

# ANALYSIS OF DEVELOPMENT FACTORS OF NON- GOVERNMENTAL ORGANIZATIONS WITH PARTICULAR EMPHASIS ON PUBLIC FUNDS AND THE PROCESS OF EUROPEAN INTEGRATION

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**Abstract** In the last quarter of the century, there has been a steady increase in the number and scope of organizations operating under the so-called third sector. These organizations implement a wide range of activities, from social services to recreational activities, from political pressure groups to groups that promote art or history. Foundations and associations are an important arena of social, economic and political activity, alongside the state and the private sector, they feature an increasingly important role in today's world. European public funds provide a plentiful supply of financing for these activities. It has been shown that European funds change the statutory objectives of foundations and associations as public funds determine their operational priorities and directions of development. Active civil society supports the creative processes of social capital, and the most important function of NGOs is precise to strengthen social capital. Participation in NGOs is a determinant of civic maturity for citizens. On the other hand, due to the active participation of citizens in such organizations, societies have changed. This is the reason why the direction of the third sector development and the phenomena of its growth is so crucial for every European State.

**Keywords:**

NGOs,  
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public  
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## 1 Introduction

During the last a quarter of a century, there has been an increase in social activity in European countries. The overall number of all NGOs has increased. More and more Europeans are getting involved in civic organizations in the third sector. This is definitely a positive phenomenon as it improves the public and socio-economic life in a given society. NGOs operate within very different thematic areas. They work in many fields, from sports and culture, through education and history, to health protection and supporting the weakest and poorest individuals in society. Some of them are meaningful only to the local community, because the geographical scope of their activities does not exceed a specific city or region. There are also larger organizations, wealthy enough to function nationally, internationally, and even globally (Milbourne L., Cushman M., 2013). The third sector is developing intensively. Its origins are considered to be the church's charitable activities in the Middle Ages. Then, in the modern period, from the eighteenth century until the end of World War II, philanthropy and patronage were in vogue in the upper echelons of the society. The activities of the social elite of that time in the field of caring for the weak, supporting the poor and financing the education of young talents were an important step in terms of broadly activating the unexpressed potential of the society. The second half of the twentieth century brought a decisive and rapid development of non-governmental organizations, which began in Western Europe and spread to the entire old continent. The dynamics of the increase in civic activity progressed along with the tightening of relations between nations and the progress of European integration (Bar J., 2010).

European integration definitely facilitates the development of the non-governmental sector of the countries of the old continent. One of the most important benefits is the possibility of transnational cooperation of non-governmental organizations to act unhindered by administrative difficulties. Civic institutions associate into international federations, exchange experiences and implement joint projects, thanks to which they and the entire society benefit. European funds as a pool of public aid funds available to the third sector is of great importance for its activity. Non-governmental organizations in European countries largely use public aid (local governments, national governments and international organizations, such as the European Union) (Brodziński, Bórawski, Dunn, 2017). The vast majority of EU assistance programs are structured in such a way to strengthen international

cooperation in the third sector. Regulations of EU support programs require beneficiaries to form consortia that involves civic organizations from different countries. As a consequence, societies learn about transnational cooperation, moreover a sense of European identity grows in societies. Public resources, including European funds, are not fully adapted to the real needs of the third sector. Non-governmental organizations must choose between pursuing statutory goals and reformulating these goals so that they correspond to the requirements of available support programs. Of course, there are programs that finance activities in line with the statutory objectives of individual organizations, but most organizations change the profile of their activities in order to be able to obtain more funds.

In this way, public donors set the directions for the development of civic entities (Wojcieszka L., 2015). Civic activity undertaken as part of the functioning of citizens in the third sector is currently an important stimulator of social and economic development. The true social activity is a manifestation of creating an active civil society. Through their activity, civic institutions develop social capital, which is indispensable for maintaining healthy relations in society and ensuring its constant growth. One, of the indicators of the maturity of democracy and society is precisely the level of development of the civil society (Putnam R.D., 2001). The third sector, as a set of civic organizations, is a strong opinion-forming environment. Civic institutions involve a lot of people through their activities. The events they initiate often enjoy great social recognition. The ideology promoted by non-governmental organizations often attracts supporters among the recipients of the activities of a given organization. Due to such a large social impact, it is very important to understand the factors conditioning the development of non-governmental organizations (Fukuyama F., 1999).

