

Włodzimierz Okrasa

University of Cardinal Stefan Wyszyński in Warsaw
Central Statistical Office, Warsaw

Beata Witek

University of Cardinal Stefan Wyszyński in Warsaw
Central Statistical Office, Warsaw

THE INFLUENCE OF INTER-SECTOR RELATIONSHIPS ON PUBLIC RESOURCE ALLOCATION: DOES THE LEVEL OF COMMUNITY DEPRIVATION COUNT? AN EVALUATION APPROACH

Abstract

This paper examines empirically a policy question whether or not there is a significant effect of the character of the relationships between the third sector organizations and public administration units for distribution of public resources at the local community level (*gmina* or *communes*). The key issue concerns the role of NGOs in making the level of community deprivation – measured by multidimensional index of local deprivation (MILD) – a factor in allocating resources to *gmina* (in the form of various subsidies accrued to it). An evaluation of the relative importance of the two competing criteria, *equity* and *efficiency* – which are typically, at least implicitly, involved in distribution of public resources – is conducted using public statistics data from the Bank of Local Data for years 2008 and 2010. Since it is usually assumed that the former remains of focus of the third sector units while the latter seems to remain under responsibility of the administration, one may expect that the type of relations between them will affect the prevalence of one of the two criteria over the others, without however, knowledge of the circumstances conducive to it. Indeed, the results of empirical analysis reveal a clear pattern of the dependency – public resources obtained by *gminas* are shown to be on average both ‘need-adjusted’ and efficient when the relations are positive in character (however, not unconditionally – for instance, it is not true in the case of European Union’s funds). And that there is a form of complementarity between the above mentioned principles (equity and efficiency) under a certain pattern of interaction between non-profit organizations and administrative units at the local community – some of the circumstances suitable for such a desired type of effects are discussed in the paper.

Key words: the third sector, public administration, resource spatial distribution

I. Introduction

The cross-sector relationships between public administration and either formal and informal units of the third sector – their character and dynamics – may have a significant impact on the overall performance of both the first sector and the third sector at the level of local communities. Noteworthy is the growing role of local third sector entities in the domain of social services reflecting, among other things, increasing access they have to public resources and to decisions about their split in this respect.

In general, the third sector – is meant in the literature as a concept broader than the non-profit sector, consisting – in addition to non-profit organizations – also units of so-called social economy, and – being usually defined in general terms, as an important part of *civil society* in democratic system [e.g. Jenei, Kuti, 2008]. Definition of non-profit sector typically follows the UN Manual's recommendations [see UN, 2003] – as a sector consisting units that are: (i) organizations – (ii) not-for-profit and non-profit-distributing – (iii) institutionally separate from government, (iv) self-governing, (v) non-compulsory. Why non-profit organizations – which embrace, first of all, different types of Non-Government Organizations (NGO), e.g. INGO (International NGO), RINGO (Religious NGO), BINGO (Business NGO), ENGO (Environmental NGO) etc. – have rather a clear meaning in different international contexts, the third sector is interpreted differently in Europe (esp. in official nomenclature of UE) [see Evers, Laville, 2004; Okrasa, 2008] – than, for instance, in Japan (where it refers to joint venture of the public and private sector [Jenei, Kuti, 2008], or in USA, where actually is not in official use. Its interpretation varies also across disciplines. In economics it is primarily viewed as an institutional alternative to state and private systems of social service provision, along with focus on non-distribution constraint; in political sciences focus is on public-private partnership, especially in the welfare domain (hybrid or welfare-mix); while in sociology (in the vein of Etzioni's tradition, who coined the concept in early 70s) the main interest in the third sector is in its potential for societal integration (as, *inter alia*, vehicle for social capital and transmitter of values and norms).

This paper concentrates on relations between public sector and the third sector in policy about distribution of public resources at the local level. Particularly, in the question of whether, and to what extent, does the expected link between the level of deprivation and of subsidies obtained by a community depend on the type of inter-sector relationships.

