

# NGOs as providers of the social welfare services in cooperation with local authorities in the times of financial crisis

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The article aims to establish whether Polish non-governmental organizations (NGOs) are important providers of social welfare services, and whether local authorities perceive them as partners in the implementation of this type of projects. The significance of NGOs is measured with the amount of social welfare grants they received between 2006 and 2011 and with the number of NGOs offering social welfare services that were active in that period. To test the research hypotheses, a trend analysis and a panel regression model are used. The research findings show that NGOs are becoming increasingly important to local governments as their partners in the field of social welfare, as well as a strong correlation between the number of NGOs in the area and the level of local governments' grants for NGOs on the one hand and economic indicators such as GDP and the rate of unemployment on the other.

**JEL Classifications:** H40, G01, L31

**Keywords:** NGOs, local governments, society, grant, social welfare, economic situation

## Introduction

It is thought that private philanthropy was born in the United States and the United Kingdom, where the development of philanthropic institutions was also the most dynamic and best covered in the literature (Thomas, 2004). Contrary to this opinion, the first examples of philanthropic activity can be found in ancient Greece, where philanthropists offered their surplus grain to the poor. This type of charity was called "euergesia", which means "good action, well-doing, benefiting, kind service." (Szablewski, 2006). In the next centuries private philanthropy was less popular, particularly in the European countries. For instance, the German middle class did not feel responsible for supporting cultural or social welfare institutions, believing that this role should be played by the State.

While it is quite certain that the State can largely eliminate or mitigate the negative impacts of economic crises, wars, natural disasters and social inequalities, the assistance it can offer has its weak points too. For instance, historians criticise the first attempts made by central and local governments to help people in need. They argue that governments should have refrained from interventions, because they knew nothing about the needs of the poor people, so their decisions about whom to support and to what extent were arbitrary (Tomkins and King, 2003, p.229).

Although deeply rooted in the Christian, Jewish and Islamic religious traditions, private philanthropy was omitted by researchers in Europe and outside for many years. Before 1990s, the United States was the only country where researches made attempts to study and report on philanthropic activities. The first European publication on this subject, "Giving the Netherlands", was published at the University of Amsterdam in 1993 (Wiepking, 2009).

The key assumption underlying this article is that neither the importance of the government nor the role of philanthropic organizations in supporting people in need can be ignored. Consequently, the article sets out to demonstrate that philanthropic organizations significantly help governments carry out their tasks, being their partners rather than competitors.

The literature provides many factors which may determine the level of cooperation between NGOs and governmental institutions. The researchers stress that NGOs are an important element of public life and support the opinion with examples and numbers. The available knowledge has one gap, though, which the study seeks to fulfil. An attempt will be made to establish whether the economic situation in the region has an effect, and what, on the cooperation between NGOs and state bodies in the field of social welfare. Two hypothesis were formulated:

Hypothesis 1 - *The role of non-governmental organizations as the providers of social welfare services is increasing,*

Hypothesis 2 - *In voivodeships characterised by slower economic growth local governments offer smaller grants to non-governmental organizations*

The results of this research may offer a different perspective on the findings of other studies conducted in different economic circumstances.

### **The origins of social welfare and the role of non-governmental organizations in delivering social help**

Historians and social scientists frequently stress the importance of the British Statute of Elizabeth of 1601 (also known as the Act of the Poor or the Statute of Charitable Uses), which defined the role that the State should play as a protector of the needy and a supervisor of charitable activity in England and Wales (Herber, 2005). Before the Statute was issued, several minor administrative decisions and less comprehensive attempts at regulating this sphere of public life had been made:

- 1552 -parish registers of the poor were introduced;
- 1563 - the categories of people in need were created (those who would work but could not; those who could work but would not; those who were too old/ill/young to work). Justices of the peace were authorized and empowered to raise compulsory funds for the relief of the poor (Rathbone, 2005, pp.8-13);
- 1572 - the first local poor tax was imposed to raise money for the poor;
- 1576 - the authorities came up with an idea of a deterrent workhouse, but it was not put into action at this point (Slack, 1984, pp.5-14).

