal, do not in any way express the opinions of the agencies these individuals work for or belong to including the Canada Revenue Agency, law firm and specific NGOs. A considerable amount of information provided by my participants can be found on the CRA website (http://www.cra-arc.gc.ca/chrts-gvng/menu-eng.html), as well as the Income Tax Act (http://laws.justice.gc.ca/eng/I-3.3/index.html).

I conducted interviews with two women who founded their own NGOs and live within Antigonish County. The interviews were informal, but structured by specific questions I was interested in. Each interview was tape recorded and transcribed in order to recall specific comments and questions. The women were evidently very passionate and proud of their work with their organizations and were happy to recall the process they had to go through, or are going through in order to register their NGOs within Canada. One of the women (whom I will call Joan) is a resident of Sierra Leone who moved to Canada with her husband in order to receive higher education before tensions in her country escalated and the civil war broke out in 1991. She and her husband are consultants and advocates for peace education within Sierra Leone as a proactive approach to rehabilitating ex-combatants and educating the youth of their country. She was very adamant about the fact that the youth today are the policy makers of tomorrow and she is driven by the hope that she can play a part in instructing Sierra Leone's people with peaceful alternatives to problem solving and conflict resolution.

The other woman's NGO is very much community-based (this woman I will refer to as Nancy), and was started as a way to remember a beloved friend and advocate for rural development. She and her board of directors are responsible for fundraising and allocating funds to projects in countries including India and Haiti to build wells in small communities where there is little access to safe drinking water. As will be discussed later, although these organizations operate in different countries and have different development goals, there are similarities in the reasons for registering with the CRA.

I believe it is important for me to position myself within the context of this research as I am not an un-biased researcher. I have spent some time within both the policy environment and the NGO industry. I spent four months working for the federal government in one of its

departments as a student administrative assistance and researcher. My time there exposed me to the structure and organization of the bureaucratic system. A year before that, I spent three months volunteering with two Ottawa-based NGOs as an administrative assistant helping out with media networks and updating information for the public on its website, as well as compiling educational outreach packages for elementary school students on the NGO's work. One of the NGOs worked heavily on the advocacy and education side of the industry, while the other worked furiously to raise funds and awareness in Canada to provide development services of a practical nature to East African communities. Although I was not around when these organizations established themselves as official registered organizations, I was exposed to the efforts each NGO went through to maintain its credibility in terms of high standards of work, publications and events they provided for the public. Each experience fueled my interest in this topic.

Primary and Secondary Research Material

In order to familiarize myself with the little that had been written on the interaction between informal and formal NGOs and the policy environment I reviewed a large amount of literature. I also had to navigate my way through the policies, court cases and other legal documents provided on the internet. Because this area of study, especially on *small* scale registered NGOs, is relatively new, there was little academic writing to be found save some limited commentary in ethnographic books on the structure that NGOs work within, the interaction with home and host governments, and expectations of each other (e.g. Alvaré 2010, Crewe and Harrison 1998, Mosse 2005).

Two of the books I read concerned the debate between the budding phenomenon of philanthrocapitalism which has attracted popular attention around the world. This debate exposed

me to individual-initiated development organizations but on a significantly larger scale. Multi-billionaires such as Bill Gates, Warren Buffet, Richard Branson, Oprah Winfrey, and the Sudanese telecommunications tycoon Mo Ibrahim are some of the most well known philanthrocapitalist agents (or "hyper-agents" as Green and Bishop refer to them [2008: 49]). I was also exposed to many sides of the relationships between and within the policy environment and NGO sector. I will address each significant work in greater depth in Chapter Three.

What I found most interesting and exciting was the attention to this subject in the public media outlets, such as *CBC News Online* and the *Globe and Mail*. Every week the *Globe and Mail*, one of Canada's national newspapers, devotes a column to the subject of philanthropy. Public media is responsible for commenting on recent trends and observing spikes in public organization and interests. These media outlets are accessible not only to me as a researcher but also to the general public, which perhaps could be contributing to the proliferation of small scale NGOs that we are witnessing. As the public media is a source of commentary on national and international relations, crises and development issues, people in the Canadian public are made aware of the issues and choose to mobilize themselves in an effort to affect what they are reading about in the news.

Although some academics may criticize the lack of "peer evaluation" in media resources that I have used throughout this project, using them as secondary sources is justified because of the lack of academic writing on the subject of small-scale NGOs. The media are also a legitimate source for recognizing significant and immediate trends. As the subject of my research is a new and budding topic, keeping up with public commentary on the subject helped this project to remain relevant and current.

Theoretical Framework – Gramsci's Hegemony

For the purpose of analysis, I have applied Antonio Gramsci's notion of hegemony, as discussed by Donald V. Kurtz (1996). I apply not only his theory of hegemony, but the implications of the relationship between the state and civil society as well. A number of other academics (Abrams 1988; Alonso 1994; Corrigan and Sayer; Trouillot 2001) have explored this relationship between the state and civil society in their own ethnographic and theoretical work. This theory relates to the strategies used by the state which enables a regime of domination as well as an approach based on morals and intellectual leadership to rally support from the public (i.e. force and persuasion respectively). Essentially, Gramsci's definition of hegemony is the political-ideological conception of "moral and intellectual leadership" (Kurtz 1996:103). As many of the aforementioned authors have noted, Gramsci's theory of hegemony includes a discussion of the idea that the state itself is a set of processes – not merely one single entity – and civil society may not be quite as distinct from the state as commonly thought.

Hegemony

Hegemony in reality becomes complicated if it is to be successful as "the leadership of a complex political formation of any ideological persuasion engages in two complementary practices": domination and hegemony (Kurtz 1996:106). Kurtz explains that "domination uses coercion and force against those who resist its authority and power," while "hegemony uses intellectual devices to infuse its ideas of morality to gain the support of those who resist or may be neutral, to retain the support of those who consent to its rule, and to establish alliances as widely as possible to enable the creation of an ethical-political relationship with people" (1996:106). Thus, in any hegemonic formation there are both coercive and persuasive devices at play. In the case of registered NGOs, domination and persuasion are articulated through

government policies. As will become clear throughout this project, an NGO's status (registered vs. unregistered) is indicative of its involvement in the hegemonic system.

Hegemony is articulated through government policy. For example, the definition of what is 'charitable' gives an indication of the state's authority over civil society as mentioned in the previous chapter. What is permissible, the goals an organization needs to have in order to become registered with the CRA and receive funding from CIDA, and the goals the government will *not* support are indications of the state implementing its authority. Alvaré (2010: 180) supports this idea when he observes that the directors of an American small-scale NGO realized "in order to meet the requirements [pertaining to registration], they would have to reconcile their own revolutionary approach to social development with those *permitted* and *encouraged* by the state" (my emphasis). Alvaré continues his analysis with a foucauldian reference to terms such as "state surveillance," "repression," "regulation" and "monitoring". These terms also appear in a Gramscian account as evidence of the use of force by the state.

I should note here that I have intentionally chosen not to use Foucault's theory of structural power, as he believes power is all encompassing while Gramsci's theory incorporates the possibility that some may be working outside the dominant power system. I believe NGOs are capable of pushing back (in a way that Kurtz describes with his discussion of counter-hegemony) against the influence of state monitoring by choosing *not* to register with the CRA, despite the financial benefits, in order to remain loyal to the organization's original development goals. Another form of counter-hegemonic strategy involves capitalist market managerial regulations and the requirements that registered NGOs not participate in political activism. The ability for these organizations to conduct development activities as registered organizations

while working around obstacles such as this within the system further demonstrates counter-hegemonic strategies.

State and Civil Society

This project revolves around not only the hegemonic process in the Canadian regulatory framework, but also this relationship between the state and civil society. In particular, how state policies and legislation act upon and through NGOs. A number of the authors I used complement Gramsci (Alonso 1994; Trouillot 2001) and all more or less agree with Gramsci's expanded or enlarged definition of the state. In their discussions, the state is "equated with political society *and* civil society, [and] is defined as 'hegemony protected by the armour of coercion'" (Alonso 1994: 381). Trouillot explains that "…the state thus appears as an open field with multiple boundaries and no institutional fixity – which is to say that it needs to be conceptualized at more than one level… *the state is not an apparatus but a set of processes*" (2001: 127). In effect, the state is understood to be a set of policies and procedures. Civil society is considered a part of the state as it either reproduces and colludes with state policies and legislation or acts in counter-hegemonic ways.

The significance of highlighting the state and civil society not only as connected ideas but as a process indicates the need to examine the strategies involved in maintaining these processes. These state processes use the elements of hegemony and domination to sustain themselves. In their more applicable forms, policy and legislation as well as economic benefits are the mechanisms the government uses to articulate its force and persuasion within civil society. With specific reference to the NGO sector, policy and legislation dictates who is not eligible for registered status and what kinds of activities organizations are not allowed to participate in,

while the economic benefits and nationally recognized legitimate status illustrates persuasive hegemony at work.

Discussion of Hegemony, the State and Civil Society

The hegemonic framework becomes evident in the manner by which the CRA persuades organizations to formalize their status. The CRA entices them with benefits such as government funding, the ability to write tax receipts and general credibility in the public eye. Instances of domination can then take place through the revocation of registered status from the CRA as well as in through the use of federal court cases which determine an organization's eligibility for charitable status. CIDA clearly outlines its development priorities in a way that is accessible to the public online, and the government has also been clear about what international issues it will support, and those it will not, demonstrated by which organizations it funds. Registered NGOs and charities are caught in the crossfire of international relations and sticky international development policy issues. It is the organizations that advocate for political change that will catch the attention of the Canadian government because the state does not allow registered NGOs to participate in or try to influence political activities. This will determine whether the government wants this organization to represent the Canadian state opinion or not.

The interviews I held with two local NGO founders illustrate the positive and negative aspects of the application process and maintaining their NGO's operations, once registered. Nancy explained that her experience with the CRA was time-consuming and tedious but ultimately worthwhile. The encouragement she received, and the way the registration process is organized is typical of the bureaucratic system within Canadian government departments. Their experiences also demonstrate the persuasive side of hegemony at play within the Canadian

regulatory framework. There will be several clear examples of hegemony, domination and counter-hegemony within the Canadian state and civil society discussed throughout this project.

Hegemonic governance is like that friend or colleague who tries to persuade you to do something by explaining all the benefits to you, even though in the end your friend gets what he or she ultimately wanted. People want to feel like they exercise their agency, especially in instances such as when they start up their own development organization. They have been inspired to do good, they have raised all the necessary funding, they have come up with a logistically-sound plan and then all of a sudden they have to justify their organization to the government so the state can sign off on the organization's credibility. I believe the majority of the time, NGO founders do not even realise this is what is happening because the government and the CRA present them with a number of benefits if they agree to register and collude with the system.

In the following chapter, I discuss the evolution of development actors since the 1950s. This illustration begins with Lester B. Pearson's time as Prime Minister of Canada and advocate for development efforts, then gets into an explanation of development being administered by bilateral aid agencies, then by large multi-national NGOs, and finally to small-scale organizations and a discussion of philanthrocapitalism. We will see how neoliberalism served as a backdrop for states to fund private development organizations, and how individuals who have prospered from neoliberal capitalism are investing in the world of development work. The next chapter will also include an explanation of how the NGOs experience the implementation of state policies and instances of conflict as well as conformity.

Chapter 3: Literature Review

The literature tracking the historical shift in the delivery of development aid since the Second World War is the focus of this chapter. Canadian development aid began with the direct delivery of emergency relief from states and their bilateral agencies. NGOs then became the deliverers of aid that largely came from state funding, moving eventually to the current situation where wealthy individuals are setting their own development agendas alongside an increasing number of small NGOs that rely on state funding. Of particular interest in this literature, is the latest period of development delivery, specifically as it applies to the small scale NGOs which rely on state funding to maintain their operations.