It is divided into seven sections, as follows: presentation of the key research questions (in the next sections) serves as an introduction to third section devoted to discussion of the theoretical model. It is followed (section four) by characterization of the data used in the study and by discussion of the results of empirical patterns of distribution, given the type of inter-sector relations within particular communes. The next (sixth) section is devoted to the discussion of the results. The paper concludes with a summary discussion of the impact of inter-sector

relations and of the level of local deprivation on the policy about distribution of public resources.

2. Problem

The key problem of this paper concerns the role of the relation between public sector and the third sector in policy about distribution of public resources at the level of *communes* (with exemplification of the case of Mazovian voivodship) in terms of their impact on the distribution of public funds, i.e. subsidies obtained by a commune (*gmina*). What needs to be also taken into account is the relationship between the third sector and public administration at the national level (central Government), assuming, however, that these relations accord in general with the appropriate EU directives. In addition, on the one hand whether or not there exists a dependency between the (higher or lower) level of adjustment of financial support to the needs (expressed by the deprivation-Multi-dimensional Index of Local Deprivation, MILD) and, on the other hand, the observed pattern of inter-sector relationships. In other words, what should we expect regarding the type of inter-sectoral relations in the communes experiencing greater or lesser level at which the two separate measures – MILD and the level of subsidies – match each other.

In consequence of recognition of the superiority of the community development and well-being for the key categories in policy about allocation of public resources, the following research questions seem to be of particular relevance:

- which particular model of inter-sector relationships – complementary, supplementary or adversarial [Young, 2006] – prevails in a local community?;
- whether and how is the prevailing model related to the observed pattern of public resource allocation in a commune?.

The character of the inter-sector relations and its significance for the shape of distributional policy is analyzed in both static and dynamic perspectives. On the one hand it embraces the issue of equitable distribution of public resources. On the other included is the issue of efficiency and effectiveness of policies and the management of financial resources in the reduction of local deprivation.

3. Model

In accordance with the assumptions set out above, we can expect on the empirical level of a trend a convergence between measures of 'demand for development' and measures of the outlays being distributed by the local administration units. In order to test the above stated hypothesis, it is required to employ the Multidimensional Index of Local Deprivation (MILD) which describes the level of shortcomings in a commune. This measure is made up of eleven possible

areas of deprivation, being extracted from a set of variables – information on which they are collected by local authority in Bank of Local Data – using ‘confirmatory’ factor analysis by the method of the main components [Okrasa, Witek, 2011; Okrasa, 2012a]. The following domains of deprivation are included in the MILD, which is a composite type of measure (each domains was weighted equally): ecology – finance – economy – infrastructure – municipal utilities – culture – housing – social welfare – labour market – education and health. This type of approach which assumes that the local deprivation is multi-facet phenomenon and requires multidimensional scaling is common in contemporary literature [cf. Bellani, Hunter, Anand, 2013]. One of its salient feature is an attempt to follow the *capability approach* framework [Anand, Sen, 1997], which however is more suitable for individual human being rather than for any aggregate type of units, like local community. The second measure that will be analyzed jointly with the multidimensional index of local deprivation is simply the total amount of subsidies (*per capita*) accrued to a commune.

Some knowledge of tendencies concerning the trends in relations between the level of local deprivation and subsidy granted to a local community, pending the particular nature of the inter-sector relationship, can be inferred from the existing literature. The typologies of such relationships are based primarily on two dimensions: the non-profit *regime* [Salamon, 2006] and the *interaction* of government and the third sector in the production of public goods and quasi-public [Young, 2006]. According to Salamon and Young, the second of the above mentioned dimensions, type of interactions, can be in one of the three forms: supplementary – complementary or adversarial.

The first type of relation is the mutual complementarity of the Government and the third sector, which compensate for the shortcomings of government’s provision of social benefits. The second model assumes the mutual completion or in the same or similar areas of activity. In the third of these models we observe that the Government pursues its supervisory position towards the third-sector organizations which, on their side, support creation of associations and pressure groups on the Government. In the adversarial model situations in which public sector units and the third sector compete amongst themselves for access to financial resources are possible.