Governments' interest in social issues dates back to 1496, but the Polish history of philanthropy is much longer. It commenced in the early 12th century (Leś, 2001, p.11) with Jan Olbracht's statutes that divided the poor, like in England, into those who were capable and incapable to work. Only the first category of people deserved the assistance of the Church and the State. (Nitecki, 2008, p.18). Even so, over the centuries, the poor and the needy in both Poland and Europe were mostly supported by the better-off members of the society and clergymen who did that out of their need or desire to express their love for God. It was not until the 17-18th c. that the European states started to realise that they must assume some responsibility for reducing poverty and inequalities. Philanthropy in Poland was distributed for a long time by citizens, who treated it as a way to mitigate the negative impacts of Poland being controlled by three powers (Austria, Russia and Prussia), almost as a patriotic duty. The two decades that elapsed between Poland's becoming an independent state in 1918 and World War II was too short a period for the revived Polish State to considerably increase its assistance for the poor and needy. However, the private capital's involvement in philanthropic activity in the 1930s can be well illustrated with 10,000 associations and 3,000 foundations. After World War II ended many philanthropic organizations were liquidated and the State assumed all responsibility for making social

inequalities less painful. The next years showed, however, that it failed to ensure economic equality and social justice, which forced citizens into forming many charities in the 1990s, some of which are active to date. According to the GUS data (Polish Central Statistical Office), most social welfare NGOs in Poland focus their assistance on the disabled, sick and elderly (GUS, 2011, p.119). The range of social welfare services provided by the Polish government includes (GUS, 2012):

- 1) orphanages and education and upbringing institutions,
- 2) social welfare,
- 3) facilities for the homeless - doss houses and shelters,
- 4) homes for mothers with children and pregnant women,
- 5) hospices for the elderly, old people's homes,
- 6) centres for people with special needs run by communities,
- 7) benefits in cash, such as:
  - a) welfare benefits, assistance in kind, old-age pension contributions and health insurance contributions paid for people without incomes,
  - b) financial support for refugees,
  - c) financial support for the victims of natural disasters.

Some of these services are also delivered by NGOs having status of public benefit organizations.

In today's Poland, the assistance for people in need arises from international documents (article 6, par. 2, point (c) of the Convention about the protection of human rights and fundamental freedoms; article 47 (1) of the Bill of Rights of the European Union) and from the Constitution of the Republic of Poland (1997) (Nitecki, 2008).

Governments transfer the delivery of social services to non-governmental organizations not only in response to initiatives taken by citizens or because they themselves cannot effectively perform their duties. In fact, governments realise that people know better what social needs they need to be met. One way to make social welfare more effective is to stimulate the development of NGOs. In recent years, NGOs have increasingly entered into cooperation with governmental institutions in order to fulfil social needs. In 1993 alone, 15% of the UK's aid budget was spent on grants for NGOs. In the 1990s, the number of NGOs rose significantly in many countries, after their governments decided to increase funding available to these organizations. For the sake of illustration, the number of NGOs in Nepal jumped from 220 in 1990 to 1,210 in 1993, and in Tunisia from 1,886 in 1988 to 5,186 in 1991 (Edwards and Hulme, 1995, p. 849). Tendler (1982) and other researchers (McCoskey, 2009) stress that NGOs outperform other institutions as the providers of aid to the poor and people in need. According to Fowler (1988) and Meyer (1992), NGOs can deliver services to the poor that have higher quality and are less costly than those provided by the government. It is so, because NGOs are closer to people and know their problems better. The significance of NGOs as the providers of welfare services is appreciated by local governments (Dreher et al., 2010, p.147). Some researchers argue that NGOs are altruistic, unlike governmental institutions which have political and economic motivations (Nancy and Yontcheva, 2006, p.3), such as the promotion of exports in the beneficiary countries (Berthe'lemy and Tichit, 2004) or a wish to gain their political support (Dreher et al., 2008). There are also opinions that governmental institutions failed to find those who fell through the cracks and to offer tangible assistance to the poor (Riddell and Robinson, 1995, p. 2).