This literature review in this chapter illustrates how official NGOs are not separate from the state, how the turn to NGOs reflects neoliberal factors. This latter trend is illustrated in the growth of aid consultants who work for money rather than being necessarily motivated by effectiveness of aid delivery, and in the decline of the direct role of the state, in favour of the acting through private sector agents. Finally, I survey writers who suggest he removal of direct state influence in this sector – e.g. through the increased role played by philanthrocapitalists – is not the solution to the problems of state-delivered aid as this carries its own problems of idiosyncratic focus and the reflection of neoliberal-capitalist priorities and procedures.

History of Development Aid Delivery

While Lester B. Pearson was serving as Canada's fourteenth Prime Minister, his government introduced universal health care, student loans, the Canada Pension Plan and the Order of Canada, all of which were great leaps forward in Canada's *own* development. In 1951, Pearson wrote a paper discussing the *Development of Canadian Foreign Policy* and how he saw the future of Canadian international relations evolving. After the Second World War, Canada

embarked on a project of aid in the form of loans to European cities in need of repair and reconstruction. Over $2 billion worth of relief and development funds were contributed between 1946 and 1951 (Pearson 1951: 19). In 1969 Pearson headed a commission (later known as the Pearson Commission) tasked to review the last 20 years of development aid and to outline a future plan (UNICEF 2006). Canada's early role as an advocate for development in the 1950s was then strengthened by Pearson's advocacy for the "0.7% target" (UNICEF 2006).

> In October 1970, the United Nations General Assembly adopted Resolution 2626, *The International Development Strategy for the Second United Nations Development Decade*. Through the resolution, developed countries like Canada agreed to increase their resource flows to developing countries to a level equivalent to 1% of their GNP and that a minimum of 0.7% of GNP would be made up of official development assistance and to work to reach these goals by 1975 (UNICEF, 2006).

However, this target of 0.7% has never been met by a Canadian government, which may have motivated people in the private sector to initiate development projects of their own. The public may not have believed that the state was doing enough for development efforts, so individuals started creating NGOs in order to control how development aid was being delivered.

This led to the growth of larger NGO's. Emma Crewe's and Elizabeth Harrison's (1998: 22) ethnographic account of development aid looks at the "ideas, relationships, policies and practices" of the industry from the perspective of two women working within the industry. Their accounts speak to the role of the larger corporate NGOs whose growth complemented the rise of neoliberalism. Their work takes into account the anthropologist's perspective of the dynamics between all the groups involved, and their relationships with each other.

Theoretically, Crewe and Harrison chose to rely on those who have "eschewed an essentialist conceptualization of power relations" instead of relying on the go-to theorists of development – namely Escobar and Ferguson (Crewe and Harrison 1998: 22). Along the same lines of Gardner's and Lewis's critique of Escobar, Crewe and Harrison take a stand against Escobar's theories by stating that his "…implicit assumption is that developers develop, while local people resist, and arguably that this resistance is the most important part of their lives" (1998: 18). This assumption places developers in the center of the dynamic, with everyone else (those "being developed") revolving around this center and completely negates the possibility that there are a multitude of other factors involved in everyone's actions within this relationship which may have nothing to do with the developers themselves.

Crewe and Harrison begin their discussion of the relationship between NGOs and the state by saying:

> It is easy to forget that, for many intended to be on the receiving end [of aid], the effects of what developers do are peripheral or even entirely irrelevant. At the same time, the pressures placed on developers are often overlooked by critics [like Edwards] – pressures of time, the need for accountability, an obligation to show expertise, and pressures faced by partner organizations who need to retain and pay staff (Crewe and Harrison 1998: 1).

This statement is significant because while the research revolves around the "developers" and the state, what is most important is the actual development which they are able to deliver. . Although there are great pressures placed on registered NGOs to hold them accountable and ensure that their activities comply with state political ideology; their ability to implement cooperative development projects is key.

In an effort to show that "development practice is influenced by ideas and assumptions about what development is or *should be*" (emphasis my own) Crewe and Harrison describe NGO

directors writing proposals to the World Health Organization in which they explicitly show the alignment between their area of interest and those of the WHO (1998: 4). This demonstrates Alvaré's (2010) thesis regarding how NGO's tailor their applications for official status in order to ensure government approval, because it needs government funding. It also leads one to believe that this happens often in the development industry. This is understandable, as if you play into the government's good graces you will be rewarded with precious funding to maintain your organization's work.

Interestingly, the way Crewe and Harrison portray the NGO worker applying for funding to the WHO - however - implies a counter-hegemonic strategy, because he is doing what the authoritative agency wants but in the end getting what he needed to begin with. This makes one wonder whether some organizations say they are doing one thing in order to receive funding and approval, but actually have secondary motives for receiving funding in order to carry out its development projects without having to be monitored too closely by the government. This is not to say the organization is conducting underhanded work, but perhaps they are aware of the hegemonic system, and are using it to *their* advantage.

Following Crewe and Harrison's discussion of the relationship between NGOs and the state, Gardner and Lewis (2006) discuss the changing perceptions and representations of development in a postmodernist analysis. They challenge the validity of Escobar's arguments that discourse establishes reality, and believe that one must look beyond the discourse to what is really being negotiated and what the consequences are from this. Gardner and Lewis believe that "we have to show how [discussions around development] involve multiple and ever-changing realities and narratives" (Gardner and Lewis 2000: 18). Language has the potential to change peoples' views of how to carry out development projects; which could be affecting the shift from

large multilateral organizations to individually initiated development projects. However, one must not forget that in practice, the "language of development" only goes so far. The realities of power dynamics and the consequences of western development projects being implemented are variables that language cannot determine or predict. The language of development is evident in the application process for registered status as well as the policies and legislation that the state manipulates in order to control the NGO industry. The most obvious example is the state's definition of "charitable" and what these guidelines include and exclude in order to promote the government's political ideology.

Rosalind Eyben complements Gardner and Lewis's arguments by discussing the significance of anthropology in the study and application of development and its policies. Eyben (2000: 9) explores how "social anthropology deconstructs the homogenizing and generalizing models produced by the established development discourse." Eyben deconstructs the processes of the state and civil society, and connects it to the neoliberal managerial system and political ideology that the Canadian government regulates the NGO industry with. Eyben (2000: 13) concludes that "realistically, there will continue to be transfers of public resources between richer and poorer countries for a whole multitude of complex reasons. *How* we transfer those resources is key." Individuals are taking it upon themselves to see to it that the transfer of resources from richer to poorer countries is carried out according to how they see fit, because they may disagree with how it is happening based on hegemonic government policies.

Neoliberalism and NGOs

Tvedt picks up this discussion on the major phases which NGOs went through following Pearson's era. In the 1980s, Tvedt asserts that development NGOs experienced a significant amount of growth;   associated with the rise of neo-liberalism (Tvedt 2006: 679). "In the mid-

1980s, in the heyday of what was then called the 'NGO decade', the idea that NGOs had comparative advantages as a group compared with states was widely publicized by NGO researchers and activists and won worldwide acceptance" (Tvedt 2006: 678). As the public saw it, NGOs were a separate category from the bureaucratic system of the state so people wanted to support their work financially. This was not the case, as Tvedt points out, because NGOs were in fact the pawns in the state's control of development delivery.

The 2000s have seen the latest iteration in development NGO work. Individuals have begun to take it upon themselves to design, fund and implement their own development projects. Philanthrocapitalism is a significant branch of this new trend, with wealthy individuals acting autonomously from the state by investing millions of dollars in research and implementation of development projects. Their independent wealth allows them to operate independently of the state, and means they need not register with the state for funding. Philanthrocapitalists, unlike the NGOs described by Tvedt, enjoy great autonomy in their sphere of development activity.

This, in turn, has led to a change in how development activities are viewed and described. In Gardner and Lewis's (2000) discussion of the development aid scenario in the United Kingdom, they state that since more inclusive and cooperative language has been adopted into policy documents, 'investments' for development projects from the private sector far outweigh the amount of 'official aid'. This involves new financial implications and trade-offs. Gardner and Lewis suggest that "… the rapid growth in quantity and speed of international private financial transactions may weaken…the capacity of international development institutions to impose development conditionalities" (Gardner and Lewis 2000: 26). This is evidence of the neoliberal economic language and practices in development. With an increase in investments from the private sector and the appearance of non-formalized individually initiated development

projects, national governments and their large bi- and multilateral aid agencies may have less

influence in balancing long term policy objectives, against shorter term "return on investment"

priorities for development projects..

This turn to private investment in the development industry means that investors expect

to see a marked improvement in the activities and development of the community or sector they

made their investments in. However, does this mean that these private investors are *capable* of

making decisions and designing projects based on their own knowledge outside of the realm of

Government regulations? Just because someone invests a significant amount of money into a

project does not automatically mean that they are supporting the best possible development

project available. Is the lack of accountability permitting individuals to carry out 'necessary'

development projects that governments cannot or will not carry out themselves? The debate on

philanthrocapitalism is covered in Bishop and Green's (2008) book, *Philanthrocapitalism: How*

the Rich Can Save the World. Bishop and Green illustrate the many sides of this phenomenon,

ultimately arguing that it has significant potential to solve many of the developing world's

problems. They discuss the issue in an American context, so there are some aspects that do not

necessarily translate over to the Canadian situation. Nonetheless there remain a number of

similarities between the Canadian and American cases for why individuals choose this path and

how they do so.

First of all, philanthropy should be defined, and I use Greg Dees's definition as quoted by

Bishop and Green: Philanthrocapitalism is about "…mobilizing and deploying private resources,

including money, time, social capital and expertise, to improve the world we live in". I would

add to this that philanthrocapitalism does this on a very large scale (Bishop and Green 2008: 49).

Philanthrocapitalists set themselves apart from the rest of the philanthropically-motivated small-

scale NGO founders, because they have something aptly termed as "…hyperagency: individuals who can do what would otherwise take a social movement to do" (Bishop and Green 2008: 48). This last distinction is significant because essentially years of work conducted by a number of small-scale NGOs in Canada could all be started in one day with ample amounts of funding, support and access to high-power contacts from someone like Bill Gates, Bono, Warren Buffet or Angelina Jolie.

Bishop and Green are convinced that philanthrocapitalism is capable of saving the world due to its advantage over civil society and the government. They argue the market structure that created the wealth of these individuals is also capable of generating positive social change in the areas of disease eradication, poverty reduction, education building, etc. Even though there is criticism that these American philanthrocapitalists have created their foundations only to protect their vast fortunes, the creators of Google.org and the Amidyar Network are pushing back against these critiques by *not* registering for tax exempt official charitable status. This way they are free to "engage in political campaigning in order to achieve their goals" (Bishop and Green 2008: 246).

This tactic suggests another manifestation of the counter-hegemonic strategy, discussed earlier. However it is important to note that not all politically motivated NGOs are capable of following in this path because they depend on having official charitable status in order to receive funding to maintain their operations. Therein lies the major difference between these philanthrocapitalists and our small scale Canadian NGOs. These massive philanthropically-oriented foundations have extensive amounts of financial resources and a massive network of contacts to rely on. Small scale NGOs may have a loyal community behind them, and their own network of contacts, but may not be able to stand on their own two feet financially in order to be

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politically active and advocate for their cause. This is evidence of the state's control over the small-scale NGO industry.

