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The Vancouver Community Network, Social Investing and Public Good Models of ICT Development

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About CRACIN

The **Canadian Research Alliance for Community Innovation and Networking (CRACIN)** is a four-year partnership between community informatics researchers, community networking practitioners and federal government policy specialists, funded by a grant from the Social Sciences and Humanities Research Council (SSHRC). CRACIN brings together researchers and practitioners from across Canada, and internationally, to undertake case studies and thematic research on the enabling uses of new information and communication technologies (ICTs) by communities, and to investigate Canada's national programs and policies for promoting the development and public accessibility of digital networks, applications and services.

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Introduction

The role of community networks and, more generally, public Internet access points in Canada are at a turning point. Research assessing the sustainability of community access to technology suggests that the long-term viability of such initiatives has not been addressed (Rideout and Reddick 2005). To punctuate this, the Canadian Federal government has “sunset” the Community Access Program that provided funding for hardware to community-based organizations for the purpose of offering public access sites to the Internet. Of 10,000 CAP sites funded by Industry Canada as part of its Connecting Canadians initiative to make Canada the “most connected nation” and to reduce the “digital divide”, only 40 percent remain in operation (Neogi 2005). A 2004 evaluation of the CAP program indicated that 33 percent of sites would cease operations without the government funding and 52 percent would offer reduced services (Industry Canada 2004: 32-3). The study also indicated that while 61 percent of surveyed sites had taken some steps toward self-sufficiency for post-CAP funding, those most viable were part of an existing institution such as a library or school, or had some sort of business support (37).

In the meantime, many of the community organizations committed to ICT literacy and access through local networks have disappeared. Largely predating government programs promoting Internet access, Community networks highlighted the need for affordable, community-based networking initiatives and provided some of the earliest and most affordable Internet access in communities across Canada. What was in 1995 a robust network of 26 operating community networks with another 67 in various stages of development is now reduced to approximately six. The stories of demise vary. In January 2005 the Edmonton Community Network went into receivership and sold its assets to a local ISP. Later in the year, the Annapolis Valley-based Western Valley Development Agency, coordinator of FundyWeb and FundyMail community initiatives, announced it would cease functions after local municipalities withdrew funding. Following a January 2004 hardware crash, the St. John’s NF Freenet discontinued all member services. Meanwhile, the Squamish BC Sea-to-Sky Freenet remained, but in a precarious position. Overall, the definition of community networks for remaining organizations is far from clear. The once-common objective of providing free or low-cost Internet access and community-based resources in service of public access to information and communication technologies is not as straight forward anymore.

Although the reality of the situation is stark, there remain successful models of community networking and new generations of wireless community-based networking initiatives in development. As such, given the organizational turnover in recent years, attention to models of sustainability of community ICT projects warrants analysis. To date, this has been a primary concern to the field of Community Informatics. Schauder, Stillman and Johanson (2005) provide a specific assessment of the VICNET community network in Australia using a structuration framework for discussion. Rideout and Reddick (2005) take up the issue of sustainability in relation to Canadian access programs, suggesting that governments must continue to play a central role in providing funding for community projects that address social and economic inequalities.

This paper takes up another line of analysis, attempting to link discussions of community access to ICTs to more general discussions of sustainability in the non-profit community and the viability of public good models of ICT development. In particular, I address the concepts of public goods and social entrepreneurship and their relationship to exploring new means of funding for non-profit organizations while addressing social service needs within a given community. As a particular example of the link between notions of social entrepreneurship and community access to ICTs, I examine the Vancouver Community Network's recent investigation of possible for-profit service models to diversify the organization's revenue stream in light of reductions in government funding. The VCN is one of only a few remaining community networks in Canada. It exists largely because of its solid model as a non-profit with a focused mission, defined client base and diversified sources of revenue. Whether or not the VCN will pursue a strictly-defined social entrepreneur project remains to be seen. However, given the VCN's vibrancy through a period when many other urban and rural community networks have languished and disappeared, the organization serves as an interesting model that addresses particular community needs in a changing urban environment. I conclude by suggesting that the VCN has the potential to develop a project that may provide the basis for a new generation of community networking in Canada, based upon a new structural model for such activities.

Defining the Public Good

The notion of a public good has been instrumental to the development of the Vancouver Community Network over its history. This will be discussed further at a later point in this paper. At the outset, however, it is important to note that by arguing that the Internet is a public good, many public interest and community groups have managed to keep access and education programs on policy agendas, extending into social and cultural discussions, beyond the standard economic focus of such initiatives. Nonetheless, public goods are traditionally defined as economic terms. This is problematic in many instances and is garnering some new attention in policy discussions.

A Public Good is typically defined within the context of neo-classical economics, to quote Stiglitz (1999), as characterized by two "critical properties." These are nonrivalrous consumption where "the consumption of one individual does not detract from that of another" and nonexcludability where "it is difficult if not impossible to exclude an individual from enjoying the good," (308). Within this definition, Stiglitz explains that "the benefits of some public goods were limited geographically. . . . At the same time, there are several public goods that are not so limited – the benefits of which accrue to everyone in the world," (310). In his discussion, Stiglitz identifies five global public goods: international economic stability, international security (political stability), the international environment, international humanitarian assistance and knowledge.