It has been noticed, however, that NGOs' cooperating with governmental institutions and financed from governmental sources may have problems with delivering welfare services of the expected quality (Dreher et al., 2010, p.151). The cooperation may restrict them in developing their own policies and increase the red tape burden (Lorgen, 1998, p.323). It is also likely that for political reasons some NGOs may start to behave more like state agencies (Edwards and Hulme, 1996, p.970). The NGOs' dependency on government funding may lead to a less effective use of the available welfare funds. For instance, when the authorities need a successful project, an NGO may decide to come forward with a less

useful but also a less risky project, or even use the grant in an area where other NGOs are already active (to improve the chances of success) (Fruttero and Gauri, 2005; Aldashev and Verdier, 2010). Dreher et al. (2012) share the opinion that NGOs relying on government grants may be less flexible because of limited autonomy. Local authorities may require NGOs to provide services in areas indicated by their officials, which increases the risk of NGOs and local governments offering the same type of social services. Koch et al. made the same observations in their study of 2009. They rejected the hypothesis that NGOs strengthen government aid efforts by engaging in communities which are difficult to serve by institutions. Quite the contrary, they choose for their operations the same places that the local governments have already chosen for themselves, and as one NGO follows another clusters of service providers emerge.

The quality and scope of cooperation between NGOs and local governments depend on a number of business factors, such as the level of costs incurred by an NGO to raise funds (Okten and Weisbrod, 2000; Khanna and Sandler, 2000) and the amount of grants it has managed to raise as an indication of its credibility (Waniak-Michalak and Zarzycka, 2012). Some researchers argue that although some NGOs may seek government grants to reduce fundraising costs and to attract more private donations (Andreoni and Payne, 2003), others may decide against applying for grants, believing that formal cooperation with government bodies involves too much bureaucracy and higher administrative costs (Nunnenkamp and Öhler, 2012, p.85)

### **Sources of funding used by philanthropic organizations in Poland and in the world - private or government funds?**

According to the study by Salomon et al. (2004), the not-for-profit (i.e. philanthropic) organizations use different sources of funding depending on the country and the time of the study. In the 1980s, the US government reduced its grants for organizations providing services to the public as a result of growing public deficit and economic downturn that had appeared in the 1970s. The Polish government, too, had to cut its expenditures in the wake of the recent economic crisis (Reichardt, 2013). Forced to meet increasing demand for welfare services, many philanthropic organizations started to consider other sources of funding, such as their own business or cooperation with companies (Bennett, 2014). At the same time, companies decided to increase their donations for charitable purposes.

The authors of another study (Andreoni & Payne, 2003), who analysed the structure of funding sources of charitable organizations, have established that the proportion of funds offered by donors decreased while the proportion of government grants grew larger. The donors have also been found to be less generous for organizations supported by government grants. This attitude probably arises from the donors' belief that as taxpayers they pay for all government support anyway. Another finding of the authors was that applying for the government money is a more cost-effective solution for philanthropic organizations than trying to raise funds from private donors, because the first approach does not entail promotion and fundraising expenses.

In Poland, seven in ten surveyed foundations and associations (68%) finance their activities from non-public sources, but almost half of them (46%) use the government money. Business activity is one of the sources of funding for only 7% of them. It is noteworthy that there are more public benefit organizations that receive funding from non-public sources (the taxpayers are eligible for tax benefits) than from public sources. (Nałęcz et al., 2010, p.8)

The funding sources used by philanthropic organizations in Poland and the world can be categorised as follows:

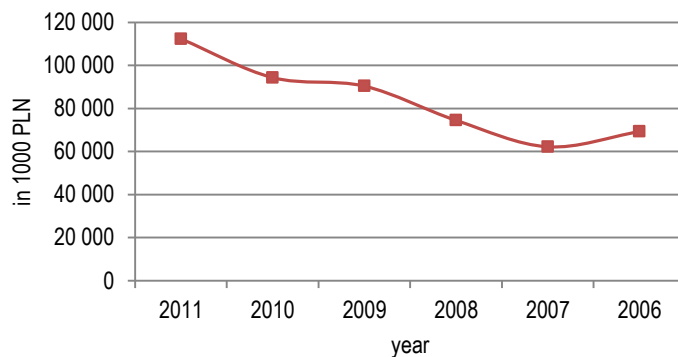
- 8) contributions made by the founders and members of associations,
- 9) public collections (no tax benefits for the donors),
- 10) donations made by corporations and individuals,
- 11) grants from public institutions,

- 12) business activity,  
 13) 1% deduction from personal income tax (in Poland).