Stirrat (2000: 41) argues that there is yet another group of agents in this relationship with the state.   Individual development consultants on short term contracts perform a negligible role in development because their work is more about the aesthetics of their reports than the actual outcome of their projects. Stirrat argues that while these consultants can be considered individuals participating in development work. However they typically report directly to state agencies such as the World Health Organization, instead of self-initiated, small-scale NGOs. Therefore this class of development consultants can be seen as agents of the capitalist system because they are selling their expertise and labour power to larger development agencies in order to implement western designed development projects in the global south (Stirrat 2000: 41). This is indicative of the neoliberal regime of privatizing development work through individual's selling their expertise to major state and international agencies. Although not all development consultants perform this role, Stirrat argues the primary objective is tailoring their work to needs of their employer, versus completing the project in a way that might deliver development in a more cooperative model. . These individuals symbolize the divide between "us" and "them" in development work as they are pseudo-civil servants there to complete a report, instead of the project itself.

These individuals are *capable* of carrying out a more inclusive form of development work; however their employers are more concerned with the bottom line outcome of the project and not necessarily methods fostering partnership between their temporary employees and the local organizations. With the consultants only on the ground for up to three months at a time, there is little time to develop rapport and get a real sense of all the implications involved and

consequences of the development projects being carried out (Stirrat 2000: 34). With individually initiated NGOs, they can choose to carry out development projects in a cooperative manner without any solid time restraints. This way they are able to get to know the communities they are working in and how their actions affect the outcome of the project.

Not So "Non-Governmental"

However, individuals are not the only players who can be co-opted to the state's agenda. In Tvedt's 2006 research illustrates an NGO industry which may not be as neoliberal and separate from the state, as the public may have assumed.. The 1990s was a time of speculation concerning NGO funding and operations when researchers exposed the immense amount of financial support coming from the state; close to US$10 billion a year since 1990 (Tvedt 2006: 679). "A dependency on state funds of 85-95 percent has become common and many NGOs in developing countries would collapse without donor support" (Tvedt 2006: 679). The suggestion here is that many NGOs were being so heavily funded by the state that they were obliged to work in accordance with regulations issued by the government. In effect these NGOs were not so *non-governmental* after all.

However, the view of civil society at this point covered up the fact that states were so heavily involved in financially supporting development NGOs. Therefore, NGOs still tended to be seen as counter-hegemonic actors working outside of the state's regulations. This led to the misconception "that the NGOs were filling niches created by 'government failure' as the dominant but empirically unsubstantiated message of the research community, while in fact governments were often paying NGOs to do the work they did not want or could not do" (Tvedt 2006: 679).

"Stovepiping" and Other Critiques of Neoliberal Development

The media has taken to portraying philanthropy as the new "cool" trend for the super-wealthy. Bill and Melinda Gates have pledged to eradicate malaria, HIV/AIDS, respiratory infections, diarrhea, etc and improve the education system in New York state with more than $3 billion allocated from their foundation every year (Bishop and Green 2008: 2). They plan to accomplish this by donating billions of dollars a year towards these causes. This is an approach they believe they must pursue because the state is not doing enough, or giving enough money for the cause. However, critics to this approach call this "stovepiping," a term coined by Laurie Garrett of the Council of Foreign Relations. Stovepiping refers to aid that "reflects the interests and concerns of the donors, not the recipients". Laurie Garrett, for instance, believes the current focus on individual diseases is less effective than building up overall healthcare (Bishop and Green 2008: 67).

There are parallels in the behavior of philanthrocapitalists to the operation of the state within Canada, with the state employing regulatory levers to persuade its people to carry out initiatives that benefit the narrowly defined priorities of the state but do not necessarily reflect the intentions or needs of its people. For example, the CRA persuades development organizations to register and therefore become implicated in promoting Canadian development policies. However the CRA will not allow these registered organizations to participate in political advocacy campaigns because the government is not comfortable with organizations potentially advocating against the policies or regulations of the state or the recipient country.

Michael Edwards argues that the market cannot be responsible for curing the world of all its maladies, as it is the responsibility of federal governments to address these issues. Governments are accountable for their actions, policies and laws and they have the power to

enact universal welfare programs. In a neoliberal regime, the privatization of development can sometimes allow people to overlook the ethical, moral and legal ramifications of development work, especially if it is involved in political advocacy. By this I mean that because corporations are not responsible to good governance like state governments are, they do not necessarily have to deal with the political fall-out of their interventions. Edwards argues that ultimately inequality, disease and poverty are structural problems in need of a structural solution.

> Philanthrocapitalism may well produce a vaccine against malaria, but there's no vaccine against greed, fear, poverty, inequality, corruption, lousy governance, personal alienation and all the other things that plague us… Sadly, deep-rooted patterns of greed, corruption, racism, sexism, homophobia, and hatred do not disappear as incomes and other assets grow, so unless philanthrocapitalism digs more deeply into the fabric of social change, it is in danger of replicating, not transforming, existing patterns of power and inequality, even if more people have access to loans, medicine, tools, and textbooks that they so desperately need (Edwards 2010: 8-9)

Edwards's disdain for the idea that a neoliberal regime of philanthrocapitalism can save the world is evident in the way he calls its actions "experiments" (2010:13), essentially de-legitimizing any good intentions or outcomes from philanthrocapitalism because it is only a hypothetical attempt at affecting superficial problems.

Edwards is adamant about the fact that a strong central government can fix all these deep rooted problems and that philanthrocapitalism is just a bunch of rich, narcissistic individuals hoping to put their name on the cure to poverty. As a consequence, he has oversimplified his argument. He has bet everything on the potential for governments to enact significant, universal structural change in the name of social justice. However he fails to recognize in this that there is a reason NGOs and philanthropy exists: there are just some things governments cannot and do not really want to do. As Tvedt said, "governments were often paying NGOs to do the work they did not want or could not do" (Tvedt 2006: 679). This is why we continue to see money being

allocated in federal budgets to multilateral aid agencies which then fund development projects based on proposals handed in by registered NGOs. Furthermore there are a number of corrupt and massively indebted governments in developing countries who – in spite of foreign aid and development - have been unable to stand on their own feet financially. I believe Edwards may have to accept the compromise that where governments cannot take on the responsibility of delivering development aid on their own, it is acceptable that they have created regulatory systems in order to monitor NGO activity and spending.

Edwards believes governments are accountable and legally responsible entities to their citizens and the state is responsible to care for its population's well being and development. It has been seen that neoliberal governments have sometimes withdrawn from providing welfare, social support, and development assistance out of the ideological orientation of the governments then in power. However, governments did not always want to give up the control of the charitable purse strings. This may have lead to the two-fold form of hegemonic control over registered NGOs observed throughout this research with both political and managerial elements.

Chapter 4: Policy Environment

In this chapter I address the regulatory processes as outlined by the Canada Revenue Agency. These will demonstrate what organizations must do in order to apply for and receive registered status. This will exhibit both the capitalist market managerial requirements, as well as the influence of the political ideology of the Canadian state. I will also discuss Canadian budget allocations to the development industry as well as cases of counter-hegemony where Canadian development organizations have been refused funding for political-ideological reasons.

The Canada Revenue Agency, as mentioned in the introduction, is Canada's federal department responsible for tax-related issues, and is also the governing body for more than 80,000 registered charities and NGOs. The CRA's mission is "to administer tax, benefits, and related programs, and to ensure compliance on behalf of governments across Canada, thereby contributing to the ongoing economic and social well-being of Canadians" (CRA 2010f: Mission). According to the CRA's charities listings webpage, organizations have been able to register with the CRA since 1965. This is indicative of the shifting control within the state at that time, although the big shift happened later. Initially the political state itself had been completely in control of development initiatives, then the interest moved to smaller non-governmental charities and organizations.

The four categories of charitable activities mentioned above (advancement of education, advancement of religion, relief of poverty and other benefits to the community) act as guidelines and a vague definition of charity. If an organization's work is seen to benefit one of the four areas then it is more likely that it will receive charitable status. This is also largely associated with whether the organization passes the Public Benefit Test that stipulates that any organization with the intentions of registering as an official charity would have to prove that it has a charitable

purpose, whether this charitable purpose is practical, and whom the charitable purposes would benefit (CRA 2006).

The CRA as an extension of the state is creating guidelines that not only define what charity is and what it should be, but what charity is *not*, and in our case this determines good and bad development purposes. Canadian foreign policy also plays a role in determining whether organizations receive status or funding. Organizations receive or are refused funding under specific conditions as well. This is an indicator of the state's political-ideological hegemonic regime being implemented in the development sector. Throughout this chapter the process an organization must go through in order to obtain charitable status and how it may fail to achieve registered status will be discussed. I will refer to my interviews with the lawyer and the CRA agent (Elizabeth) who works for the Charities Directorate. I will then explore some of CIDA's foreign policy, what they require of an organization to be eligible for government funding, and where they have revoked funding. I will also examine two instances where organizations were refused registered status and lost their funding in order to demonstrate the state's imposition on policies and operations in development organizations.

Registration Process

The web page of *Imagine Canada* is an invaluable tool that covers every aspect a Canadian individual would need to consider before, during and after registering their organization with the Canada Revenue Agency (www.imaginecanada.ca). *Imagine Canada*'s website, which is also supported by the Government of Canada, translates the CRA's policy documents and guidelines into clear and concise short pages of information highly accessible to the public. Before an organization even approaches the CRA, it is required to consider administrative and logistical matters. For instance it has to choose a name for its corporation and

ensure that it is not in conflict with an existing name by registering under the provincial Societies Act. Then the organization is required to have a board of directors composed of at least three members who are at arm's-length from one another, which means that the individuals are independent of each other and not related. This also means that a family cannot operate an NGO because its board of directors must be at arms-length, now that it is a legally incorporated organization. These initial steps before an organization approaches the CRA are indicative of the capitalist market managerialism strategies which force organizations to incorporate themselves into a highly structured, corporate regulatory framework. This structural requirement makes it easy for the state and the CRA to ensure that the NGO has become a legally recognized corporation subject to the legislation pertaining to all corporate entities. Once an organization is a legally incorporated organization with a board of directors it is obligated to adhere to the Income Tax Act.

Following the corporate structure, the NGO's board of directors must also consider what its fiscal year is going to be, select its auditors and bookkeepers, decide where its head office will be and outline its corporate purposes or mission. With a clearly defined mission, the CRA will be able to determine almost right away whether the organization's purposes fit within its guidelines of what is 'charitable' and whether the NGO will pass the public benefit test. There are also various corporate filings and fees it would have to submit in order to complete this first step before it can be considered to apply with the CRA. It is evident that to register as a charitable organization with the CRA, what once might have been an organic, community or family-run charity, now has turned into an official, organized corporation. Capitalist market managerialism creates a standardized process that all organizations willing to register must go through; therefore if an NGO fails to complete certain requirements then it will not be eligible for consideration for

registered status. Incorporating an NGO into this system makes it much easier for the state to monitor the NGO's organizational and financial activities because the NGO is required to maintain and update clear financial and operational records.

These small-scale NGOs have been persuaded to believe that following these steps is beneficial not only for its organization, but for the CRA as well. This way all NGO's activities and accounts are kept in order and ready to be scrutinized and assessed by state agents at the CRA or other organization who would need its information. While the work necessary to complete all of these requirements may sometimes be cumbersome and tedious, the NGO founders and its board of directors comply with the requirements in order to receive the beneficial end result of registered status, credibility that comes along with that, and a stream-lined corporate organization. *Imagine Canada*'s website also notes that a charity lawyer should be able to assist any organization in terms of ensuring all necessary requirements are completed satisfactorily.

Once an organization has been legally incorporated it needs to apply for registration using form T2050 - Application to Register a Charity Under the Income Tax Act. The application form requires detailed information about the organization's legal form and structure, the directors or trustees and its expected activities. This will generally include an outline of , how it will achieve each of its charitable objectives, its expected fundraising activities, financial position and income and expenses, and supporting documentation for all of the above. On top of filling out the T2050 application, organizations are urged to review Guide T4063 – Registering a Charity for Income Tax Purposes – to help them complete the application in an informed manner. These initial steps alone are indicative of the long, managerialistic process all organizations wishing to register must go through. Whether this process was worth all the effort

will be discussed in the following chapter based on my interview with one of the NGO founders who has completed the process and has been registered for four years now.