From the point of view of the formal and legal framework, these relationships are clearly defined, according to Act of 24 April 2004 and 29 January 2004. In accordance with the last amendment to the Act on public service organizations and volunteering [Sienicka, 2010], the so-called local initiatives embrace, for example, the following spheres of public benefits: charity, promoting volunteering, environment protection, cultural heritage, pro-community development activities, higher education, etc. [Okrasa, 2012a].

The issue of inter-sectoral relationships while analyzed from the angle of policy concerned about matching the level of public support with local needs involves not only the question of efficiency of the resource allocation at the level of local communities, but also of policy’s actual compliance with the needs of the

residents, as compared to other communes (*equity*)¹. To this end, announced at the outset involvement of the time perspective is taking into account by comparing the measures of deprivation for the years 2008 and 2010 (based on data from the Local Data Bank).

In accordance with conclusion of the World Bank's independent evaluation study, the countries of the European Union characterize domination of the so-called beta-convergence (*β-convergence*) development pattern. Its distinguished feature is that the dynamic development trend remains in inverse proportionality to the level of development of the region (measured by GDP *per capita*) – i.e. the dynamics is on general higher in regions with the lower level of development at the time of the initial implementation of the development programme [Kohendorfer-Lucius, Pleskovic, 2009].

However, this pattern does not hold for the 'new' EU members, including Poland, where one can observe, on average, higher outlays and the pace of development in the regions already being more advanced, especially the metropolitan areas. On the contrary, the gap between the advanced central zones and 'underdeveloped' peripherals deepens [Gorzela, 2009: 260].

If the model of social cohesion policies at the level of communes (not only at the macro one) would actually be arranged in accordance with a pattern of divergence rather than convergence then, while comparing the level of deprivation in years 2008 and 2010, we should observe the most significant decrease in the level of deprivation amongst the communes with the lowest level of deprivation at the starting point (this would indicate on the occurrence of the so-called Matthew's effect, i.e. the rich get richer while the poor become poorer [cf. Merton, 1957]).

Operationally, the hypothesis proposed on the basis of the previous conceptualization and analysis devoted to the relationship between the type of inter-sector relationships and distribution of public resources can be expressed in the form of a multiple regression model, with covariates identified based on earlier theoretical considerations and preliminary empirical results [Okrasa, 2012a]:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

where:

Y – the current level of public resources/subsidies obtained by a commune (country-wide);

X₁ – index of intersectoral cooperation (quality and intensity of cooperation);

X₂ – the level of total deprivation (MILD);

X₃ – participation rate of social assistance beneficiaries in local population.

Results are discussed below, following a brief characterization of the data used.

¹ On general, a high similarity between geographical distribution of actual and proportional subsidies has been observed.

4. Data

Analytical evaluation of allocation policy from the point of view of the distribution of resources according to the criterion of equity, taking into account the concern about efficiency, requires employing statistical data from different sources, above all from Local Data Bank (of the Central Statistical Office, for the years 2008–2010). Besides, to examine the inter-sectoral relationship also data from the Database of the Public Benefit Organizations (of the Ministry of Labour and Social Policy) were used in the analysis².

An important source of data is the information collected in course of the three rounds of surveys conducted during implementation of the research project “Risk and Local Development (RLD)”³. Research oriented to diagnosing various aspects of inter-sector relationship, including representatives of local administration (*gmina* authorities), third sector units, and residents of the local community.

The methodological strategy employed in the RLD Project is based on the use of *mixed methods*, both quantitative (surveys were conducted by a *mixed-mode* combination of such techniques as CATI, CAPI, CAWI, PAPI), as well as qualitative (with focus groups, collaborative action research). One of the effects of the implementation of the project is to develop a database that includes both multi-source analytical data sets, containing data from ‘the field’ as well as data from public statistics and administrative sources (CSO/GUS, BDL, OPP – data on non-profit organizations (the latter from independent research institutions/foundations).