## **2 Literature review and research**

In this article, I present the results of research carried out by several scientists who prove the truth of the following hypotheses:

- the third sector in a democratic state plays a very important role in the socio-economic life. Contemporary researchers of civic organizations notice that social activity is increasing. The functioning of citizens in non-governmental organizations is becoming somewhat fashionable in the society and is constantly

increasing, thus the importance and influence of the entire third sector grows considerably every year;

- European integration and the strengthening of socio-economic ties between European countries have a positive effect on the development of civic organizations in the countries of the old continent. Public money directed to civic organizations is a very important stimulus for their development. Aid programs financed from public funds used by non-governmental organizations change the profile of their activities: civic institutions give up the original goals of the organization in order to achieve the goals of the donor from whom they obtain funding;
- the activity of non-governmental organizations is a manifestation of an active civil society and strengthens social capital. Civic institutions create the development of civic society. Through their activities, non-governmental organizations develop social capital, and thus influence public administration and the private sector.

## **2.1 Growth of the third sector**

Lester Salamon introduced the concept of "global association revolution" into the language of science in the early 1990s. He stated that third sector organizations constitute a very important arena of not only social activity, but also economic and political ones. Therefore, non-governmental organizations began to play an increasingly important role in today's world also in these areas (traditional for the state and the market) (Salamon L., 1994). Since the end of World War II, the importance and activity of the civil sector has been steadily increasing and has accelerated significantly over the last 25 years. According to Jerzy Stepień, they contribute to the achievement of social goals. The activity of citizens in the third sector is a factor facilitating development both in the local and regional perspective, as well as national and more broadly - European. Civic institutions are very diverse among themselves. The differentiating factors include, in particular, apart from the geographical scope of the activity, the thematic area, number of members, legal form, duration of the organization's existence, statutory objectives, method of undertaking and sources of financing. The diversity of NGOs strengthens the power and influence of the third sector as a whole. Civic organizations specialize in many

areas, thanks to which they can speak out on a large number of important issues to the society (Stępień J., 2017).

## **2.2 The importance of European integration and public funds**

According to research conducted by Mirosława Janoś-Kresło, non-governmental organizations use various support programs financed by public money. In the 2007-2013 financial perspective, the largest amount (over 64% of all EU funds) of financial resources was received by non-governmental organizations from the "Human Capital Operational Program". Other important sources of financing the activities of NGOs were also "Bi, innovation and entrepreneurship" (over 16% of all EU funds), as well as "Tourism and culture" (slightly less than 10% of all EU funds). The remaining programs accounted for less than 20% of the value of the entire European pool (Janoś-Kresło M., 2013). Moreover, Janoś-Kresło checked the knowledge of non-governmental organizations about the possibility of applying for support under European funds. According to her research, only 63% of the largest civic institutions had the correct knowledge about the possibility of obtaining funds and the quality of their knowledge was assessed as "sufficient level". However, among the smallest organizations, the teen rate was below 20%. This shows a significant disproportion of knowledge between large and small organizations and threatens to dominate the pool of public funds by large, strong NGOs preventing small organizations from using these funds. Similar disproportions occur in the thematic area of activity. Non-governmental organizations, which deal mainly with local development, have much more knowledge about the possibilities and rules of obtaining financial support rather than sports organizations which possess the lowest level of knowledge. It is not relevant that the researcher indicated that the use of EU funds noticeably improves and increases the professionalization of the organization and the quality of its activities. Excluding smaller entities from access to this pool may lead to their marginalization. As part of the research, Janoś-Kresło put forward the thesis that an NGO switching to the designed activity of a donor, may change not only the style of its operation, but also its goals: according to the scheme: we conduct business if we manage to obtain funds, and we also conduct such activities for which we will obtain financing. Previously, the organizations tried to obtain funding for statutory activities, rather than raising funds for any activity (Janoś-Kresło M., 2015). As part of our original research, we explored the

phenomenon of the impact of public funds (not only EU funds, but also national, local and Norwegian) funds on organizations belonging to the third sector.