It is not possible to state whether each of these categories is actually private or public. Social services provided by private organizations are always supported by public funds (see above) - either directly or indirectly. Tax exemptions are also a form of public funding. Allowing the taxpayers to replace the State in funding charitable activities has its pros and cons. While the solution is likely to result in a better allocation of resources, it is also a fact that philanthropic organizations consume some part of the donated resources to fund their promotion, publicity and administration needs. It has not been determined so far whether philanthropic organizations spend less to promote themselves than the government agencies do to award grants (i.e. to analyse, control, and handle applications). By the same token, it is not possible to determine the relation between costs that NGOs spend to promote social conduct and themselves (Andreoni, Payne, 2003, p.811).

It is noteworthy that some NGOs receive grants from the budgets of local governments to implement specific projects, as well as donations from companies that can deduct them from the amount of taxes they should pay. According to a study conducted by the Klon Jawor Association, grants from local governments account for approximately 51% of the revenues of non-profit organisation in Poland (Przewlocka, 2011, p.15).

FIGURE 1. THE BUDGET EFFECTS OF TAX-EXEMPT INCOMES OF NGOs HAVING STATUS OF PUBLIC BENEFIT ORGANIZATIONS (TAX REVENUE LOSS)



Source: Prepared by the author based on the data of the Polish Ministry of Finance.

The Figure shows a distinct change in the budget effects caused by a greater amount of tax-exempt money being received by a growing number of NGOs having status of public-benefit organisations<sup>1</sup>. The trend points out that the significance of NGOs providing social benefit services in Poland grows every year.

### Cooperation between local governments and non-governmental organizations during economic crisis

The financial crisis in Asia in 1997 had been a prelude to the economic crisis that hit Europe and the United States some years later. Its impact on public services in Asian countries are widely covered in the literature (see Kwong-Leung, 2000; Kwon 2001). According to the researchers, in periods of economic prosperity the State gives more support to health care and education, but with the appearance of economic crisis welfare

<sup>1</sup> In Poland the data for tax-exempt incomes of NGOs is available for NGOs having status of PBOs

is given priority. In Asian countries, the allocation of greater resources to welfare was also caused by the political situation and the need to keep public confidence.

In Europe, crisis appeared in 2006. Its second wave hit in 2010, forcing governments to impose more budgetary cuts (Vis et al. 2011). According to the Eurostat data, the social expenditure cuts were the deepest in Ireland, Estonia and Latvia. However, although social welfare services and benefits suffered from severe austerity measures, the total volume of social expenditures expanded as a result of increasing needs (Eurostat, 2012).

In some countries, the governments decided to reduce the amount of grants available to NGOs, offering other kinds of support instead. In the UK, many NGOs helping women victims of violence either had to stop their activity or reduced personnel when funds became less available because of a smaller amount of money being pursued by a greater number of competitors (McCracken et al. 2013, p.113). On the other hand, the Greek government received money from the European Social Fund to carry out projects in cooperation with NGOs, which aimed to help women who increasingly often met with brutal treatment as the crisis intensified (McCracken, 2013, p.57).

The literature frequently discusses economic circumstances affecting private donations for NGOs (Michon and Tandon, 2012), but analyses of the relationship between economic crisis and the cooperation between local governments and private organizations (Connolly and Wall, 2011; Burger et al., 2009) have been undertaken in Europe quite recently. The global financial crisis has been found to have reduced the number of projects undertaken by private-public partnerships, also because of the private-public partnerships having more problems in raising funds. The financial crisis made governments cut down on various types of expenses, in the wake of which the non-profit organizations had to restrict the scope of their activities. Statistics show that hundreds of arts organizations closed in Britain after local governments reduced their support for arts by 7.25% in 2011 and in 2012 (Smith, 2011). Many NGOs had to accept the fact that they would deliver fewer services of lower quality (Benett, 2014).

It has also been found that non-profit organisations affected by budget cuts tend to use unpaid work more frequently (Mano and Giannikis, 2012).

Some researchers have concluded that in a period of economic downturn there is a tendency to replace charities with social enterprises, as the former use mainly grants and donations to finance their activities, which are less available then (Kucher, 2012).