5. Results

- Empirical patterns of resource allocation

On the basis of the above assumptions concerning the role of third sector units in the provision of collective goods, we can expect the converging or diverging pattern of “demand-and-supply” of public resources in communes. For example, by observing the communes in which both the level of deprivation (MILD) and the level of subsidies received by the communes were high, we could conclude that the distribution of resources in these communes was equitable.

In turn, in cases of discrepancy between these two measures – indicating either ‘over-estimation’ or ‘under-estimation’ of the needs of a local community – an explanation should be sought in an actual model of relationship between public authorities and the third sector. From the point of view of evaluation of

² The database was developed by the non-profit organization Klon/Jawor for the Ministry of Labour Social Policy.

³ Project No. 11 0004 06 funded by the National Research and Development Centre.

public resource allocation policy, it seems particularly important to identify the communes with high level of deprivation and low level of subsidies.

To this end, a simulation was conducted for generating distribution of total subsidies to each commune under assumption of proportionality of allocation, given the level of deprivation measured by the MILD [Okrasa, 2004; Lapins, Vremis, 2006]⁴. Sample results for the Mazovian voivodship is showed on the Figure 1. For comparison, the actual allocation of subsidies is visualized based on the amount of subsidies (for person) actually allocated to the communes – see Figure 2 (for the same geographic region).

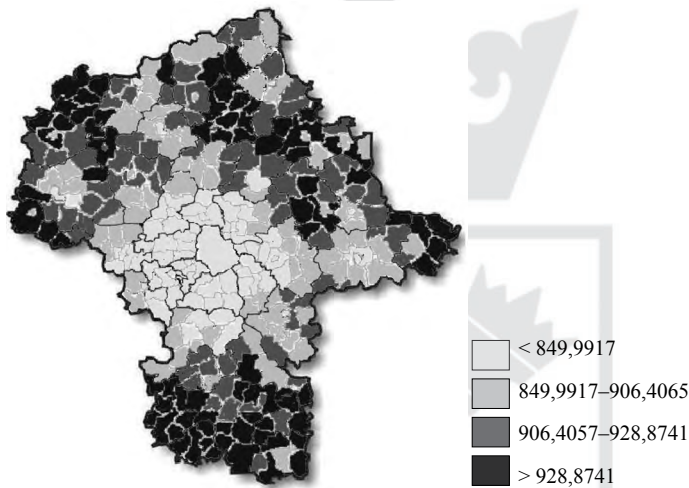


Figure 1. Allocation of subsidies to *communes/gminas* proportionally to MILD, Mazovian voivodship (2008)

Source: own construction [Okrasa, 2012a].

⁴ The MILD was here employed as a factor of proportionality for distributing resources in the same way as it was proposed for the World Bank Social Investment Fund among the selected villages, using the following basic allocation formula / b.a.f. [cf. Okrasa, 2004]:

$$b.a.f. \equiv \forall r \left[A(r) = \frac{I^r * P^r}{\sum_{i=1}^S I_i * P_i} \right]$$

where: I_i and P_i stand for an indicator and population size, respectively, of i -th group or geographic stratum (village); $i = 1, \dots, S$; while r refers to the group/stratum for which the allocations is being specified, $A(r)$; S is composed of r -parts geographic stratum.