Kaul and Mendoza (2003), however, argue that goods do not always conform to this definition because public and private realms are defined not by natural law, but by "deliberate policy choices," (80). In this regard, public and private goods are social

constructs contingent upon human decisions and choices. Land, for example, can be a public good such as in a park or communal grazing areas. It can, however, also be a private good when sub-divided and tenured by individuals or corporations. The land titles system and the concept of private ownership, however, can also be considered public good. Not only can they be used in a nonrivalrous capacity, they actually work better when used in this manner. In this regard, widespread public use of this “good” establishes general respect for and legitimacy of the system by way of public participation.

Further complicating the neo-classical definition of public goods Kaul and Mendoza point out that traditional conceptions of public goods designate the goods as difficult or inefficient for the market to price. In this regard, public goods are viewed as “market failures and as justified cases for government intervention,” (80). But at a time when private interests are more than interested in running programs traditionally designated as “public goods”, this definition appears weak. An assertion that public and private goods must be understood as the products of the market is constraining. By ignoring the inherent political process behind the classification of public goods, the term has come to gloss the power dynamics inherent in any public or private entity. More important to the present discussion, public good theory emerges out of a period when there were few actors outside of the state and market bodies. In a contemporary situation, however, public goods are provided – and, in many cases, defined – by other actors. These include charities, non-profits, cooperative associations, labour groups and citizens’ organizations.

Non-profits and sectoral change

It is precisely the change in dynamics between the state, business and various civil society actors that characterizes a developing shift in the non-profit sector. Scott (2003) identifies the current non-profit environment in Canada as one where, “In many fundamental ways, the traditional roles of the public, private and nonprofit and voluntary sectors are being altered, and the boundaries between them are blurring,” (Scott: 151). This is the result of two trends. First, there is an increased reliance by government on the non-profit sector to deliver traditionally public services. Second, non-profit organizations are increasingly competing against private service providers or finding themselves being co-opted by private firms seeking to advance their marketing through affiliation with “causes” in the non-profit sector. As such, “nonprofit and voluntary organizations have had to become more ‘businesslike,’ not only in their pursuit of earned income opportunities, but in their governance and management practices as well,” (151).

As non-profits are becoming more like businesses in management and service provision in order to remain competitive in the search for funds, many are also facing competition from businesses seeking to offer the same services (152). It comes as little surprise, then, that “Successful organizations in a competitive funding environment are likely to grow to resemble the for-profit or commercial organizations with which they are forced to compete,” (152). Not only are non-profits becoming more competitive, but funders increasingly expect such competition. While funders turn to the sector “because they are effective, responsive and invariably cost-effective,” they are also “seeking to insert nonprofit and voluntary organizations into the market,” (152). But in many

circumstances, Scott suggests, this fosters “intense competition for resources that undermines the unique and valuable contributions of the sector,” (152).

A recent example of increased competition in the non-profit sector in Canada includes Venture Philanthropy. Started by would-be philanthropists who cashed in on the dot.com boom of the later 1990s and 2000, the idea of venture philanthropy is based on the premise that many non-profit organizations stand to supplement their missions through either a related business or business-style management. An article by Letts, Ryan and Grossman (1997) argued that non-profit organizations might have a significant amount to gain from venture capital funding models. The authors suggested that granting foundations should consider how they might build stronger organizations than by simply operating a funding model that provides a program-to-program grant provision. Funding would thus operate on a model defined by risk reduction, defining performance measures, close working relationships, long-term funding and a defined exit strategy for the end of the start-up period. As such, venture philanthropists prefer to take a hands-on approach with an organization where they might take a personal interest in seeing the entire organization succeed beyond one or two projects. Involvement is similar to the way a venture capital investor would take an interest in an innovative business idea. The investor provides not only financial support, but also professional management, resource development and business plan development advice.

For example, Toronto-based Social Capital Partners invests in businesses that employ “populations outside the economic mainstream in Canada,” (SCP 2005). But the investment is not simply made in financial terms. The recipient organization also receives management and business plan support from SCP. Similarly, Social Venture Partners Calgary does more than simply provide grants to non-profit organizations. Instead, “it applies the venture capital model to philanthropy,” (SVPC 2005). With financial support also comes business and financial expertise to provide the organization with the infrastructural strength to effectively plan and deliver its programs without operating in a constant crisis mode.

The model has found adherents in Canada and the U.S. as well as within international bodies and other countries. A 2003 Organisation for Economic Co-operation and Development (OECD) collection of papers identifies the entrepreneurial nature of contemporary non-profit organizations and the “social enterprises” they have fostered. For example, similar trends are found in the American non-profit sector (Young 2003). These include an increased dependence on fees for services, the advancement of organizational mission through commercial enterprise, corporate partnerships, increased transparency requirements and the development of entrepreneurial or business-like attitudes. This is not to say that non-profits are being commercialized across the board. Indeed, the venture philanthropy model does not prescribe the commercialization of non-profits. But those who are adopting commercial management procedures are, in many cases, accessing funds more readily than organizations using volunteer or staff resources without adequate management experience.