For this next section, I will refer to the interview answers from Elizabeth at the CRA. Now that the organization has been incorporated and it has completed the application to the best of its ability, the application is turned over to the agents in the Charities Directorate at the CRA. This is how Elizabeth described the process:

> "When we first receive an application, we verify that it is complete (all the information and documents requested on the application form are included). If an application is incomplete, we reject it and return it to the applicant. If an application is complete, we send the applicant an acknowledgement letter. The letter states the approximate amount of time it will take before the application is assigned to an officer for review. After a complete application is assigned for review, we may contact the applicant for additional information and documents to help us make a decision regarding the application. As part of our review, we consider whether the applicant has the capacity (staff, expertise, and funds) to carry out activities to fulfill its stated purposes."

This stage of the process seems to give a fair bit of discretion to the official doing the review. What has been set up to be a standardized, objective registration process is in fact vulnerable to subjective opinions of the agent reviewing the application – unless, of course, they have guidelines to decide and convey these to the applicants. This is where we see instances of political-ideological hegemony becoming a factor in the registration process, because if the applying NGO's goals and planned activities do not meet the CRA's definition of what is charitable, then their application could be denied. Elizabeth went on to say that

> "if all the additional information and documents we request are not provided, or if the information provided is insufficient, we will make a decision based on the information we have. Most likely, we will not be able to grant registration. In addition to offering the applicant the opportunity to clarify its activities, we may also offer the applicant the opportunity to amend its purposes so that they accurately reflect the applicant's activities, and/or its capacity."

Again, we see an instance of the CRA's agents persuading the applicants to conform their goals to that which the state deems acceptable. By persuading the applicants to review their planned activities, the CRA is indicating that it will only allow certain charitable activities and not others which the NGO may have originally planned to carry out. For some organizations, as we shall see in the next chapter, this is not a difficult stage to overcome because their mission is agreeable with the state's requirements. However, for other organizations with aspirations of political advocacy in certain developing countries, their goals may not be reflective of the kind of development projects the state would support. Elizabeth continues to explain that

> "if the applicant is not able to amend its purposes or chooses not to, we will make a decision based on the information we have. Most likely, we will not be able to grant registration."

Elizabeth concludes by saying that if an organization is unlikely to qualify for registration the CRA will send a letter explaining the reasons why. The applicant will have 60 days to respond to their concerns. The CRA will deny registration if the response is not received within 60 days, does not address all of the concerns, or fails to show that the organization qualifies for registration.

If the CRA agent determines that an applicant's purposes or activities are clearly not charitable, he or she will send a letter stating that they have denied the applicant registration. If the CRA denies registration, an applicant can appeal the decision by filing a notice of objection within 90 days of the day the letter was mailed. The successful candidate who makes it through the entire process receives a Notification of Registration from the CRA. This notification includes an organization's rights and responsibilities as a registered charity; registration number; and effective date of registration.

The registration number, also known as the (BN) business number is essential to its operations and acts as proof of not only its registration but is symbolic of the NGO's credibility. The BN is used by the state to identify organizations and the various program accounts it has. A complete BN has two parts: the registration number and the account identifier. The registration number is common to all accounts which organizations have with the federal government. The account identifier is assigned by the Canada Revenue Agency for each of its business programs including payroll deductions, goods and services tax/harmonized sales tax (GST/HST), and registered charities. For example, when I organized a community outreach day for my colleagues this summer at one of Ottawa's local charitable establishments, I had to locate the organization's BN and attach it to a memo sent around the office so individuals knew that if they wanted to donate to the organization that it was a legitimate charitable business and they could receive a tax receipt for their donation.

Once an organization has achieved registered charitable status, it is obligated to maintain certain operations and standards in order to comply with the CRA's monitoring system. The obligations of a registered charity include: devoting its resources (funds, personnel, and property) to its charitable purposes and activities, filing its annual Form T3010 - Registered Charity

Information Return - within six months of its fiscal period-end, meeting its annual spending requirement, keeping adequate books and records, and making them available for review by the Canada Revenue Agency on request. The registered charities are also responsible to make sure that official donation receipts are complete and accurate when issued, they have to control and direct the use of all their resources, update the CRA with any changes to their operations and maintaining their status as legal entities. Examples of changes worth notifying the CRA of include a change in address, directors, legal or operating name, purposes, activities, or governing documents.

If a registered charity does not meet its obligations, it may be subject to a penalty and may have its registered status revoked. This strategy is indicative of the state's capitalist market managerial nature to ensure the organizations comply with its mandates. It is evident that although these NGOs seem to operate outside of the government's control – hence the term *non-governmental organizations* – we can see that the state really does play more of a role than is implied. The state is able to monitor these organizations and ensure transparency, accountability and continue to regulate which organization is eligible for official status, funding and support once an NGO is incorporated into the system. While the CRA is responsible for granting registered status, monitoring and sometimes sanctioning charitable organizations, I will now discuss CIDA's relevant foreign development policies and guidelines.

CIDA - Funding and Canadian Development Policy

CIDA's mandate states that it intends to "manage Canada's support and resources effectively and accountably to achieve meaningful, sustainable results and engage in policy development in Canada and internationally, enabling Canada's effort to realize its development objectives" (CIDA 2009b).

I begin this section on Canadian development policy with a lawyer's perspective on whether CIDA's policies have any influence on charitable status and funding potential. When asked whether he thought registered charities were implicated in promoting CIDA's priorities he answered that this was a good question and "the reason it's a good question is because the answer *should be no* [my emphasis]. CIDA's priorities *should* have nothing to do with …whether a group gets charitable status. These [CRA and CIDA's priorities] are not parallel…the rules of what's charitable *should* be basically the same, exactly because –regardless of what CIDA is doing - …the policy of who we are [the Canadian government is] supporting this year may not change every year but it changes pretty often." This is in reference to what I mentioned in the context previously; CIDA has three main priorities this year, but they are apt to change depending on what causes the government at the time sees fit. There are a lot of "shoulds" in his response, as it is evident that although Canadian development policy *should not* affect charitable status or funding potential, it in fact has been demonstrated in the past and in recent media and public criticisms that this *has been* the case (Kairos 2011; McGovern vs. Attorney General 1981).

The lawyer also commented that "it could easily be embarrassing for the government if it supported foreign policy objectives that were at odds with the charities it supported." By this, he is referring to the fact that the state would not be comfortable being represented by an organization that does not reflect its goals or priorities in the international sphere. This is indicative of the political-ideological hegemonic regime, as the state will support certain international policies, but will not support NGOs whose goals are in opposition to Canadian foreign development policy. Any of us can imagine this scenario where we are out with friends in a public place perhaps in the midst of powerful and influential people with whom we would

like to remain in good standing, when all of a sudden one of our friends does something completely embarrassing thus making the rest of the group look bad. This situation is exactly what the Canadian government wants to avoid.

Therefore, Canada's development agency has set out clear guidelines as to whom it will support financially, which ultimately is the strongest and most evident form of support. *The NGO Monitor* (2010) states that "of the $297.8 million allocated by CIDA for humanitarian assistance in 2005-6, $71.9 million were channeled through NGOs" (also found in Statistical Report on Official Development Assistance, 2005-6, page 21). This indicates how much of CIDA's budget goes to both large and small registered NGOs that we are considering in this project. Following the idea of political-ideological hegemony, one might posit that the NGOs with similar development goals to CIDA's own development priorities would be in a better position for receiving funding. There is evidence of this in the manner in which CIDA's International Humanitarian Assistance (IHA) program allocates funding to smaller NGOs.

The IHA program's mandate is "to help ease human suffering resulting from conflicts and natural disasters in developing countries. The program's objective is to ensure that Canadian funded humanitarian assistance is appropriate, timely and effective" (CIDA 2010). When registered organizations submit proposals to CIDA's IHA program they are assessed based on "consultation with the concerned Canadian mission overseas, with relevant programs in CIDA, and with the Department of Foreign Affairs and International Trade" (CIDA 2010: 3). Now a third political state agent has been introduced into the equation; DFAIT has authoritative power to delegate which organizations they believe will promote the Canadian foreign priorities deemed appropriate by them and the state.

For an NGO to be eligible for CIDA funding it must meet specific criteria including: it must be a legally incorporated Canadian organization that has existed for at least three years and must be registered with the CRA. On top of these basic conditions, the NGO must have organizational by-laws that clearly state the conditions of membership and the organization's relationship to the larger Canadian society, it must state who is paid to work with the organization, and what happens to the property of the organization including any debts, in the event of dissolution. The organization is also required to possess results-based management skills, be able to demonstrate the ability to raise funds from the Canadian public for humanitarian assistance, and adhere to the Code of Conduct for the international Red Cross and Red Crescent Movement and NGOs in Disaster Relief. These standards are indicative of the state's ability to exert indirect control, as it ultimately holds the power to grant or deny funding depending on whether the registered NGO meets its criteria. State control is exercised depending on whether the organization agrees with its standards, and this could depend on whether the NGO deviates from the appropriate political-ideological or capitalist market-managerialistic criteria.

Canada's Development Budget

In an effort to understand the Canadian government's financial support of international assistance itself, I perused Canada's 2010 Budget. In chapter four of this document, it is stated that "international assistance remains a priority for the government", with additional funding of $364 million in 2010-2011, the current total of ongoing annual support is equal to $5 billion. The government has "provisioned for annual International Assistance Envelope (IAE) growth of 8%... honouring the commitment to double the international assistance budget by 2010-2011will mean significant new ongoing resources to allow Canada to respond to global challenges with strong leadership, including support for reconstruction in Haiti …" (Budget 2010: 4.1)

Recall that CIDA's three main priorities include increasing food security, securing the future of children and youth and stimulating suitable economic growth. Canada's 2010 Budget also has its own set of priorities concerning international assistance including issues pertaining to maternal and child health, global food security and Haiti (Budget 2010: 3.5). Therefore it is evident that there are particular priorities that the Canadian government will support, with those issues not mentioned becoming a lower priority to receive financial support if a registered charity were to submit a proposal for funding. It also becomes clear from the government's focus on the recent Haiti earthquake crisis, that development priorities are closely linked with current international crises and the most relevant international issues. For example, with an increase in concern over the earth's environmental status, foreign policy might be inclined to support NGOs which work to create sustainable, eco-friendly development projects. Ultimately, this is evidence that apart from state legislation, governments may apply priorities that are more ephemeral and reflect their current preferences – this supports Gramsci's notion that we need to look at the actual procedures and not just the written rules.

Deviating from what is "Charitable"

The Canadian NGO founders whom I spoke with both had positive experiences with the CRA and the process involved in receiving charitable status and funding. However, the registration process with the CRA and applying for funding becomes precarious depending on whether the organization's goals involve political-ideological goals. *Imagine Canada*'s website briefly explains what the CRA constitutes as "political activity" and what the rules surrounding the limits of political engagement are. For example, a charity may engage in political activity if the political activity is connected to the charity's purpose, subordinate to the charity's purpose or is a non partisan political activity – i.e. are not political activities directly or indirectly in support

or opposition to a political party or candidate for public office (Imagine Canada 2010). According to Revenue Canada a political activity may be defined as one of three things:

a. Encouraging the public to contact elected representatives or public officials, to urge them to retain, oppose, or change any law, policy or decision in any jurisdiction

b. Communicating to the public that law, policy, or decision of any level of government in any jurisdiction should be retained, opposed or changed

c. Attempting to incite or organize the public to put pressure on elected representatives or public officials to retain, oppose, or change any law, policy, or decision of any level of government in any jurisdiction (Imagine Canada 2010).