## Hypothesis and methodology

The research is based on the data on 16 voivodeships<sup>1</sup> from the years 2006-2011, which were published by the Central Statistical Office (GUS, 2013). From each of the 16 voivodeships 16 local governments were selected for analysis. Their social expenditures were determined from their budget reports. As some local governments (Zielona Góra, Olsztyn, Kraków, Białystok) do not publish such information, a written request was submitted to obtain it.

To formulate the research hypotheses, a preliminary cluster analysis was performed in the program SPSS Statistics 21 using average linkage between groups. Following variables were used: social welfare expenditures, number of NGOs, GDP per capita, The analysis let to divide Polish voivodeships into four clusters :

14) Lubelskie, Podkarpackie, Podlaskie, Wielkopolskie, Warmińsko-Mazurskie, Świętokrzyskie, Opolskie (7),

<sup>1</sup> A voivodeship is a subnational administrative unit. Poland has 16 voivodeships, each with a population of at least 1 million and on average 50% of all settlements places are towns.

- 15) Lubuskie, Małopolskie, Kujawsko-Pomorskie, Zachodniopomorskie, Łódzkie, Pomorskie (6),  
 16) Dolnośląskie, Śląskie (2),  
 17) Mazowieckie (1).

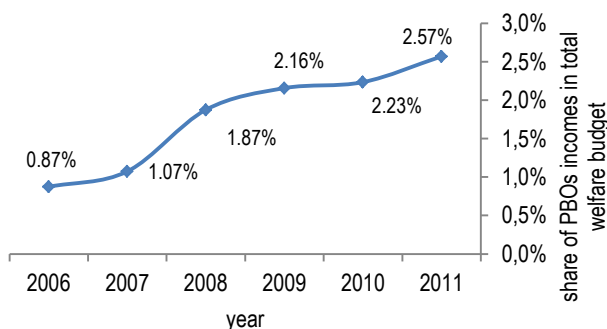
TABLE 1. SOCIAL WELFARE EXPENDITURES AND ECONOMIC PERFORMANCE OF THE CLUSTERS (MEDIAN, 2010)

No.	Social welfare expenditures (thousand PLN)	Number of NGOs*	PPP**	NGOs per 1,000 population	Social welfare expenditure (PLN per capita)
cluster 1	1,287,074	1,701.8	27,228.0	0.92	682.50
cluster 2	1,591,024	2,078.0	31,884.5	0.90	728.66
cluster 3	2,150,158	3,414.2	40,713.5	0.94	577.47
cluster 4	2,905,070	7,447.6	60,359.0	1.41	551.55

Note: \* Social welfare foundations and associations and other types of social welfare NGOs; \*\* GDP per capita.

Source: Developed by the author.

FIGURE 2. PBO's\* INCOMES AS A PROPORTION OF THE TOTAL WELFARE BUDGET OF ALL POLISH NGOS AND LOCAL GOVERNMENTS



Note: \* There is no data for all Polish NGOs but only for NGOs having status of Public Benefit Organization (PBO).

Source: Developed by the author.

According to the table, the one-voivodeship cluster has the largest GDP and also spends the most on social welfare. Cluster 3 with two voivodeships ranks second. It is easily noticeable that the local governments' per-capita support for welfare is the smallest in the clusters that have the largest GDPs and spend the largest amounts on social welfare. The probable explanation should be sought in the fact that voivodeships with the smallest GDPs are also the least populated, as a result of which the amount of per-capita government support is the highest. All voivodeships in cluster 1 have per capita GDP under 30,000 PLN and in which the local governments' per capita expenditures on social welfare are relatively high. Voivodeships with the largest GDPs account for the highest numbers of NGOs. This suggests that in voivodeships with the smallest GDPs local governments offer financial support only to those who need it the most and that their

budgets are too tight to offer grants to NGOs. Poor population and the impossibility of raising additional funds from local governments may seriously hinder the development of NGOs. One has to bear in mind, though, that as some NGOs operate in more than one voivodeship, people living in a less prosperous area do not necessarily have to receive smaller support from the third sector. More research is necessary, however, to find out whether the hypothesis is true.

Figure 2 shows that PBOs' budgets increased in relation to the total social welfare budget (understood as PBOs' incomes and social welfare expenditures of local governments), which indicates that NGOs become increasingly important in meeting the needs of the public. The trend may be even more noteworthy than it seems when we consider that local governments increase their spending on social welfare every year, but this conclusion needs to be treated as tentative, because it is not possible to select for analysis only data on PBOs involved in social welfare.