The adoption of business models and the increase in competitions, however, only constitute part of the story in relation to changes in the non-profit sector. The idea of venture philanthropy is finding applications in the development of social economies, or attempts to partner between non-profit and for-profit sectors. Moreover, these changes

certainly pre-date the 1997 Letts et. al. report. Vancouver philanthropist Carol Newell has balanced charitable and enterprise investments through the creation of two separate organizations. Through the Endswell Foundation, established in 1992, Newell has supported various charities doing work in environmental and social justice areas. And through her firm Renewal Partners Company, established in 1994, she has provided venture capital to 50 social enterprises (Read 2005). Meanwhile in Quebec, a group called the Forum on the Social Economy demonstrated that greater integration of the social sector with other sectors could, in fact, provide new models for funding (Mendell, Levesque and Rouzier 2003). Likewise, social investment could take the form of investment beyond simply funding social agencies. Rather, by providing loan and investment services at community levels, the integration of social sector principals into the wider economy might be achievable. As such, labour union retirement funds could invest in small and medium-sized enterprises that, for example, promote participatory management.

Trends toward the appropriation of public good models in business practices have prompted concern in some literature (Anton, Fisk and Holmstrom 2000). Much of the concern on this point involves the encroaching commercialization of public services, including the privatization of resource provisions such as water supplies and the contracting out of government services to private firms employing low-wage labour. Indeed, as Scott (2003) outlines, the non-profit sector itself is often used by governments to provide services at costs lower than possible in government departments. Such actions have prompted questions regarding how “non governmental” are many of the non-profits operating around the world on government grants (Troger 2002). Kaul and Mendoza suggest that a broader approach to understanding public goods must be developed that incorporates business models for the purpose of encouraging for-profit firms to internalize the impacts of their decision-making in terms that extend beyond their financial bottom line (93). Nonetheless, such a proposal necessarily reduces the publicness of decision making in regard to public goods and deserves close scrutiny in such discussions exclude the communities impacted by corporate decisions.

This raises some interesting questions about community networks, particularly as they have been structured in Canada. As will be discussed further below, many Community Networks have developed as non-profit societies with charitable status. Most of these organizations were the result of collective efforts in communities to provide free or low-cost Internet access to a broad portion of the population through a non-commercial service. The origins of these community networks pre-dated broad government programs, such as the Community Access Program, but were recipients of such funding as project grants became available. With the end of core government funding, availability of reliable, low-cost Internet services from commercial providers and a lack of organizational capacity to adapt to new projects, many of these Community Networks have ceased to exist. As the remaining Community Networks explore new funding avenues, the relationship between fee-for-service options and the financial viability of the organizations is being investigated. Whether fee-for-service models compromise the nature of community networks may require a rethinking of the public good understanding of Community Networks as non-profit organizations. In fact, such issues might be the basis for developing a new basis of organizational structure in the

future.

Conceptualizing public goods in the non-profit sector

Given Kaul and Mendoza's expanded definition of public goods as social constructions and the changing nature of non-profits, there remain a few points to clarify. In particular, many organizations argue that while their services or products are public goods, the organizations providing such services are, in themselves, also public goods – or at least that they provide a public benefit that, in turn, contributes to the public good. Kaul and Mendoza clarify this point in explaining that public goods are not singly defined entities, but have varying levels of publicness in their consumption, decisionmaking and distribution of benefits (92). The nature of public benefit in public policy decisions is a question already taken up in recent work, most notably that of Cordell and Romanow (2005). In their discussion, Cordell and Romanow suggest that government funds for ICTs should be directed toward communities defined by a geographic location, demonstrating strong social cohesion. This would, in turn, lend to more effective uses of the technologies for the contribution toward the public good. In their discussion, the public good is better understood as a state of affairs rather than an item or service provided in place of a market failure. Investment should ultimately provide benefit to as many people as possible. There is a strong contradiction, however, between Cordell and Romanow's conception of public benefit and the way Canadian connectivity projects have been implemented. Government programs, at least in public rhetoric and measurement figures from Statistics Canada, have been judged on the basis of empirical figures; connectivity has mirrored "digital divide" debates that measure the percentage of a population that has access to the Internet. Such measurements have little utility in assessing matters such as social cohesion or social capital. This is despite the fact that many recipients of government funds have been pre-existing communities and organizations. Apart from a few general categories of social services (e.g. schools, libraries, community centers, etc.), the government recognized these organizations more as convenient vehicles through which to rollout a connectivity program. Given the high rate of failure in the Community Access Program, the roadkill of discarded community network organizations and similar community groups and the lack of government program attention to the social cohesion in such programs, it might even be asked what part of these projects should even be considered within the category of "public good". In many instances, the public good and subsequent benefits were more the result of how specific agencies engaged funds and their pre-existing communities as opposed to the vague policy intentions of such programs. Moreover, earlier research of community networks in Canada demonstrated that although communities of volunteers ran such organizations, most involved did not recognize community development itself as an objective of the organization (Guy 1996). The relationship between social cohesion, community development and public good are not necessarily easy associations to make. Organizations that contribute to the public good, that provide public goods and services and that contribute to social cohesion may not necessarily hold community development as a primary objective. Indeed, community development and social cohesion are the results of vibrant interactions amongst people through the systems and organizations they

develop. As a result, the non-profit organizations, as structures through which many communities organize to address identified needs, must be understood as critical elements in relation to the maintenance of public goods and the provision of public benefits. How understandings of public good and public benefit relate specifically to the non-profit sector, however, have not received significant attention.

