

Conclusion

In this paper, I have argued that the literature criticizing the ability of NGOs to promote their values while simultaneously accepting government funding is limited in three respects. First, several of the assumptions are empirically inaccurate in the Canadian case; second, some of the policy prescriptions offered are neither theoretically nor practically constructive; and finally, the critiques of the donor-NGO relationship are based on a comparison with an idealistic conception of NGOs that is increasingly being undermined by their competition for private and public sources of funding. I have proposed that this normative bias can be remedied through reconceptualising publicly funded NGOs as being value-oriented public service contractors (Korten 1990).

The advantages of further developing the concept of publicly funded NGOs as PSCs are threefold. First, it is more *accurate empirically* and allows analysts to study current trends – such as the increase in number of NGOs, their competition for limited resources, and their concern with New Policy Agenda themes like cost-effectiveness and efficiency – without being judgmental or dismissive. Second, as an *explanatory tool*, the concept of PSCs can be used to examine how certain contractual terms between NGOs and donors can influence the outcome, as well as to offer new ways of conceptualising perennial problems such as matters of accountability and public participation.³¹ Finally, it opens up the NGO literature to the insights of *public goods theory*, which has examined problems associated with collective action, especially its immediate consequences of free-riding and obstacles to coordination (Olson 1965). Since these are not only theoretical issues that the mainstream NGO literature must deal with, but also issues that have practical implications for proposed solutions, it seems that further analysis of the linkage between public service contracting and public goods theory would be prudent.

³¹ For instance, the concern with 'downward' accountability highlighted in the mainstream NGO literature may be remedied by the contractual guidelines between donors and NGOs.