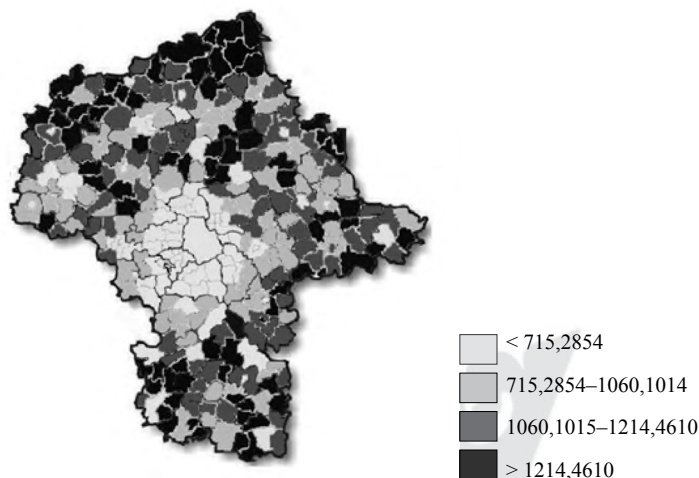


Figure 2. Actual distribution of subsidies to *gminas*, Mazovian voivodship (2008)

Source: own construction [Okrasa, 2012a].

The first map shows the situation that would be ‘in theory’, assuming that the distribution of funds accords with the principle of “horizontal equity” (visualization on the basis of MILD). The second map reflects the real situation – it presents the allocation that actually took place. In accordance with assumptions made, the underlying factor responsible for differences presented by Figures 1 and 2 is the nature of the links between local authorities and organizations of the third sector.

This is the key issue to be clarified focusing on factors responsible for the observed patterns in the cases of convergence and divergence, respectively. Both examples of ‘underestimates’ (communes, which received subventions less than would result from their needs according to the index of deprivation, e.g. Ciechanów, Pruszków, Brwinów, Józefów, Karczew, Sierpc, Otwock, Milanówek, Łomianki, Konstancin-Jeziorna) [Okrasa, 2012a; Okrasa, Herbst, 2012], and cases ‘overestimated’ (e.g. Lutocin, Radzanów, Rościszewo, Kadzidło, Potworów, Łaskarzew, Mirów, Jednorożec, Domanice, Czarnia) lead to questions about other than the principle that refers to the level of deprivation (the needs to be fulfilled in the community) as a rule for allocation of public funds.

For a deeper understanding of the nature of the differences between communes within the Mazovian voivodship, it would also be useful to refer them to other aspects of the differences, which are the subject of the previous analyzes in the literature. For example, using factor analysis Malina [2004] made an overview of spatial characteristics of the economic situation of Mazovia. The result of comparative analysis was to identify regions (voivodships) showing the highest potentials of ‘development’. Mazovian voivodship was on the first position as characterized by internally diverse and well-developed structure [Malina, 2004].

The overall economic situation remains in relatively the strongest connection with general level of local community deprivation. By comparing the visualization of the spatial structure of the economy in the voivodship [Mackiewicz, 2011] with a map showing the level of deprivation of this area, we observe a clear tendency to convergence. Especially evident is a tendency to polarization between the central zone of development and the zone of its indirect effects, characterized by generally higher index of local deprivation and a lower level of economic development. As for the structure of the economy, the center of the region is characterized by a generally lower unemployment rate than the rest of the province [MBPR, 2011], and a lower level of deprivation in the domain of labour market, see Figure 3.

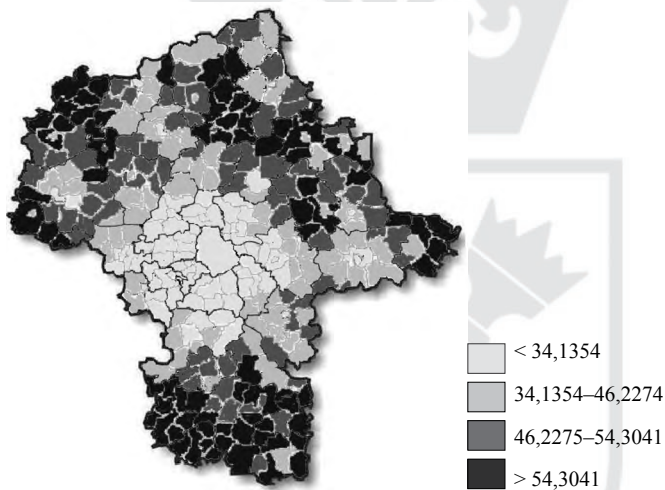


Figure 3. Local deprivation (MILD) in the domain of labour market
Source: own construction [Okrasa, 2012a].

