

collectively rational for NGOs to reject public funding, it is individually rational for each NGO to 'defect' to ensure that it is not disadvantaged regardless of what other NGOs do.²⁸

Correction of this normative bias and its resulting tendency to obscure non-normative explanations can be accomplished by adopting Korten's categorisation of some NGOs as public service contractors (PSCs). According to him, PSCs are "nonprofit organizations that are in the business of selling their services to private contributors or government agencies to implement public purposes as defined by those contributors or agencies" (Korten 1990: 97). In principle, PSCs are driven more by market considerations than by their values, although Korten acknowledges that in practice, many publicly funded NGOs are a hybrid, "combining a strong market orientation with a social commitment and high ethical standards" (1990: 105).²⁹ Nevertheless, there seems to be a reluctance in the literature to conceptualise NGOs in these terms, despite its prevalence in all other sectors of the domestic economy.

Public service contracting has replaced the provision of many of the public goods that were associated with governments, such as garbage disposal at the municipal level. While traditional public goods theory suggested that the government was the only actor with the incentive and ability to provide public goods, Ostrom et al. (1961) argue that certain public goods can be *provided*, i.e. paid for, by governments, but actually be *produced* by a profit or non-profit organisation. To promote the most efficient provision of these services, governments award contracts on a competitive basis. In the absence of such a contractor, however, governments must provide the good themselves. Among NGOs, public service contracting has become more prevalent because both official aid agencies and NGOs seem to have accepted the assumption in the New Policy Agenda that governments are not necessarily the most efficient *producers* of public goods, although their taxation authority makes them the necessary *providers* of some of them.

Canada has therefore asked the NGO sector to "undertake tasks previously performed by governments, such as the delivery of significant portions of humanitarian and development assistance" (Bush 1996: 253). CIDA's 'country focus' policy for certain public funds entails a PSC approach where the agency solicits proposals from NGOs to implement specific services in other countries. While in practice, NGOs have tended to submit unsolicited proposals which are in line with CIDA's six objectives, these proposals are still evaluated on a competitive basis (Smillie/Filewod 1993: 110). In other words, even though this process may be initiated by NGOs themselves rather than by CIDA, the outcome of a negotiated contract based on the PSC model remains the same.³⁰

²⁸ This is a classic prisoner's dilemma situation.

²⁹ Not everyone is supportive of the PSC approach. Bush, for instance, criticises the 'commercial model' of hiring a private for-profit firm to clear landmines because it involves: "highly trained and expensive experts (often from the same companies who manufacture the landmines) who are bungeed in and out of an area. In this model there is little, if any, dissemination of technical expertise; it is extremely expensive; and it is not especially cost-effective in terms of the number of mines cleared. Approaches which encourage participation are likely to be more sustainable and effective in the long run" (1996: 258).

³⁰ ICACBR's contract to provide services in BiH illustrates this process, since its participation followed a visit by a DFAIT team to the area in 1993.