Even though the state feels it has a right to monitor and control these registered civil society organizations, it denies these same organizations the ability to persuade or force other civil society members to think or act a certain way towards the state. I have been able to uncover a number of federal court cases which are clear indications of a hegemonic system and government international priorities trumping the goals of individual NGOs whose development priorities were not deemed charitable.

The first of these was a case from 1982 between McGovern and the Attorney General. "Amnesty International had attempted to set up a Charitable Trust to promote its objectives, which were, and are, to secure the release of 'prisoners of conscience', to abolish the practice of torture and other inhumane and degrading practices, and to undertake research into the maintenance of human rights." The court ruled that these goals were not necessarily charitable because, for example, "one of the objectives supported by Amnesty International was to bring about changes in the law in foreign states". The court's decision to refuse Amnesty International's application for registered status was based on their interpretation of the categories

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of charitable activities, and the court believed Amnesty International's goals did not fall into one of the four categories. Also, because the state is responsible for supporting and protecting the interests of its registered charities, it could be embarrassing for the state if it supported foreign policy objectives that were at odds with its registered charities (Law Student Forum 2009). Although one might consider releasing prisoners of conscience as a worthy mission, this was a situation that could have easily turned embarrassing for the state because Amnesty International indicated that it intended to conduct political lobbying acts in order to put pressure on foreign governments. Therefore Amnesty International's charitable status was revoked and it was denied funding for their charitable trust.

Most recently, the media has reported on an incident between CIDA and Kairos, a religious NGO that works to promote human rights for all, sustainable energy policies, and faith-based initiatives through research, education, partnership and advocacy. The incident came to light when a document refusing funding for Kairos was revealed to have been doctored by Minister Bev Oda. Kairos had been receiving funding and support from CIDA for the last 35 years, and the effects on the recent cutting of funding have impacted ecological, women's rights, and democratic initiatives in Guatemala, Sudan, Colombia and the Congo (Kairos 2011).

In a recent Q&A document (Kairos 2011) stating its reaction to the funding cuts, Kairos was asked whether it were meeting the CIDA priorities introduced at the end of September 2009 (the same three priorities mentioned above). Kairos responded by saying that those three priorities were introduced seven months after its original application was submitted, and that original application was composed under the existing criteria and priorities before September 2009. This indicates that it is common for NGOs to adhere to state policies not only to comply with political-ideological hegemonic requirements, but as a strategic action in order to receive

financial support for its operations. However, as Kairos learned, the state policy may change over the course of a submission exercise to reflect changes in government priorities. Kairos has since submitted a new updated application which addresses the new priorities and hopes it will be reviewed on those merits. Prime Minister Stephen Harper defended Minister Bev Oda by saying that the government would not subsidize organizations which participated in political advocacy. Kairos explained that this assumption that millions of state dollars were going to fund advocacy initiatives was false; the money Kairos received went solely to overseas grants, monitoring, public education and administration.

To demonstrate any indication of whether the state's political ideology was influencing Bev Oda's decision to cut funding, Kairos was asked whether it was an anti-Semitic organization, whether it supported boycotts, divestments or sanctions campaigns against Israel. Kairos's response was a simple no; it supports independent Israeli and Palestinian states and is working through partnerships to promote peace between communities (Kairos 2011). When asked why Kairos thought it had lost its funding its representatives responded that it had yet to hear of any specific reasons. Kairos had CIDA evaluators report that its spending was effective and efficient, and therefore its work was not jeopardizing the tax-payers' money that contributes to CIDA-funded projects (Kairos 2011). From this recent controversy discussed in the media, it is evident that the state imposes its policies in civil society. After years of Kairos maintaining a good partnership with the state and keeping its operations and accounts in order, its funding was cut.

Throughout this investigation, I have endeavored to locate instances of organizations saying one thing in their mission and in fact doing another unbeknownst to the CRA, in an effort to retain the benefits of registration without compromising their initial goals. In these instances,

although Amnesty International and Kairos tried to appeal to the state's best interests and guidelines they were ultimately denied their charitable status and funding. Neither organization fell within the framework that the state would consider "charitable." In both cases, the state was not comfortable supporting or allocating financial resources to these groups because they did not want to be seen as supporting complicated foreign political situations or objectives. These cases demonstrate the power of a hegemonic system because there is a clear framework defined by the state of what is 'good development'. NGOs that do not comply with the government's ideals of what is good charitable activity, or do not adhere to the capitalist market managerialism structure set out by the CRA, do not receive the benefits of registered status.

The next step to understanding the dynamics between the policy environment and the NGO sector would be to find an organization that had outlined specific charitable objectives in accordance with what the CRA deems charitable and fit for registered status -but which also conducts work that the CRA is not aware of - for the purpose of maintaining both their status and benefits *and* their original goals. This way, their mission statement would be strategically oriented to fulfilling the requirements set out by the CRA, but they would not have to compromise their original development objectives. Instead they would conduct these activities discretely. I was unable to find such an organization, and I believe it would be difficult to locate an organization which has done this (if they exist) because they probably would not want to be found out by the CRA. This leads me to the discussion in my next chapter with regard to the experiences of two small-scale NGOs in Canada.

In conclusion, the lengthy application process for registered status is indicative of the state's managerial and financial practice. By incorporating itself as a registered, legally recognize NGO, what was once a community, individually, or family-run organization is now responsible

to adhering to specific guidelines for recording its financial and operational activities. Not only will a registered NGO have to adapt to operating as a corporate entity, it will have to be aware of Canada's changing political objectives. A registered NGO may need to consider the priorities and policies of not only the CRA, but the priorities of CIDA and the policies and foreign relations as outlined by DFAIT. Therefore, hand in hand with an NGO being granted official registered status comes the obligation to respect both the managerial and financial practices, as well as the ideological stance and sphere of activity articulated by the state and its state agencies in order to maintain its operations and remain eligible for state funding.

Chapter 5: NGO Experience

This chapter focuses on interviews conducted with two women who have founded their own international development NGOs and are based in Nova Scotia. One of these women, whom I will refer to as Nancy, runs an organization that raises funds to send to partner organizations in India and Haiti in order to build wells for communities. Nancy ran her organization for four years without being registered, and then in 2006 made the decision to register her organization with the CRA. The other organization founded and run by a woman whom I will call Joan, and her husband, deals with peace education and capacity building in Sierra Leone. Although Joan and her husband have registered their charity in Sierra Leone with the governing agency there, they have yet to register with the CRA despite being active in Canada since 1992.

Both of these women have established a strong support network in their communities as well as with other charities which have official status and funding potential in Canada. Both Nancy and Joan give the impression that their interaction with the CRA has been positive and helpful. They also commented that their organizations have not had to change their original development goals nor have they needed to manipulate their original mission statements or action plans in order to receive registered status. Joan has not yet registered with the CRA but is in the beginning stages of this process. However, as part of her work deals with ex-child soldiers from the civil war she may or may not encounter set-backs with her registration. I will discuss a little later the apprehension the state has with supporting an NGO that hires and educates ex-child soldiers.

Throughout this chapter I will look at why these organizations remained un-registered for a time, why they chose to register with the CRA, what Nancy's experience was like when she chose to register her foundation, and the notable differences between being registered and not

registered. I will also be giving some context in terms of Canadian relations with the three

countries these women's foundations work in, according to the Department of Foreign Affairs

and International Trade Canada. The evidence will show how the state's managerial

requirements have affected how Nancy's NGO allocates its funding to projects. In Joan's case,

the evidence indicates that her organization may need to consider Canada's political priorities

and policies concerning ex-child soldiers. Now I would like to spend a little time discussing the

organizations these women have successfully created and maintained over the years.

Nancy's organization raises money locally to fund water projects in developing countries,

including India, Haiti, Ethiopia, Nigeria and Malawi. The NGO began as a family and

community project in 2000 and continued to operate un-registered until 2006. Nancy's NGO

builds wells and irrigation ponds in small rural villages in order to provide drinking water to

improve the health of the community and irrigation for crops. Nancy's water projects help

relieve poverty and malnutrition found in these regions. Nancy has never been to any of the sites

herself because she works with local Indian and Haitian partner organizations which carry out

the building of the wells themselves. These contacts were established from her connection with

the Coady International Institute in Antigonish, Nova Scotia, the recognition that previous

completed projects brought her, and from the connections through her board members' networks.

Joan's NGO was started with her husband in 1992 in Sierra Leone. Their organization

developed and grew out of the civil war in Sierra Leone in the 1990s because Joan and her

husband saw a need to facilitate education and training sessions for peaceful, non-violent conflict

resolutions. Their vision for their organization is to create a peaceful, non-violent, just and

sustainable world. Similar to Nancy's case, Joan's NGO works with multiple partner

organizations, schools and community organizations in Sierra Leone and in Canada. Joan's

organization's goals are to enhance the community's capacity to nurture principles, values and practices of peace and sustainable development through their education programs. They also hope to integrate indigenous knowledge and practices into development approaches and promote sustainable participatory governance. Joan has registered her organization in Sierra Leone, but is just in the beginning stages of applying for registration with the Canada Revenue Agency.

I will now discuss some background information pertaining to the countries these women are working in, including Canada's official international relations statements because they may give some indication of the political ideologies framing state decisions to support these women's organizations or not.

Canada's International Relations

Sierra Leone is a Western African country endowed with abundant natural resources. Yet, since the 1990s, the UN has rated the country one of the world's most underdeveloped countries. From 1991 – 2002, the country experienced one of the most horrific, violent conflicts in West Africa in recent years. Over fifty thousand people were brutally killed; half a million lived as refugees and about two million were internally displaced. Rural and urban infrastructure was also destroyed. The fragile peace environment in West Africa in recent decades has hindered the region's ability to realize its socio-economic, cultural and political potentials. Citizens of this region are mobilizing their human and non-human assets and capacities to build local and global constituencies that enhance social transformation, peace and political stability.

DFAIT's website (DFAIT 2011a) states that bilateral relations between Canada and Sierra Leone are good and ties are of long standing. CIDA has no bilateral assistance programs in Sierra Leone but provides humanitarian assistance to the country through recognized international organizations. Canada has supported the consolidations of peace and post-war

rehabilitation in Sierra Leone, contributing approximately $34 million through various forms of assistance since 1999. Canada is also committed to building peacekeeping capacity in Africa, and helped draft UN Security Council Resolution 1315 (2000) which resulted in the creation of the Special Court for Sierra Leone (SCSL). The special court is responsible for trying those who hold the greatest responsibility for serious violations of international humanitarian law and Sierra Leonean law committed during the civil war after November 30, 1996. This is important, as I will note a little later on, in terms of the trials of ex-child soldiers, especially because of the recent trial and sentencing of Omar Khadr and how the state's forceful political-ideological hegemonic regime played a major role in his sentencing. How Canada reacts to situations concerning child soldiers on trial will guide Joan in how to address her work with ex-child soldiers in her capacity-building peace education sessions and application for registered status with the CRA. Nancy, however, will be concerned with how she addresses her financial accounting and reporting to the CRA based on their system of capitalist market managerialism.

Over the years, relations between Canada and Haiti have been further cemented with the growth of a substantial Haitian community in Canada as well as the continued presence of Canadian development organizations in Haiti. Haiti and Canada are members of the United Nations, the Organization of American States (OAS), as well as La Francophonie, offering both countries even more reasons and opportunities to build and develop their relationship. Canada's deep engagement in Haiti falls within Canada's priorities for the Americas and focuses on prosperity, security, and democratic governance. Canada continues to play an important role in international efforts to restore security and stability and support long-term reconstruction through the United Nations Stabilization Mission in Haiti (MINUSTAH) and through Foreign Affairs and

International Trades Canada's Stabilization and Reconstruction Task Force (START) (DFAIT 2011b).