In a way similar to the previously presented maps, the above distribution of deprivation in the labour market is characterized by the dominant position of the capital city and its surroundings. Together with other characteristics of the Mazovian voivodship, they constitute an important context for not only the measurement of the local community deprivation, but also as an extremely important element of the setting in which both sectors operate – the first sector (Government and local authorities) and the third sector.

Before will be presented detailed results of analysis of the dependency of the presented patterns of distribution from the cross-sectoral relationship, it should be noted that a comparison of measures of deprivation (based on MILD) for communes of Mazovian voivodship in 2008 and 2010 has not confirmed cited (in part three of this paper) results of the literature which, however, refer to the larger territorial units (to the regions of the countries of the European Union), using

only one indicator, i.e. GDP *per capita*. The most advanced in terms of the level of development communes are characterized, on average, by the greatest degree of deprivation; while in the communes with the highest level of deprivation the largest decline of it was observed. However, the relative positions of the communes in the ranking of the level of inadequacies, measured by the MILD index, have not generally been changed (communes in the central part of the voivodship retain their dominant position). Figure 4 presents results of the changes in local deprivation (MILD) for one voivodship – during 2008–2010. The first map presents reduction of local deprivation (darker means bigger reduction), and the next one shows deprivation increased during 2008–2012.

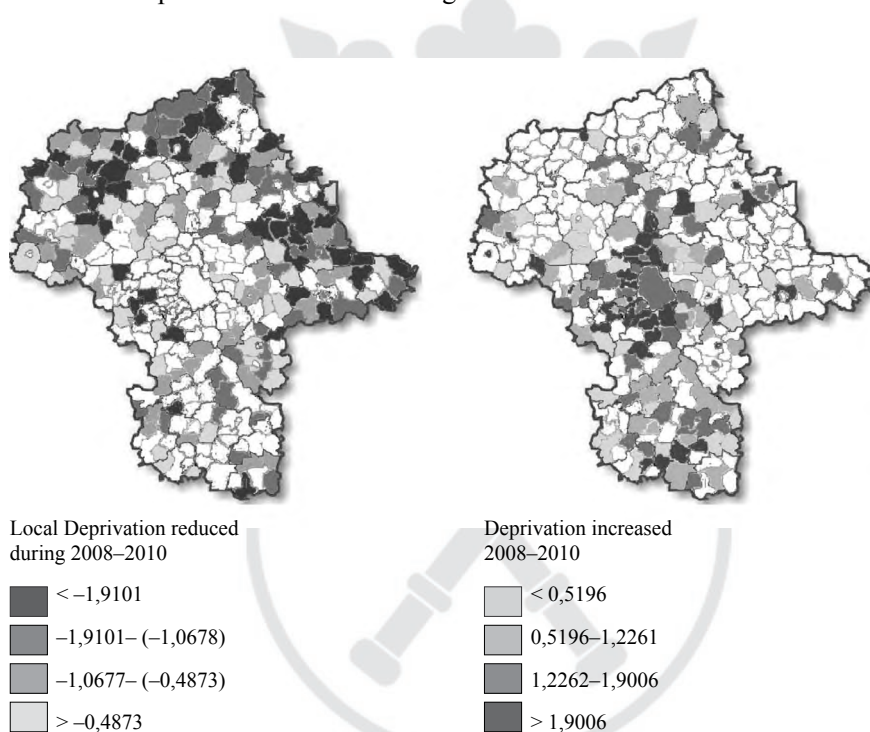


Figure 4. Changes in local deprivation (MILD) at the level of *gmina* during 2008–2010, Mazovian voivodship

Source: own construction [Okrasa, 2012b].