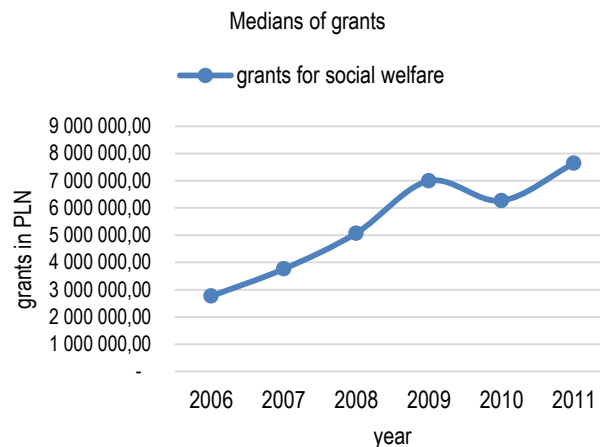
Hypothesis 1 - *The role of non-governmental organizations as the providers of social welfare services is increasing* - was formulated because of a significant rise in the number of NGOs after 2008 and the assumption that they relieve public bodies from the burden of social welfare expenditures.

Hypothesis 2 - *In voivodeships characterised by slower economic growth local governments offer smaller grants to non-governmental organizations* - arises from the assumption that in a period of crisis the public sector cuts its spending on social welfare because they have to fund essential social services (Kucher, 2012) and from the results of cluster analysis.

To verify the two hypotheses, the following methods were used:

- 18) Time series analysis,
- 19) Pearson's correlation and a panel regression model.

FIGURE 3. THE MEDIAN OF LOCAL GOVERNMENT GRANTS FOR SOCIAL WELFARE NGOS BETWEEN 2006 AND 2011



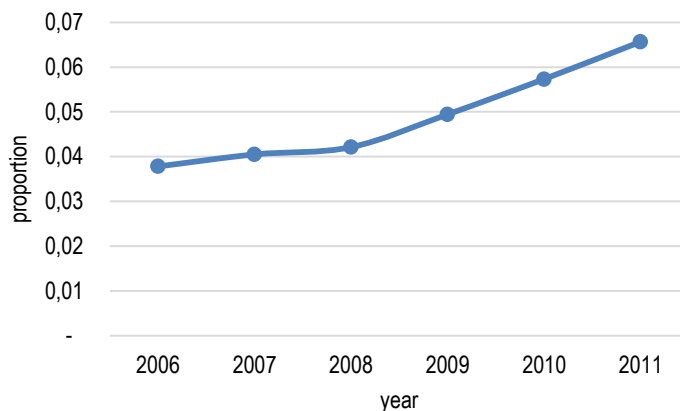
Source: Developed by the author.

In the next part of the study, data on the social welfare budgets of 16 biggest cities in Poland and social welfare grants awarded to NGOs were analysed. Hypotheses 1 and 2 were tested by relating the amount of local governments' subsidies for NGOs to voivodeships' GDPs. The comparison showed that the amount of government grants for social welfare NGOs increased in the years 2006-2011 (Figure 3) with a single drop in the 2010. This means that the significance of these NGOs increased despite the financial



crisis. Figure 4 also shows that the proportion of grants awarded to NGOs for social welfare services generally increased in local governments' social welfare budgets between 2006 and 2011. It must be remembered, however, that in the social welfare budgets of voivodships the share of grants for NGOs changed differently.

FIGURE 4. LOCAL GOVERNMENT GRANTS FOR SOCIAL WELFARE NGOS AS A PROPORTION OF LOCAL GOVERNMENTS' SOCIAL WELFARE BUDGETS



Source: Developed by the author.

The analysis has confirmed hypothesis 1 according to which NGOs become increasingly important as the providers of social welfare services. It is noteworthy, however, that the importance may depend on many factors, such as the economic situation in the voivodship.

Hypothesis 2 has been verified by conducting panel regression analysis with random effects in Gretl software. The Pearson's coefficients showed strong correlation between the local government grants for NGOs and GDP and the unemployment rate in the voivodship.