After 55 years of bilateral programming in India totalling almost $2.4 billion, Canada's bilateral development assistance program came to an end in 2006 following a change in Indian government policy regarding aid. However, the Canadian International Development Agency (CIDA) continues to provide assistance to India through partnerships between Indian and Canadian NGOs and multilateral programs. In 2009-2010, this assistance was worth approximately $14 million. In addition, the Canadian High Commission in New Delhi manages the Canada Fund for Local Initiatives, to support local projects in India focusing on gender equality, human rights, and good governance (DFAIT 2011c). Therefore it is evident that the Canadian government would support NGOs like Nancy's because by building wells in local Indian communities she is continuing the kind of development work that the Canadian government is no longer is able to carry out itself after 2006. She is also supporting the kind of local project that may have positive repercussions on areas such as human rights, by providing access to safe drinking water.

A Registered NGO and Capitalist Market Managerialism

I will explore Nancy's case generally and then in terms of analysing her reaction to the capitalist market managerialistic hegemonic system. As mentioned above, Nancy began her organization with the first successful completion of a project in rural India in 2000. In 2006 she registered her organization in Nova Scotia with the Registry of Joint Stock Companies. Their mission at this time was "to provide financial assistance where needed for sustainable water systems to improve the quality of life for rural communities" and to this day, this continues to be their mission statement. Therefore, Nancy's experience did not involve having to tailor her

mission any differently from how it had been during her six previous years of operation. In 2009 her organization applied for registered status with the Canada Revenue Agency. When asked what prompted her to register her organization with the CRA she responded,

> "I was operating it from 2000-2006 making all the decisions myself and engaging with the community a lot with friends and so on, but it just got to be *so much* y'know, that I called in a couple of friends and said 'I can't do this anymore. Am I going to stop it?'... So we decided we weren't just going to throw it away because it was a good thing. And then we asked these people to be on our board of directors."

From the initial stages of the registration process, Nancy complied with the capitalist market managerial system and completed all necessary legal obligations before approaching the CRA with an application. Nancy was willing to go through with this for a number of reasons. In addition to the opportunity for some assistance, and sharing part of the burden of responsibility for the organization with a trusted board of directors, Nancy wanted an opportunity to give back in some way to the community which had been so generous over the years with their donations.

> "We were just giving receipts to say 'we received your money' but that doesn't get them very far... So...getting a charity number was mainly for getting our supporters tax receipts. And ... having that registration says something about your organization y'know, that it's been looked at with a fine-toothed comb and that you're ok under their [CRA's/the state's] standards. So there's credibility that goes with that too."

Just as the CRA's website and Imagine Canada had suggested, some of the greatest benefits associated with registered status are just as Nancy stated: credibility and the ability to give tax receipts to their supporters.

Evidently, the state's persuasive strategies to entice organizations to register with the CRA worked for Nancy's NGO. Now, in exchange for allowing her to write tax receipts and giving her the opportunity to receive state funding, the state can monitor her activity and ensure that her NGO is complying with both the capitalist market managerial system and their political ideology. However, one point of debate is the requirement that all board members must be at arm's length from each other, which means that no board member is allowed to be related or married to another. So despite Nancy and her husband working together to raise funds to build wells, she and her husband are not allowed to be on the board of directors together. However, this may not stop them from discussing important issues pertaining to the operations of the NGO. Therefore, although this is not a challenging or underhanded form of hegemonic resistance, it is still a strategy for including each other in decision making without being formally recognized on their board of directors.

Nancy's experience registering her NGO with the CRA was made slightly easier because it had a good track record over the previous six years as well as a good set of records of operations and financial statements. Nancy had six years of evidence demonstrating that her NGO had successfully relieved poverty and provided sanitation and irrigation by building water projects in developing countries. Therefore, instead of changing its mission statement when Nancy applied for registration in 2006, the CRA agent they were working with told her not to change it at all because it was exactly what the CRA was looking for from an NGO. It is evident that Nancy's organization had no complications of a political-ideological nature because its CRA agent was positive and encouraging about Nancy's mission statement.

When asked whether there were elements of her organization that did change between the time her NGO was un-registered to becoming registered, her response was

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"...any changes that we had to make were I think for the better. One of the reasons why I didn't want to do it anymore [manage the NGO on her own/un-registered] myself was because people were giving me the money [for] the project, I was giving [the partner organizations] the money, and it's me personally [who would be held accountable]... So it was more comfortable for me when we had [a registered] organization. So now we have a treasurer and she'll do everything she can to account for every dime."

Ensuring that every dime is accounted for is one element of the capitalist market managerial system that Nancy has to be conscious of, but as I will point out later, sometimes accounting for an NGO's budget is easier than actually allocating funds.

Nancy's organization was fortunate because the daughter of one of the board members is an accountant, so in terms of providing clear financial reporting, the organization had some professional help.

"[Before we registered] we were keeping the books in a very different way. Very simple, like this is 'in' and this is 'out'... I think last year was the first year we had to report, and even the way she [the accountant] was reporting ... y'know she had it all divvied up but then she had to make it a balance sheet, which she hadn't done before."

Evidently, the state requires each registered NGO to report annually in a very specific way, conforming to the idea of a capitalist market managerial standardized reporting system. Even though its operations had been carried out, funding had been allocated to projects for six years and it had established a book keeping system, it then had to change its record keeping methods in order to comply with the CRA's requirements. Nancy shows very little resistance to the hegemonic system so far, but I will discuss further on the situation she has had to deal with recently that she did not have to consider when her NGO was un-registered.

In terms of Nancy's organization's relationships with their partners, these relationships became more formalized so not only Nancy's organization, but their partner organizations were accountable to allocating funding appropriately and honestly.

Nancy: "Another good thing that happened was ...when we became registered ... we thought 'well we have to have some requirements so they [partner organizations] know what we're expecting.' So we required these things in our reporting; [organizational profile, project description, project implementation, sustainability plan, budget and project evaluation] pictures from India, from the organization that was looking after the project.

KP: "So you have partner organizations over there?"

Nancy: "Yes. But I guess you'd call it an 'agent' because that's what they [CRA] call it. And so they [CRA] had asked us to call this thing an 'agency agreement' and that it had to also include these other things."

Nancy's organization has not only colluded with the capitalist market managerial system, but they have taken their compliance one step further and created another set of reporting procedures and have begun to use the operational language of the state.

The most significant finding from my interview with Nancy was the difference she noted in how they had to handle the funds they had raised. Due to project delays, their funds have been put on hold until the delays get cleared up in India and Haiti. One of these delays, for example, includes a failed well, where the organization had chosen a particular geographic location in Haiti to dig a well, however the water turned out to be salt water. Until Nancy's NGO can find an affordable geological surveyor in Haiti, their operations are on hold. Specifically, they have two projects that they have approved in Haiti and set aside money for, but they have yet to find

an area with guaranteed clean, fresh water source. This is the dilemma I mentioned above that Nancy, as a registered NGO, now has to contend with.

Each registered charity is responsible to its disbursement quota every fiscal year. The disbursement quota is "the minimum calculated amount that a registered charity is required to spend each year on its own charitable programs or on gifts to qualified donees, such as other registered charities" (CRA 2011). In Nancy's case, where they have all the necessary funds, but no way to spend it yet, they are in danger of spending too little, or what the CRA refers to as the 'disbursement quota shortfall' (CRA 2011). "Before we were registered, I would commit to a project with no funds on hand then go about fundraising until I met the project cost. Now, our board is not comfortable with that, so we disburse in any given year only the funds we raised in the previous year" recalls Nancy.

Nancy is tentatively resisting the hegemonic system by choosing to not allocate their disbursement quota until she is confident that the money will go towards completing a successful project. This is a logical plan of action, because why would someone give a community funding for a project they were not ready to or not capable of building yet? The disbursement quota, however, obligates Nancy's organization to allocate funds regardless of setbacks.

According to the CRA "a registered charity can draw on disbursement excesses from the five previous fiscal periods to help it meet a shortfall. If no excesses are available to draw on, the charity can try to spend enough the following year to create an excess that it can carry back to cover the shortfall. **Please note that continuous shortfalls can lead to revocation of a charity's registration**" (CRA 2011; original emphasis). A charity's disbursement quota is based on the value of a charity's property not used for charitable activities or administration. In Nancy's case, their strategy for avoiding penalization from the CRA would be to hope that their

project areas recover in the next fiscal year and approve more projects so their excess in fund allocation can be carried back to this past fiscal period. The capitalist market managerialism structure is evident in this criterion of the disbursement quota set by the CRA. It is evident that the state believes to make it simpler to monitor the registered organizations, every NGO must adhere to its quotas, operational checklists and annual reports. Although this seems to be a slight inconvenience for Nancy and her stalled projects she believes they will recover and resume meeting their quotas for their next fiscal period. Until that time, she and her NGO are effectively resisting the hegemonic regime by withholding their funding until they are assured that the proposed projects will be completed successfully.

An Un-Registered NGO and State Political Ideology

Joan's case is different from Nancy's in that she has not received registered status in Canada, and instead of the CRA being concerned with disbursement quotas, it may be concerned with Joan's organization's involvement with ex-child soldiers in Sierra Leone. In the last few years a young Canadian man, Omar Khadr, has been tried, convicted and sentenced to eight years in prison before he can be moved to a Canadian penitentiary to serve time for his role in throwing the grenade that killed a US soldier. Omar Khadr's conviction proved to be a contentious subject in the media which continuously compared this incident to Canada's reaction to the child soldiers in Sierra Leone. *TheStar.com* (2010) discussed this issue, "In commencing the trial of Omar Khadr at Guantanamo Bay, the current U.S. administration has become the first government in modern history to prosecute a former child soldier for war crimes. This unprecedented case not only risks the rule of law and due process concerning juvenile justice, it puts in peril hundreds of thousands of child soldiers to potential detention and prosecution for war crimes around the world."

Canada opposes the use of child soldiers; upon signing the UN's Optional Protocol to the Convention on the Rights of the Child in 2000 the state recognized the rights of ex-child soldiers to be treated humanely and as minors, not to be imprisoned or otherwise punished for involuntary participation in a conflict. Contrasting the case of Omar Khadr, where he was tried as an adult and convicted of a war crime, in Sierra Leone - the most notorious country in the world for its use of child soldiers - children do not face war-crimes charges; they appear before a truth-and-reconciliation commission. It is clear that the media and the government are concerned with protecting the rights of children who are portrayed as victims of war, and innocent pawns used by domineering rebel army leaders. However, in this modern and unprecedented case involving Omar Khadr, the impact or spill-over effect of Canada's position on child soldiers becomes unclear.

As mentioned in the statement from DFAIT, above, Canada has supported the consolidations of peace and post-war rehabilitation in Sierra Leone and is also committed to building peacekeeping capacity in Africa. Therefore one would assume that Joan's organization's goals to develop peaceful education and conflict resolution training centers would definitely be supported by the state in its review of her application to the CRA's Charities Directorate. I spoke with her about her involvement with ex-child soldiers and her response was thought-provoking.

I asked about whether she expected to encounter any other kind of setbacks throughout the application process or once the organization became registered (pending its actual notice of registration). Specifically, I wanted to know what her thoughts were on the issue of child soldiers and rehabilitation efforts they may be involved in should her non-violent education and capacity-building seminars include these individuals. Joan discussed her personal opinions on the matter

of child soldiers and emphasized that they would not get any kind of preferential treatment from their organization. Their NGO works to facilitate peace education throughout communities without discriminating against or favouring specific demographics.