In developing a framework to discuss the relationship between the public good and non-profit organizations I draw on the concept of effective use (Gurstein 2003). Effective use is an attempt to provide a qualitative context to the widespread discussion of digital divides. Rather than simply asking what percentage of the population has access to information and communication technologies, questions of effective use centre on issues regarding the degree to which individuals and communities are able to use these technologies in accomplishing their existing objectives. In one sense, effective use is a broad category within Community Informatics discussions that identify the need for culturally appropriate, technological literacy in addition to access to technologies (Clement and Shade 2000).

Community Network advocates have placed effective use aspects of ICT access at the centre of their activities from very early stages of their development. In Canada, organizations such as Telecommunities Canada, the Coalition for Public Information, the Alliance for a Connected Canada and the Public Information Highway Advisory Council advocated for Internet access models that included training and community development aspects with a social – rather than solely economic – focus. And while Community Networks generally provide Internet access and training within their local areas, they are one of many other non-profit organizations that provide services ranging from children's sporting events and health research to shelters and food security initiatives. In the discussion of effective use, many of these organizations require information and technological support in order to better implement their own programs. In some cases this means providing clients with Internet access, but in many others, it is a case of maintaining databases for the purpose of information management, developing an online presence through a website and running a basic office network. For many organizations though, developing such capacities is a difficult task; the cost of commercial IT support is often prohibitive for small and medium-sized non-profits with a local or regional presence.

This leads me to the second concept useful is the discussion of non-profits and public goods: flexible networking. The concept of flexible networking developed by Gurstein (1999) suggests that ICTs provide many organizations, whether community-oriented or small business, with the opportunity to pursue an opportunity through networking otherwise unavailable to one of the individual organizations. This model is already common among some non-profits without even considering the role of ICTs. For example, many non-profits collectively hire bookkeepers and communication strategists or share office space and equipment. Such models allow many organizations to increase their organizational capacity through collective initiatives otherwise unaffordable on an individual basis. In some examples, such as the sharing of office space, organizations with similar missions or thematic program areas benefit from relationships of proximity in shared programming or ease of client referrals.

By introducing ICTs to the equation, networks often allow new resource sharing on levels unrestricted by requirements of proximity. Some organizations have developed services for other non-profit organizations based solely on the use of online facilities. For example, CanadaHelps.org provides charities with a capacity to accept online donations. In another example, ONE/Northwest is a Seattle-based non-profit organization with a Vancouver office that provides technology resources to conservation and ecological organizations. Their revenue sources are a mix of foundation and donation contributions and a fee-for-service model, thus allowing the organization to provide below-market prices to their clients. Meanwhile, other organizations use online facilities to offer their services to a wider audience. Along these lines, the Institute for Media, Policy and Civil Society (IMPACS) offers live online communication training workshops to individuals located outside of the regions in which IMPACS' offices are located. Finally, some organizations have developed entirely new approaches to their programming in support of their missions through new online capacities. In this case, the VCN is a primary example, given that it provides hundreds of community-based organizations with free web hosting services and web development software applications.

In each of the above examples, non-profit organizations have been able to reinforce their own programming or develop new programming based upon access to ICTs or other groups and individuals through the use of ICTs. Understanding these activities in light of flexible networking allows for a better conception of enacting effective use strategies within the non-profit sector. By developing resources through online facilities, the non-profit sector develops latent capacities that can be drawn upon by different actors as required. For example, a community mobilizing around a common concern might benefit from the ability to acquire web space and design templates upon short notice. Other organizations might make use of online donation functions in differing ways. Some might see the ability to accept donations online as a way of reducing the time and expense of administration related to processing cash and cheque donations. Other organizations might recognize a means of soliciting contributions from otherwise unexplored sources.

In a practical sense, the non-profit sector has begun to develop the provision of back-end services to support the ongoing activities of other organizations. As such, the non-profit sector has found innovative means to integrate ICTs into their operations, thus incubating a new notion of effective use of ICTs across the sector. By developing these services, there is a latent capacity within the sector to accommodate increasingly fast-changing circumstances of organizations and programming while providing stable, consistent and affordable service provision. Moreover, the services provided in such arrangements are themselves public goods for organizations that, in turn, produce public goods or provide public services that contribute to a larger public benefit. And these services fill a "market gap" by providing services most non-profits would otherwise be unable to afford.

The larger issue at hand in theorizing Community Networks is whether a transition is taking place (or has the potential to take place) in transitioning between what Kubicek and Wagner (2002) call "generational" lines. In their discussion, Kubicek and Wagner suggest that community network generations might be defined by either changes in actors or changes in technologies (294-6). A generational shift might also encompass

both of these factors. Based on Karl Manheim's sociological conception of generational change to understand systems, Kubicek and Wagner identify three predominant generations to community networks, corresponding roughly with the three decades between 1970 and 2000. This is a useful approach to understanding changes in the uses of network technologies in communities.

Given the above-mentioned shifts in the very way community networks are organized, though, the two categories of change outlined by Kubicek and Wagner are insufficient. To this formula I would add an additional category of structural change of an organization. By including the structural change of an organization as a variable factor in such analysis community networks must be thought of in a manner that accounts for the type of organizations and their operational frameworks that engage discussions of effective uses of technologies. For example, given the state of most community networks across Canada it could be easy to identify any new activities around community use of ICTs in a given location as a new generation of community networking. This shift might be identified based upon the presence of new social actors or the development of distribution of access to a new software or hardware application.