### **2.2.1 Research**

In our research, we checked the compliance of the priorities of individual aid programs addressed to NGOs. We conducted the survey in 2021 using an online survey, distributed in a multi-level manner. The research was conducted on a sample of 58 non-governmental organizations. Both young (under 3 years of operation) and more experienced (over 9 years of operation) organizations participated in the study. Most of the surveyed organizations have been operating for 3 to 6 years. The surveyed organizations have very different budgets. Over 40% of them declared the average annual budget in the last 3 years as less than PLN 100,000 (this is the equivalent of less than EUR 23,000). The organization with the highest budget among the respondents operated with an average annual budget of over PLN 1,000,000 during the last three years (this is the equivalent of over EUR 230,000). The organizations surveyed came from both villages and small agglomerations of up to 100,000 inhabitants (36% of all) and metropolises with more than 500,000 inhabitants (34% of all). These organizations operate within a local government unit (50% of all respondents), several regions or the whole country (33% of all respondents) and on an international scale (17% of all respondents). The questions in the survey concerned whether and to what extent the surveyed organization uses public funds and what part of its revenues are obtained from public subsidies. The organizations participating in the study were asked to estimate the level of difficulty in obtaining funds, as well as to determine how important public funds are for the development of their organization and the entire third sector. The surveyed organizations were also asked to determine the level of significance for the development of the third sector of certain pools of public funds (local government, government, EU, Norwegian) and to determine how the statutory objectives of the surveyed non-governmental organization are consistent with the objectives of the aid program financed from a given pool of public funds.

The results of our research agree with the indications of Mirosława Janoś-Kresło and deepen them. Each of the organizations surveyed declared their interest in using public funds. Almost 95% of them declared that subsidies from public funds are important or very important for the development of the civic sector. On average,

for the entire sector, non-governmental organizations indicated 52% of programs as inconsistent with their actual goals, but nevertheless applied or intend to apply for these programs. In detail we had the following results: 67% of the surveyed organizations indicated that the support programs financed from Norwegian funds were not in line with their actual goals. In the case of local government programs this ratio was 57%. For European funds 53%, and for government funds 29%. These results show that non-governmental organizations are able to find aid programs supporting the activities they want to carry out (in the case of the pool of government funds it is as much as 71% of the total programs), but in most cases they have to adapt their activities to the donor's requirements. This is a worrying phenomenon as the income from subsidies is more than three-quarters of all average annual revenues among almost half of all surveyed organizations. Interpretation of financial data allows for the conclusion that the institutions managing grants for non-governmental organizations to a significant extent create their activities, and the importance of public funding for the third sector allows political decision-makers to set directions for the development of the civic sector.

### **2.3 The third sector in shaping social capital**

Social capital is a very broad and multidimensional concept, one of its features is immeasurability. It is very difficult to value social capital, which is by its nature incalculable. However, according to Katarzyna Sierocińska, one of the basic features of social capital is trust. It could be stated that social capital consists in creating trust between the various individuals who form and shape the society. Building social capital is therefore based on activities aimed at strengthening social ties between individual citizens (Sierocińska K., 2011). Trust is a very important factor for the proper functioning of the state and society. The whole of socio-economic life is based precisely on trust. Non-governmental organizations through their activity bring citizens closer to each other by building trust. Strong social ties improve the functioning of public administration and enterprises. Honesty in business relations facilitates the conclusion of transactions and the development of entrepreneurship, while the certainty and consistency of the administration's activities facilitates the society's quick and trouble-free fulfillment of civic obligations (Oliveira E., 2017).

### 3 Conclusions

The third sector is an important element of the modern democratic system and the entire social economic life among European countries. The number of non-governmental organizations grows, as does the thematic scope and intensity of their activities. Civic institutions have an impact on society, the leaders of the third sector are in fact opinion leaders in local communities. These processes made it possible to increase the importance of the third sector in public life. Aid programs financed from public funds were particularly important for the development of civic organizations. These programs are not tailored to the real needs of the organization. The possibility of obtaining additional funds is sufficient motivation for most NGOs to change the actual goals of the organization.

By using subsidies, governments set the direction for the development of the third sector. The activity of citizens within the third sector is necessary to maintain proper social relations and achieve stable and long-term economic growth. Non-governmental organizations build social capital, which is of key importance for the proper functioning of public administration and business.

States should take care of the efficient functioning of the third sector, as civic organizations improve social processes crucial for state institutions and the private sector. While developing the criteria for co-financing programs targeted at civic entities, it is worth carrying out a wide research in order to find out the actual needs of civic organizations. Maintaining the actual pace of development and activity of the non-governmental sector in the coming years would be beneficial for the future of socio-economic affairs, especially when nations struggle with the effects of the pandemic.

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