"Well, for us, we don't have an actual program for them [ex-child soldiers] we're just helping to rebuild their capacity. For example our driver was a child soldier. We offered him a job. We are not begging anybody to donate money. He is working for it.

Once he finished high school – he's very intelligent – and they [rebel soldiers] knew he was going to school, and this one guy pulled him aside and said I have a scholarship for you to go to school to study in the States. And he didn't [have any scholarship]. He [the rebel soldier] was recruiting him [the child]. And he forced him to fight.

He [the child] escaped. He was actually lucky to escape. The government... nobody trusted him though, so ... Amnesty International heard about his case and fought for him. He was in prison for 4 months. So we offered him a job. He's doing very well.

For me, I don't think it's a good idea to glorify them [ex-child soldiers]. I know that some of them were taken advantage of but what message are we giving to the younger generation? That 'hey you do all this evil and then you come back and you're a hero.' That's our stand.

If we rehabilitate them and integrate them we wouldn't be too popular then with the people who are the victims. And they would go around like they are heroes and so on. For me, I sympathize with them y'know, especially those young ones. But help them to rebuild their lives – to become normal people again – rather than making them heroes. I don't feel comfortable with making them heroes. We have Sierra Leoneans that have been amputated. Why are we not making those people heroes instead? You meet little

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girls who are now becoming teenagers and their arms have been cut off; young girls that have been raped and end up having children. That child is a constant reminder of the unjust world. But then those women are still forced to love that child and raise that child. Why are we not getting resources to help those people instead? And that's the problem in Sierra Leone."

In this case, it is a complicated and delicate matter to address how the international community and the Sierra Leonean community should deal with child soldiers. Despite being portrayed as innocent victims bullied by violent men with guns, these children still conducted horrible acts against other innocent victims – women, children, their own family members – trapped in a civil war. Canada chose to put these children up before a truth and reconciliation council and refused to try them as adults for their war crimes. However, once Omar Khadr was sentenced and imprisoned, it complicated Canada's position in this regard. .

Will Canada now have to stand by its ruling that ex-child soldiers should be viewed as competent criminals, and should be jailed instead of rehabilitated? This could be an issue for organizations like Joan's registering with the CRA in hopes of conducting capacity building peace-work in Sierra Leone. Joan is still only in the beginning stages of her application process with the CRA, so we do not know for sure whether their organization will receive registered status, or whether they will have to change their goals and mission. It would be worthwhile to follow her application process to see whether the government's political-ideology played a role in dictating changes in her operations.

I can see Joan and the woman who is helping her with the registration process being strategic about what information they relay to the CRA about the NGO's activities in case they are disapproved of. This is also a counter-hegemonic strategy that does not necessarily challenge

the system or act in any underhanded way, but chooses to not emphasize the debatable activities that the NGO carries out.

Another change that Joan may have to deal with concerns the financial accounting of writing tax receipts. When I asked Joan what stage she was specifically at in the application process she said they were in the initial application stages, and they had already established a board of directors. Joan has a woman helping them with the registration process because she found it confusing, long and tedious. This friend usually charges organizations anywhere between $5000 - $10,000 for her services, but because she knows Joan personally she offered to help them for a fraction of the cost and that would be her "contribution" to Joan's organization. It is common for individuals to donate to Joan's organization with gifts in kind or with services instead of money. Joan's network is vast and she has a number of people and groups all over the world who instead of donating money, donate their services and material goods like website developing skills or chairs.

However, she says

> "the problem we have is we give charitable receipts to our donors. Usually we do [give receipts for] health, we cover even construction and so on and so on. Some organizations for example, like one organization a few years ago that was helping us because of their charitable status, they are not qualified to give tax receipts for construction because they are purely education."

Essentially, depending on what category of charity an NGO falls into, it is only permitted to write up tax receipts for its donors for those specific purposes. An NGO is not allowed to write tax receipts for a gift or donation that went to something other than its primary goals as approved by the CRA. As a quick reminder, those four categories are the relief of

poverty, advancement of education, advancement of religion, and purposes beneficial to the community. As noted above, the Charities Directorate at the CRA decided that Nancy's organization relieved poverty through its construction of wells and irrigation ponds in developing countries. We might assume that Joan's organization would fall into the advancement of education category and/or purposes beneficial to the community as it aims to promote peace education and capacity building in a region that has been incapable of peaceful conflict resolution in the past decades. Therefore, Joan will be unable to write tax receipts for her donors unless their donations contribute to the advancement of education and/or purposes beneficial to the community.

Joan's NGO has been in operation for two decades already and its success is spreading throughout a vast network of supporters. Unlike Nancy's community-based NGO, Joan's gives the impression that they want to build up their networks and influential power as much as possible. They have a very international network, with contributors in Canada, the US, Sierra Leone and elsewhere. With a mission such as capacity building and peace education, one can see this goal having a long term purpose in this region. Human rights activists, NGO workers and governments have been working towards facilitating a peaceful world for decades, therefore Joan's NGO is in a good environment for conducting its business for years to come. To maintain their operations, however, they are seeking the support of the Canadian government in order to receive credibility, funding and the ability to write tax receipts for their donors.

Although Joan used to be able to write receipts for her donors no matter what they were donating, if her NGO is approved for registered status she will be limited in her ability to write tax receipts, and will only be able to write them for donations that specifically contribute to their approved goals. Therefore Joan faces the potential for resisting the hegemonic regime with both

the capitalist market managerial system and the political ideology of the state. She may need to either omit certain details about the operations that include ex-child soldiers or cease to deal with former child soldiers, and her ability to write tax receipts for whomever donates their services may be limited. Despite the benefits that are associated with registration, it will be interesting to see whether registered status hinders her NGO's operations in any significant way. Perhaps Joan will not see any major shortfalls to being a registered organization. However, it may also be difficult for her to suddenly change her operating methods after maintaining her NGO for the past 20 years.

Based on my interviews with the two women who founded their own NGOs, they both see the registration process as beneficial to their small-scale operations. This is indicative of the state's persuasiveness which has convinced them that its policies, legislations and guidelines are in place to benefit the founders of registered organizations as well as their beneficiaries. Nancy's approach to her NGO demonstrates that she is content with how her operations have been conducted over the last decade; there are no ambitions for becoming a large-scale, corporate multinational operating NGO. Nancy seemed pleased with the work her organization has done so far and can see herself working at this pace for as long as the organization is in operation. Joan, however, seems to have grand aspirations of building her organization as large as it can grow. After being in operation since 1992, and knowing that there are decades ahead of Sierra Leone where peace education, capacity building and rehabilitation will be necessary, Joan knows that the larger her organization and network, the more effective it will be because it will be able to reach out further throughout Sierra Leone. Joan has also begun education partnership programs between Canadian schools and schools in Sierra Leone, therefore she sees multinational partnerships as valuable to their operation's expansion.

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However, despite being non-governmental organizations, and despite the fact that neither of these women participate in or promote political advocacy activities, the state has still played a role in monitoring their operations and dictating specific aspects of how they should operate and report on all their activities and finances. We have seen that the state's hegemonic system has used force and persuasion to control these international development organizations. The state has done this by dictating how organizations should spend their money, how they should record their expenses, how much of their money they need to spend and what activities are worthwhile for them to be disbursing funds to. If the organizations do not comply with record keeping standards on an annual basis they are penalized and in jeopardy of losing their registered status. As we have seen in the examples with Amnesty International and Kairos, the state has also played a role in refusing funding and status to organizations that operate in politically delicate environments, or that have missions and goals that could compromise Canadian foreign policy objectives.

This last point will be one to consider while Joan is in the process of applying for registration, as involvement with ex-child soldiers has become a point of contention in the international political and public sphere. Joan may have to state that she will not work with these individuals in order to be approved for registered status, or she may stand by her goal of peace education for *all* and be refused status because the state now believes child soldiers are criminals that should be imprisoned instead of rehabilitated. However, this is solely based on evidence from the Omar Khadr case. It would appear that Canada remains firm in its support of the Truth and Reconciliation council and not trying ex-child soldiers from the Sierra Leonean civil war crimes as adults. Perhaps Joan has nothing to worry about, and she can include plans to work with ex-child soldiers – not exclusively but inclusively – with her other capacity-building education sessions.

Chapter 6: Concluding Discussion

Development assistance delivery has gone through three major phases since its establishment in global government strategies at the end of the Second World War: first, states of the Global North played the principal role in funding, project formulation and project delivery. This gave them direct control over the form of development. Next, with neoliberalism in the 1980s, states ceded much of their role to the private sector, especially in project delivery. Where states retained funding and regulatory responsibilities, they also retained significant control over the form of development. However at the same time, there was an ideological shift toward the market as the mechanism that would solve global poverty. As a result, important private sector actors included not only NGOs which delivered projects, but capitalist business which provided the rationale for development strategy. The current era of development assistance delivery is further segmented to include fully privatized philanthrocapitalists, who can avoid government regulation by not formalizing their development agencies as legal NGOs with the CRA, as well as to a plethora of small scale development initiatives. The latter are far more vulnerable to government policy as they need the benefits offered by legal registration, and thus must engage with the regulatory framework.

We can see how the government's hegemonic processes operate in the case of these small scale NGOs, in particular by using persuasion and authoritative force to promote two ideological positions: a managerial model involving accounting and corporate structures common to capitalist business, and the government's political position on specific global issues. My interviews with Joan and Nancy as well as some media reports support this conclusion. By complying with the state's regulations for charitable organizations, these NGOs are conveying to the Canadian public that they are accountable to their donors.

The increased regulations for charities from Bill C-33 improved NGO accountability and transparency because people making donations to development causes wanted to be sure that the money they were investing in these causes was actually being used for its intended purposes. However, increased regulation has generated new challenges for the NGOs, in both the registration process they have to go through as well as what they are responsible to maintain once registered. The contradictions of accountability noted throughout this project ends up being a critical issue since it is in the name of ensuring NGO accountability that the government is able to exert so much control over the sector. Not insisting on accountability, however, will lead to the problems noticed five years ago with too much money failing to make it to the intended recipients. The problem of accountability is thus central to the thesis, even if only as an insoluble problem.

As Paul Waldie (2010: B1) observed, the proliferation of small-scale NGOs has come from peoples' devotion to international development and ensuring that any money or gifts raised for development initiatives are going to the people who need it. However, it is difficult for a small-scale operation to maintain itself over the years, so NGO founders find themselves registering for official charitable status in order to receive financial benefits and access to a larger network. Throughout this project we have seen there is a trade-off between the state and these organizations; although the NGOs receive benefits for being registered, in order to keep their status and benefits they must comply with the state's capitalist market managerial system and political ideological hegemonic regime. Should an NGO stray from the guidelines of the regulatory framework, it jeopardizes its status and funding potential. Therefore we see organizations adhering to the state's hegemonic regulatory framework, but in some cases tentatively resisting it.

As Tvedt discusses, because NGOs are heavily funded and monitored by the state, they are not quite as "non-governmental" as originally thought. The public still supports these organizations because they seem to be autonomous entities from the government, however as we have seen they are significantly entrenched in the state's hegemonic regime, politically and economically. Gardner's and Lewis's discussion about how individuals taking on their own development projects are now like investors who hope to see a return on their investment is indicative of the situation that is happening with the proliferation of small-scale NGOs. As Paul Waldie points out, these are individuals starting up their own NGOs because they want to control the development process; from the planning and design, to the fundraising and implementation of their projects. Gardner and Lewis remind us to consider the merits of these individuals taking development into their own hands. What qualifications and expertise do these people have? Why are we so quick to donate money and resources to these organizations? How do we know they are capable of conducting good development?