Such analysis, however, is simplistic in a social sense and technologically fetishistic in another, particularly in attempting to assess activities in recent years. It would be socially simplistic because it is very rare that a complete break exists such that an entirely new set of actors with no associations to previous generations emerges over such a short period of time. I suggest that the second category of technological change is fetishistic because it risks focusing discussion on simple differentiations amongst technologies. The most recent example of such a manifestation has taken place around high-speed Internet use in populations rather than broad questions of community autonomy and the right to self-determination. By focusing too heavily on questions of technology, Community Informatics would risk pigeonholing access discussions back toward digital divide questions of technological availability and uptake rates in a given population.

By including structural change of organizations as a factor in generational change, such discussions are better able to account for the ways ICTs are being adopted and developed by community groups, but under varying structures and operational plans. Moreover, this third variable of analysis should act to make lines between generational shifts somewhat fuzzier than many researchers might otherwise desire. This serves to highlight the complexity of community development over time, given that different stages of development may involve any number of actors, technologies and organizations present in different periods. As will be shown in the next section, the VCN is a prime example of this type of change. While the organization continues to exist with a structure similar to that at its origins, it is undertaking new projects and engaging new partners while considering potential new structures in an effort to assure its viability into the future.

The VCN: Defining a new public good

The Vancouver Community Network's viability and continued provision of public good services cannot be taken for granted. Beginning in 1993 as the Vancouver Regional FreeNet, the new organization was intended to respond to identified needs within the community for developing public Internet access. The organization's creation involved over 100 volunteers from across the non-profit and public services community, including the municipal library. In 1993 applications for charitable status by both the National Capital FreeNet and the Vancouver Regional FreeNet were declined by Revenue Canada. The VRFN challenged the decision in the Federal Court of Appeal and, in 1996, won its appeal. This decision specifically identified the free exchange of information and access to the means of information exchange as public goods. In its decision, the court outlined a framework by which the Internet might be understood in relation to the public good:

Information is the currency of modern life. This has been properly called the information age. The free exchange of information amongst members of society has long been recognized as a public good. It is indeed essential to the maintenance of democracy, and modern experience demonstrates more and more frequently that it, more than any force of arms, has the power to destroy authoritarianism. The recognition of freedom of speech as a core value in society is but one aspect of the importance of freedom of information. (Hugessen 1996, para15)

The court further outlined the fact that infrastructure might be used for activities that detract from the public good or for private gain should not "disqualify the free provision of access thereto from obtaining charitable status," (para 19). In this regard, the decision likens free Internet access to a public bridge or highway; the principle of movement and interaction is a public good, despite the potential for misuse of such a resource.

VCN staff are clear that their first objective in obtaining charitable status was political: establishing access to the Internet as a public good was crucial for civil society groups to push for future community-based networking initiatives (Royce 2005). The importance of establishing public good principles around the Internet became apparent as the Federal Government's commitment to developing the Internet along public good parameters became questionable. But obtaining charitable status at an early stage meant that the VCN was able to develop an organizational model along the lines of other social service and public engagement groups in the non-profit sector. As a result, by obtaining charitable status the VCN was able to adopt an operations model that has been a contributing factor to the organization's continued existence for close to a decade.

A model that works

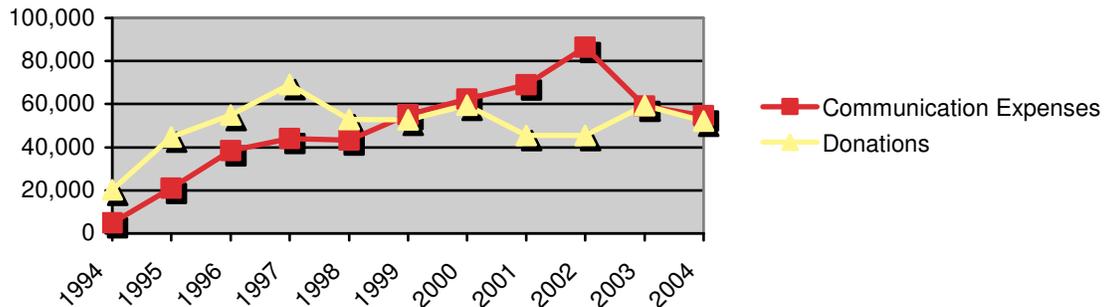
Given the VCN's unique status as one of only a few remaining community networks, its operations model deserves an overview. The VCN found a model for organizing itself as a charitable organization that uses charitable status to both provide a steady stream of income to cover basic charitable activities and position the organization's core services at the forefront of its activities. The core charitable activities of the VCN are the provision of free Internet access, e-mail accounts and hosting services. By offering these services at

no cost, the VCN consciously serves a clientele that is otherwise overlooked by commercial ISPs; that is, the VCN provides services and training for individuals otherwise unable or unwilling to pay for commercial offerings.