It can be concluded, therefore, that the policy of the development of the Mazovian region accords in general with the assertion of the EU to pursue social cohesion⁵, the most important aspects of which are in principle covered by

⁵ Such a conclusion shouldn't be generalized, however, as there is a need to further exploration of the social cohesion related aspects in other regions/voivodships.

the multidimensional index of deprivation (MILD)⁶. Hence, rational seems suggestion to appeal – particularly in the context of the evaluation of development policy, including allocation of resources – for this type of measurement to be employed at the level of the communes (rather than to confine the analyses to a single type of indicator, like GDP pc).

In light of the results obtained, what can be expected is the prevalence of better cooperation where the level of deprivation is relatively lower. On the other hand, however, it is worth pointing out the existence of the trend to the prevalence of ‘spatial dependency’ of the development, taking place in accordance with the formula of β -convergence. In other words, communes characterized by greater level of local deprivation are characterized by also higher difference, on average, in terms of reduction of deprivation as a measure of development between 2008 and 2010 (negative value of coefficient of regression of relative difference as the dependent variable, in the model at the initial level of local deprivation, i.e. at the level of inefficiencies in 2008 [see: Okrasa, 2012b]).

- Local authorities and the third sector – cooperation and management of resources

As already stressed, the analysis of variations in patterns of spatial distributions requires reference to the results of study on the relationship between sectors (between the first and the third sector). The data source on these relationships has been collected for the Ministry of Labour and Social Policy by a non-profit organization Klon/Jawor, including formal units (belonging to the REGON system), mainly the category of public benefit organizations.

The database for the year 2008 comprised the results of the research organization operating in 1888 communes in Poland (out of 2478 communes in the country). The report from the present study includes the following forms of cooperation between local government and the third sector [Gumkowska, Herbst, Radecki, 2008; Okrasa, Witek, 2011]:

- financial support from local self-governance office,
- conducting jointly some programs, activities, events,
- information sharing and exchange, on a current basis,
- non-financial support from the local government – participation of staff, access to equipment or meeting space, rooms, etc., promoting activities of NGOs, etc.,
- participation in preparation of important documents and strategies elaborated under responsibility of administration concerning development of communes (*gmina*), subregion (*powiat*), region (*voivodship*).

The largest percentage part of the non-profit organization declared at least ad hoc (‘from time to time’) contact with public administration in the field of financial assistance (57.9%), and the area of the least active contacts was preparing important documents and strategies (33.8%). In other areas of cooperation, such as the joint organization of programs, information exchange and other than

⁶ The social cohesion dimensions are listed in ESPON report ESPON, 2008: 11.

financial support from the local government, the following figures were obtained: 55.6, 53.8 and 35.6% respectively (Gumkowska, Herbst, Radecki, 2008).

The relations of the third sector with the local authorities are also affected by other factors such as declared by the non-governmental organizations increase in financial support received from public administration during the years 2003–2007 (total increase by 78%) (Gumkowska, Herbst, Radecki, 2008). There was also increase in the share of financial support from the central administration (from 22% to 30% of funding), and bigger fraction of all sorts of tasks commissioned from the local non-profits (increase of 15%).

More detailed information on the impact of cross-sectoral cooperation in the distribution of public resources at the level of the municipalities provide the value of the correlation coefficient between the General index ‘quality of work’ local administration of non-profit organizations (‘quality assessment’ on a scale of low to 0, to high, equal to 5), and the indicators for selected areas of local deprivation and public assistance (see Table 1). Particularly relevant aspects of welfare deprivation of the local community are included in the field.

Table 1

Correlation between the inter-sector cooperation index and selected aspects of public resource allocation

Subsidies and deprivation: selected variables and indicators	Index of inter-sectoral cooperation (<i>r</i> -Pearson)*
overall deprivation in <i>gmina</i> (MILD)	0.41
municipal utilities	0.52
economy	0.40
education	0.36
health	0.33
labour market	0.32
actual distribution of subsidies (<i>per capita</i>)	0.45
allocation of subsidies proportional to MILD (simulated)	0.41

*values of *r* significant $p < 0.01$

Source: own calculations [Okrasa, Witek, 2011; Okrasa, 2012a].