TABLE 2. PANEL REGRESSION COEFFICIENTS FOR THE DEPENDENT VARIABLE 'GRANTS' (SPEND ON SOCIAL POLICY PROJECTS)

Independent variable	Expected sign	Regression coefficients
GDP	+	79,9743 (0,0031***)
Unemployment rate	-	-9,65736e+07 (2,07e-05***)

Note: \*Significance at 0,01 level.

Source: Developed by the author using the Gretl software.

So the regression model can be presented as:

$$Y (\text{Grants}) = 79.9743 * X_1 (\text{GDP}) - 9.65736e+07 * X_2 (\text{Un\_rate}) + 1.71137e+0.7$$

Few independent variables were considered for the model: GDP, GDP per capita, unemployment rate, social welfare expenditures, number of inhabitants and one dependent variable: grants for NGOs for social welfare. Only two variables were significant: GDP for the previous year and unemployment rate. The GDP variable was lagged with one period because the budgets of the local governments for the year depend on the economic indicators for the previous year. The unemployment rate wasn't lagged because the number of employees in the region is observed by local authorities constantly

and expenditures are adapted for the actual situation on the job market. The analysis has shown that the amount of grants received by NGOs to carry out social welfare projects is determined by certain economic indicators, such as GDP and unemployment rate in the voivodeship. The model shows that grants for NGOs are bigger in the regions of higher GDP and of lower unemployment rate. In regions very well developed the expenditures on help for homeless and tasks that must be fulfilled by the government (like welfare benefits, assistance in kind, old-age pension contributions and health insurance contributions paid for people without incomes) are lower. In the same time the budgets of these local governments are bigger, so the grants for other than governmental entities can be higher, than in other regions.

Other factors influencing the value of grants for NGOs may also play a role, though, for instance the number of NGOs in the voivodeship and the official policy towards NGOs as organisations capable of replacing local governments in fulfilling their social welfare responsibilities. While the results of the analysis do not exclude the influence of these factors, they also show that the amount of grants may change in time regardless of the number of NGOs in the voivodeship and of the actual needs of the population. This means that hypothesis 2 has been confirmed.

The research found a strong correlation between the number of NGOs and the amount of social welfare expenditures made by local governments. Local governments keep increasing their allocations to social services, the number of charitable organizations is steadily rising, as well as their incomes and statutory activity expenses. All this leads to a conclusion that the amount of donations and grants received by the non-governmental providers of social policy services is also determined by factors other than the economic situation in the voivodeship, such as their readiness to compete for projects announced by local governments, the type of service sought by a local government, etc. This hypothesis will be verified during another study.

## Conclusion

The purpose of the presented research was to assess the importance of non-governmental organisations as entities providing social welfare services in cooperation with local governments. Its outcomes have confirmed hypothesis 2 that in voivodeships that are economically less developed the social-welfare NGOs receive less money in government grants. This is probably due to the fact that during economic crisis local governments have to cater to a wider range of needs, and that they are responsible for tasks such as the payment of benefits and pensions to people in need, which cannot be delegated to NGOs. The Eurostat data show that governments all over the world reduce benefits paid to out-of-work families and lone parents, housing allowances, sickness, child and social care benefits. At the same time, the governments of almost all EU-27 countries spend more on measures aimed to reduce unemployment and protect the sick and the disabled, as well as on pensions for old people and survivors (Eurostat, 2012).

According to the hierarchical cluster analysis, there is a correlation between the amount of local governments' per capita spending on social welfare and the voivodeship's GDP. The total welfare expenditure is greater in voivodeships with higher GDP, but its per capita value is smaller. Voivodeships with smaller GDPs have also fewer NGOs. In voivodeships that are economically less developed social policy is usually implemented through local governments.

Local governments increase their social welfare expenditures as the number of PBOs grows higher, as well as their costs and incomes. The research has confirmed that in less developed voivodeships local governments support PBOs with smaller grants. Local governments' expenditures on social welfare have been found to be related to the indicators of economic development (Pearson correlation= 82% between social welfare expenditures and GDP of the region).

More research will be necessary to address the questions and interesting hypotheses that emerged in the course of this study. Its author intends to continue her research with a larger sample containing data that can help identify other factors potentially influencing the expansion of NGOs and their role as the providers of social welfare services.

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