Rather than charging fees for its services the VCN makes a point of asking for donations on the basis of what individuals feel the services are worth and that they are able to pay. The resulting contributions have been sufficient, with the exception of the years 2001 and 2002, to cover most of the VCN's expenses related to communication lines for dial-up Internet access (see Figure 1). Although free access is unlikely to ever fund itself solely on a donation basis, this model does maintain a steady donation income that might otherwise be difficult to solicit.

Figure 1

VCN Membership and donation revenue and communication line expenses



This model has worked for the VCN, according to the organization's staff, for three primary reasons. First, the city of Vancouver and the surrounding region is host to a steady influx of new immigrants, to a greater degree than many other Canadian cities. As such, there is an ongoing need for public Internet access to serve a lower socio-economic demographic and the VCN has been successful in networking with these communities. Second, the VCN developed a donation model that makes the need for donations explicit, but without requiring payment for core services. As VCN staff explain, it is easier to ask for money when the services do not have to be accountable in the same way they would be on a fee basis; individuals understand the level of service they can expect, money cannot be returned in the form of a refund and donors receive charitable tax receipts for their contributions. Finally, the organization became adept at attracting project funding very early in its history. Accessing foundation grant funds is contingent upon having charitable status. This project-based funding was particularly important to the organization in its early development when, for example, foundation grants in 1995 comprised over 17 percent of the VCN's revenue. Although difficult in its early days, the organization was eventually able to capture every funding opportunity it identified and chose to pursue. The organization developed its core services and infrastructure through a diversified series of revenue sources. The VCN was not dependent upon any single funding initiative, such as the federal Community Access Program, as was the case for

many other community networks. In fact, the VCN only began receiving CAP funding in 1999, five years into the organization's existence.

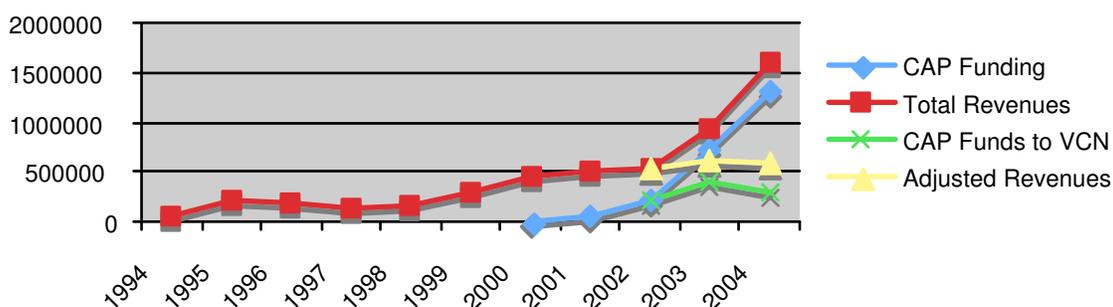
In light of these points, the VCN developed a successful revenue and operations model, in part as a result of its charitable status. The charitable status allowed the organization to establish diversified streams of revenue that, regardless of government program funding, would support some core operational costs. Charitable donations continue to comprise approximately 9 to 10 percent of the VCN's annual revenue (excluding flow-through finances related to the administration of CAP projects). This is a revenue source the organization, arguably, would not be able to access without its charitable status unless it were to make significant changes to its mission and move to fee-based core services. Through a multi-faceted approach to finding complementary sources of funding that allowed for organizational development, the VCN has maintained core services based around a well-defined mission. In this regard, the VCN has never attempted to be a leader in using cutting-edge technology. In fact, the organization has continued to focus on dial-up and web-hosting services, even as commercial providers have developed high-speed services and other non-profits have established wireless services. Instead, the VCN has focused on key services for otherwise under-served populations.

New Funding Challenges

Despite the diversified nature of the VCN's revenue and relative financial health of the organization, the organization still faces challenges as government priorities move funding away from public access programs of the past decade. In particular, the potential end of the Federal government's Community Access Program marks a significant potential change for the VCN's revenue streams. In recent years the VCN's revenue line experienced revenue fluctuations due to its role as a regional administrator of CAP within the Lower Mainland (see figure 2). Although revenues appear to have increased nearly two-fold between 2002 and 2003, with an additional 69 percent increase between 2003 and 2004, much of this funding was flow-through, or the result of funds the VCN administered for CAP and redistributed to project sites. In fact, once flow-through is removed, the actual changes in revenue were approximately a 15 percent increase in 2003 and a 5 percent decrease in 2004. These changes are certainly not as significant, in terms of a percentage of budgetary change, as in past years when revenues increased by 95 percent in 1999 and another 52 percent in 2000. Such earlier growth largely predated CAP funding, but marks an organizational growth phase to a budgetary level that has remained stable.