The answer to these questions lies in the organizations' official registered status. We are reassured that these NGOs will use our donations appropriately because the state has approved these NGOs' operations and vetted for its credibility. Despite the registration process acting as a hegemonic control mechanism, it is also a way for the public to feel assured that their donations will be spent responsibly because there is a state-operated system in place to ensure accountability and transparency. It appears that the state and development initiatives must work hand-in-hand with each other because the NGOs need the state's recognition to become credible agents of development and receive funding. At the same time the state sees the NGOs as beneficial because they are conducting the development work that, as Tvedt points out, the state cannot or does not want to carry out itself.

I believe accountability is too important to do away with this registration process. There are already endless amounts of ethical and moral dilemmas surrounding contemporary development work that I think at the very least, if an NGO says it is using donations for a specific project, there should be evidence of that. I purposely chose not to study how successful these development projects are compared to the success rate of NGOs who carry out development projects un-registered. This is because an NGO's "success" is measured many different ways by many different people. The Canadian government may deem a project worthwhile or a success while the local community where the project took place would consider the project only marginally successful. Development is a cooperative effort between those bringing in the wealth and supplies, and those who want to develop their own communities.

Therefore, at the very least, I think it is appropriate that we have a regulatory system in place in order to monitor these registered organizations and ensure that the money they are receiving from generous Canadians is ending up where they say it will go. It is also important to remember that a lot of the time, these development initiatives are started by people who just want to do good and help out. They may not have educated themselves in the intricacies of foreign politics and cultural complexities; therefore who are they to plan a development project? At the very least, the state agency regulating registered NGOs is able to ensure accountability and transparency so the NGOs uphold their mission and the Canadian public can know their donations will in fact be received by their intended beneficiaries.

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Appendix A – Number of New Charities Registered with the CRA per year since 1965

Year	Number of New Charities Registered that Year	Year	Number of New Charities Registered that Year
1965	0	1988	1,864
1966	1	1989	2,204
1967	15,695	1990	1,676
1968	298	1991	1,675
1969	376	1992	2,091
1970	312	1993	2,020
1971	421	1994	2,095
1972	539	1995	2,017
1973	604	1996	2,008
1974	671	1997	1,936
1975	735	1998	2,008
1976	835	1999	2,375
1977	1,494	2000	2,460
1978	1,019	2001	2,291
1979	1,470	2002	2,231
1980	1,297	2003	2,318
1981	1,251	2004	2,348
1982	1,401	2006	2,619
1983	1,457	2007	2,287
1984	1,567	2008	2,364
1985	1,380	2009	2,520
1986	1,425	2010	2,073
1987	1,655		

*Data retrieved as of January 15, 2011 from the CRA Charities Listings website

Number of NEW Charities per Year
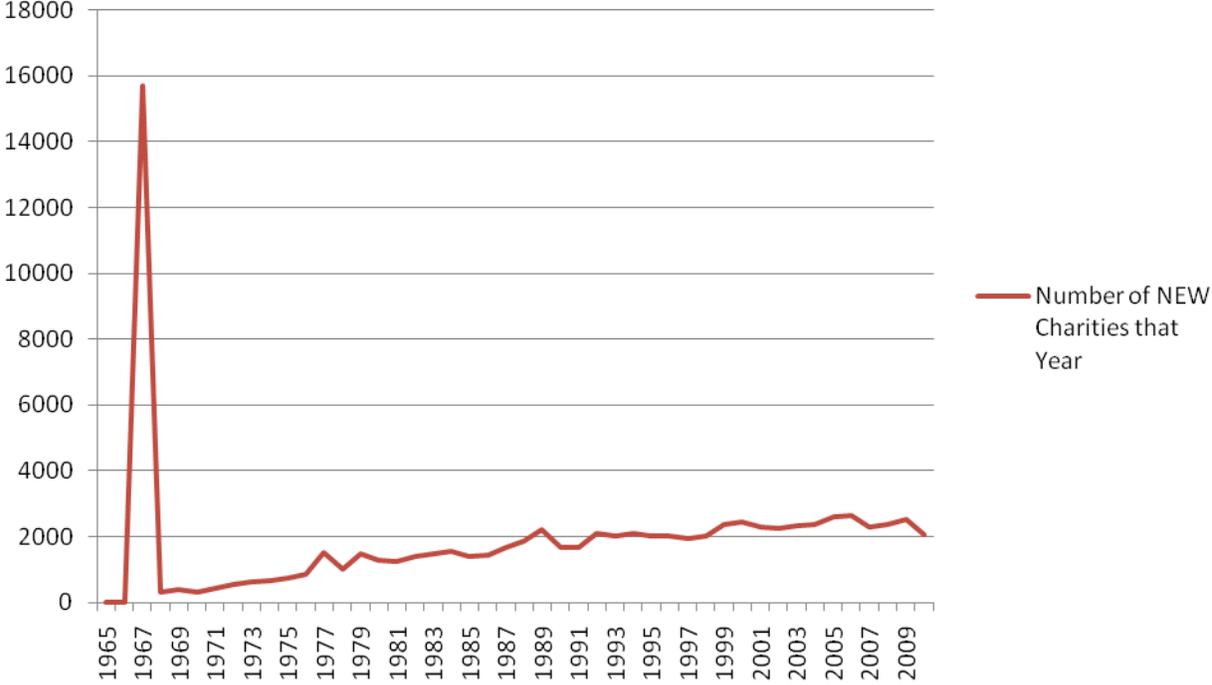
Appendix B – Number of Charities to Date

Year	Number of Charities Registered to Date	Year	Number of Charities Registered to Date
1965	0	1988	37,767
1966	1	1989	39,971
1967	15,696	1990	41,647
1968	15,994	1991	43,322
1969	16,370	1992	45,413
1970	16,682	1993	47,433
1971	17,103	1994	49,528
1972	17,642	1995	51,545
1973	18,246	1996	53,553
1974	18,917	1997	55,489
1975	19,652	1998	57,497
1976	20,487	1999	59,872
1977	21,981	2000	62,332
1978	23,000	2001	64,707
1979	24,270	2002	66,938
1980	25,767	2003	69,256
1981	27,018	2004	71,604
1982	28,419	2005	74,203
1983	29,876	2006	76,822
1984	31,443	2007	79,109
1985	32,823	2008	81,473
1986	34,248	2009	83,993
1987	35,903	2010	85,540

*Data retrieved as of January 15, 2011 from the CRA Charities Listings website

Number of Charities to Date
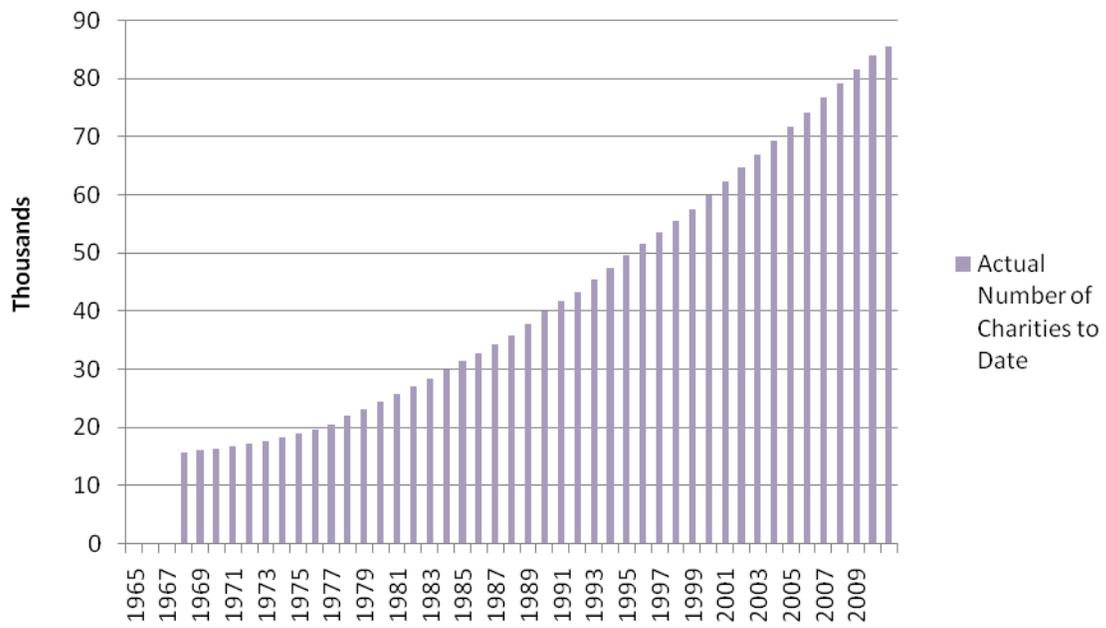
Appendix C - List of Common Penalties

This table shows a list of common penalties and sanctions should a registered charity not comply with the CRA's regulations and guidelines.

Infraction	First infraction	Repeat infraction (Repeated infractions will increase the probability of revocation)
Late filing of annual information return (T3010)	$500 penalty	$500 penalty
Issuing receipts with incomplete information	5% penalty on the *eligible amount* stated on the receipt (though an education letter may be used)	10% penalty on the eligible amount stated on the receipt (though a compliance agreement may be used)
Failure to keep proper books and records	Suspension of tax-receipting privileges (though a compliance agreement may be used)	Suspension of tax-receipting privileges (though a compliance agreement may be used)
Charitable organization or public foundation carrying on an unrelated business	5% penalty on gross unrelated business revenue earned in a taxation year	100% penalty on gross unrelated business revenue earned in a taxation year and suspension of tax-receipting privileges
Private foundation carrying on any business	5% penalty on gross business revenue earned in a taxation year	100% penalty on gross business revenue earned in a taxation year and suspension of tax-receipting privileges
Foundation acquires control of a corporation	5% penalty on dividends paid to the charity by the corporation	100% penalty on dividends paid to the charity by the corporation
Undue benefit provided by a charity to any person (for example, a charity makes a cash *gift* to a director's son)	105% penalty on the amount of undue benefit	110% penalty on the amount of undue benefit and suspension of tax-receipting privileges
Generally making a gift to an entity other than a *qualified donee* as defined in the Income	105% penalty on the amount of the gift	110% penalty on the amount of the gift

Tax Act		
Issuing receipts if there is no gift or if the receipt contains false information (where the penalties in total do not exceed $25,000)	125% penalty on the eligible amount stated on the receipt	125% penalty on the eligible amount stated on the receipt
Issuing receipts if there is no gift or if the receipt contains false information (where the penalties in total exceed $25,000)	Suspension of tax-receipting privileges and 125% penalty on the eligible amount stated on the receipt	Suspension of tax-receipting privileges and 125% penalty on the eligible amount stated on the receipt
Gifting property to another registered charity so as to delay expenditures on charitable activities	The charities involved are liable to a 110% penalty of the *fair market value* of the property	The charities involved are liable to a 110% penalty of the fair market value of the property

Appendix D – Number of Charities Revoked per Year

Year	Number of Charities Revoked per Year	Year	Number of Charities Revoked per Year
1965	0	1988	9
1966	0	1989	1551
1967	0	1990	34
1968	0	1991	359
1969	0	1992	906
1970	0	1993	1133

1971	0	1994	930
1972	0	1995	535
1973	0	1996	1063
1974	0	1997	1674
1975	0	1998	942
1976	0	1999	2236
1977	0	2000	2913
1978	0	2001	1539
1979	0	2002	1684
1980	1	2003	1440
1981	0	2004	1620
1982	0	2005	1453
1983	0	2006	1697
1984	0	2007	1662
1985	0	2008	1367
1986	0	2009	1509
1987	21	2010	1724

*Data retrieved as of January 15, 2011 from the CRA Charities Listings website

Charities Revoked Per Year