Figure 2: CAP Funding compared to total revenues

Year	CAP Funding	Flow-through	Actual CAP funds to VCN	Total Revenues	Revenues (excluding CAP flow-through)	CAP as % of overall budget	CAP as % of adjusted budget
1994				54,216			
1995				208,651			
1996				177,041			
1997				123,217			
1998				154,778			
1999				300,095			
2000	7,000			457,499		1.5	
2001	53,460			501,336		10.7	
2002	201,645			532,866		37.8	
2003	718,283	330,776	387,507	943,016	612,240	76.2	63.3
2004	1,308,478	1.017,338	291,140	1,595,986	578,648	82.0	50.3



Despite the VCN’s relative financial stability and overall diversified funding sources, the organization faces challenges. For example, even with flow-through excluded, CAP funding still constituted 63.3 percent and 50.3 percent of the VCN’s revenue in 2003 and 2004, respectively. Over this period, the VCN’s operating budget remained steady. The significant proportion of the budget constituted by CAP funding indicates a significant

drop in revenues from other sources over this period. The CAP funds were beneficial to the organization. The VCN's 2003 Annual Report notes that in addition to its regular CAP funding, an additional contract to administer 260 CAP sites across the Lower Mainland made the organization a "hub for public Internet access sites" (VCN 2004). This contract provided the VCN with the opportunity to continue service delivery in its specialized area of operations and gave recognition to the organization's latent potential as a specialized service provider within the non-profit sector. But while beneficial to the VCN overall, the obvious result of any immediate change in government programming could have a significant impact on the organization's financial health.

The VCN's rapid growth on the ledger sheet during CAP funding had additional implications. For example, by virtue of maintaining revenues over \$500,000, CAP funding became subject to Treasury Board approval, beyond the regular Industry Canada application procedures. As a result, the additional approval process adds one month to the review phase, thus reducing one month in the budget year for actual program delivery. VCN staff have had to compensate for the increased administrative procedures through flexible scheduling against the organization's other activities. Along with these accommodations, the organization also changed its own accounting procedures, including obtaining annual financial audits in response to funding requirements.

These changes are, of course, logical. Government funding required adequate accountability and transparency and participation in such programs entails an obvious responsibility for meeting defined program and service objectives. But it also stands to reason that, while the VCN developed an organizational model early in its existence that anticipated many of the cyclical funding trends that came to characterize the non-profit sector since the mid-1990s, many Community Networking organizations would not have withstood the rapid change or mounting organizational capacity requirements within the sector. Indeed, throughout the various projects carried out by the VCN, the organization maintained its mission to operate a free, public, non-commercial "computer utility" to provide a public space on the Internet. Given that this objective has remained as a common thread throughout the organization's history and operations, additional projects have supplemented their mission and provided a basic operations model. It stands to reason, however, that given the utility of many community networks to the government in rolling out its own access programs, that a greater degree of responsibility should have been taken to facilitate the transition from government to alternative funding models. As already outlined, the VCN has been the exception in successfully anticipating such a transition.

Non-profit entrepreneurs and the VCN

Within the context of the VCN's resiliency as an organization, its board of directors recognized the likely end of long-term funding for community access projects from the federal government (Royce 2005). In an effort to investigate new funding sources, the board turned to a program offering grants to non-profit organizations to explore opportunities in for-profit projects. In 2004, The VCN received a \$10,000 grant from the Enterprising Non-profits Program of the VanCity Community Foundation to conduct a feasibility study and business plan for an enterprise offering IT services to other non-

profits. The timing of such a project appeared to be particularly appropriate given that the board's interest and the availability of funding coincided with the arrival of an individual who did a similar report for the Austin, Texas Freenet.

The principles of social investing, as discussed earlier, are behind this program. In 1997 the VanCity Community Foundation, in partnership with the Vancouver Foundation and the United Way, piloted an Enterprising Non-profits Program aimed at supporting non-profit organizations develop small-business enterprises. The VanCity Community Foundation is a branch of VanCity Capital Savings Credit Union, Canada's largest Credit Union, based in Vancouver. Through grants of up to \$10,000, the VanCity Community Foundation provided initial development funding for non-profits to explore how they might develop elements of their programming into related business operations. These for-profit branches could provide a new stream of revenue for the non-profit and in some cases provide employment for the non-profit's traditional client base.

In the VCN's case, the actual report produced provided inconclusive findings. If the project were to proceed, much of the IT services offered would be provided by existing staff. Staff efforts, the report recommended, would be supported by a sales and marketing representative. Moreover, there was little research into the potential market for such services in the Vancouver area. This, of course, is a crucial element in a market where a significant number of web development and IT support firms already exist, serving both the commercial and non-profit sectors. In addition, if the project were to focus on small- and medium-sized non-profits otherwise unable to afford adequate IT support, it remains questionable whether the VCN would be able to provide services at a cost sufficient to do anything more than break even. In a best-case scenario, the report suggests a three-year period before the enterprise would be profitable. The risk of bringing on even one additional staff for such a project, diverting existing staff attention to meeting service deadlines along with the initial financial investment required is significant for an organization such as the VCN.

From a historical perspective of the VCN's operations, though, the report's findings are not actually far from the organization's previous activities. Throughout the first decade of the VCN's existence, the organization regularly performed work on a contract or sub-contract basis for other organizations. Much of the work constituted "seed projects" with initial start-up funding. Half of the sixteen projects completed over the period were infrastructure projects intended to "benefit the general public or a large segment of society," (Chan 2004). The other half of the projects were more oriented toward training in partnership with other organizations. The intention of these projects was to benefit "specific segments of society," (Chan 2004). All of these works are considered *pro bono publico*, or for the public good by the VCN. In effect, the VCN has been operating a fee-for-service model from its beginning, mirroring much of the back-end service industry within the non-profit sector outlined above. Further, since the VCN's report on developing an IT support enterprise was written, the organization has continued to do contract-based work for other organizations on a small-scale basis. This has been an integral part of the VCN's success as a non-profit organization, providing services that meet an identified need within its community.

A remaining question as to how the VCN will proceed with these activities, however, is what organizational structure should be used in a fee-for-service model. If the organization were to pursue contracts through a more concerted effort, staff indicate that a likely scenario would be the establishment of a separate society, perhaps in a cooperative structure. This would remove any risk of problems with tax laws that might restrict a charity's ability to conduct for-profit activities while reducing risk to the VCN itself if the project were to fail. Within such a model, while cooperatives are not allowed to profit from their operations, should funds be available, contributions from the cooperative could be made back to the VCN in the form of a community support program.

A new generational model for Community Networks

The question that remains is whether the VCN model offers anything of use to other communities. Given trends in the non-profit sector, the VCN appears to have survived not on the basis of being a Community Network or any accompanying serendipitous circumstances in Vancouver. Rather, the organization remains viable because it has steadfastly focused on its organizational mission. This mission, in turn, is based on identified needs in the community and is supported by a set of basic and practical organizational goals. This model has translated into a number of communities, given that it is possible to organize and gain recognition as charitable organizations based upon past efforts of Community Networks such as the VCN. But that a community networking movement similar to that of the 1990s would emerge again appears doubtful. Nonetheless, there are new initiatives that would suggest new generational developments in the community networking movement.

There are examples of organizations such as Montreal's Ile Sans Fil and BC Wireless developing public, wireless Internet access points in their respective regions. According to Kubicek and Wagner's generational model, these wireless networks might constitute new generations of community networks based upon the new sets of actors involved and the new technological means being engaged in such projects. These two examples are largely focused on technological development of networks to meet community needs in a collective, cooperative manner. Both are non-profit societies, but neither is a registered charity although they would likely qualify as providers of "public goods" given the definition developed around the earlier community networks.

By comparison, the VCN is one of a few community networks that continues providing basic dialup Internet access and web hosting services. By Kubicek and Wagner's definition of generations, the VCN would appear to be on a continuum without a discernable break from past activities. This, however, is questionable in light of the organization's investigation of fee-for-service models, particularly if the idea were to be developed in a cooperative society structure. Furthermore, in the VCN example the organization going beyond simply providing the infrastructure and access points for public Internet access. Instead, the VCN has developed an effective use model for their region's non-profit sector, providing the resources for other organizations to offer comparable access services or training projects that focus on technological literacy aspects of access. As already outlined, there is a demonstrated interest in the non-profit

sector to share back-end services appropriate to their organization's size and technological needs. The non-profit enterprise model being considered by the VCN might provide a suitable means to further develop an effective use model that also follows a flexible networking notion of resource sharing and cooperative development. If pursued within a cooperative model, the VCN might be able to further develop the non-profit sector's capacity through appropriate technologies while protecting the core services provided by the VCN's existing organizational model.

While it is the VCN developing this idea for a different organizational structure, it is questionable whether remaining community networks would find similar models useful. Given the anticipated difficulty of making the project profitable, this is an unlikely source of significant new funds. Nonetheless, applications of this model exist beyond the VCN's geographic jurisdiction. In particular, a cooperative model of technological capacity building might be of interest to non-profits in communities that lack IT support services at an affordable rate for services that require the physical presence of individuals for the development of projects. Cooperative models would allow organizations to have input into how such services are developed and managed, while only being charged for services as required. With a large enough body of member organizations, an IT support and technological development cooperative should be able to maintain a staff capable of catering to member organizations' needs. Organizations, in turn, are only charged for the services they require at a cost-recovery fee rate. Ultimately, such a model would integrate a particular type of community networking into the basic infrastructure of communities' non-profit sectors. The creation of such a model is not dependent upon pre-existing organizations such as community networks, thus making the model viable in communities where community networks no longer exist in their traditional structure.

The drawbacks of such organizational models remain populations of scale to allow a cooperative organization the membership base it would require to operate. This might limit the effectiveness of such a model in smaller communities, such as rural areas if additional support is not available. Nonetheless, the pooling of resources and cooperation between towns might remain a viable means of developing capacity amongst organizations and individuals in such locations. In fact, the strong basis of the contemporary Canadian cooperative movement in rural areas should be evidence that such an organizational model could work if there is a discernable community desire to develop such services. This discussion, however, falls outside of the scope of this paper, although it also warrants further analysis.

Conclusion

Given the state of community networks in Canada, there is a need to examine effective ways of developing community networking into the infrastructure of the non-profit agencies operating in geographically-defined communities. Given the VCN's long-term viability and success in developing a diversified funding base, the organization serves as a useful model in understanding possible integrations of community networking into the infrastructure and capacity of a larger non-profit sector present in a community.

Important to the notion of public good and the Internet is developing effective use capacities in the non-profit sector that extend the public benefit of such infrastructure. In the case of organizations such as the VCN, networking cooperatives might be the basis for further developing the sustainability of community networks and their public good arguments around public access and participatory development of ICTs. For other communities, networking cooperatives might provide new resources to non-profits sectors struggling to find appropriate technologies to meet their programming needs. In either case, the model provides another means to keep the public good model of network development present in community, technological and policy discussions.

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