Hypothetical expectation that better – meaning covering a wider range and rated highly in terms of quality – inter-sectoral cooperation is accompanied by, on average, lower value of total deprivation (composite index), and deprivation in specific areas, confirm the negative value of the correlation coefficient. Virtually all of the indicators of deprivation in particular 11 domains are significantly connected with the inter-sectoral cooperation. This relationship can be made visible if the shortcomings included in Table 1 will be presented as indicators of potential risk factors for local communities [Okrasa, 2012a].

Having constructed an analytical database using multi-source data allows us to test the model aimed at explaining differences in the distribution of subsidies

to communes (actual *per capita* subsidies as the dependent variable) as effect of the size of the intervention of the social policy expressed in terms of size (as a percentage) of the households dependent on social welfare as the main source of maintenance.

The model presented on page 427 and calculated with the above characterized data was shown to be adequate and robust, both in terms of the *F*-statistics ($p < 0.001$) and of *r squared* adjusted (0.513).

Table 2

Estimated coefficients of linear regression for the level of public subsidies as an effect of inter-sector cooperation, given the overall level of local deprivation and of the social welfare dependency rate (at the level of *commune/gmina*)

Model	Unstandardized coefficients		Standardized coeff.	t	Sig.
	B	Std. Error	Beta		
(Constant)	-2175.075	113.359		-19.187	0.000
Index of cooperation	-53.339	4.491	-0.210	-11.876	0.000
Multidimensional Index of Local Deprivation (MILD)	33.503	1.193	0.542	28.094	0.000
Beneficiaries of Social welfare program (dependency ratio)	4.545	0.645	0.126	7.046	0.000

Source: own calculation [Okrasa, Witek, 2011; Okrasa, 2012a].

It is noteworthy to mention of the opposite direction (negative value of the coefficient) of the impact of cross-sectoral cooperation compared to the influence of the level of local deprivation (MILD), and of the rate of the beneficiaries of social assistance – this is discussed in the next section.

6. Discussion

The observed tendency to correspondence of the spatial distribution of the actual total subsidies for communes (*per capita*) with the alternative schedules of allocation of funds under the principle of proportionality to the needs (measured using MILD), testifies to the mutual completion of first and third sectors. It should be recalled that such an interpretation of the results is based on the assumption that the above convergence is favorable and indicates bigger role of the third sector units. However, some of the other types of the relationship between sectors (listed in section 3) may also lead to similar results. In other words, these results have their validity in a particular context, and not unconditionally.

The results presented in this study indicate first of all that the nature of cross-sectoral relationship at the level of local communities (*communes*) is an important factor for local development. In practice, however, we observe the cases that do not support the thesis that better cooperation results in a more effective strategy to raise the subsidy (sources of development) by the local community. We have to deal with such a situation in the case of the European Union funds mentioned at the outset, where co-occurrence is described as sporadic ($r = 0.08$) and statistically insignificant.

In addition, we observe the situation looking paradoxically from the perspective of the development resources being accrued by the communes. Namely, the regression coefficient for obtained development resources, given the index of cooperation, is negative (cf. Table 2). This situation is a consequence of the opposite direction of the trend in the area of cooperation between sectors that is on average better in the communes with a lower level of local deprivation.

However, interpreted jointly, the results show the consistent impact of factors – deprivation index and local cooperation – which in essence act in the same direction on the level of obtained measures: worse cooperation and higher deprivation. Therefore, it can be concluded that public financial support reaches above all those communes in which low inter-sectoral cooperation is accompanied by lower level of development of communes with the significant share of the poor households.

The fact that the higher subsidy follows the higher deprivation, and not a model of cross-sector relationships, reinforces the thesis about the importance of the third sector. It turns out that the cooperation between the two sectors (the third sector and public administration) promotes the reduction of deprivation, but not necessarily because of the current subsidies. This may be due to the fact that the effect of the subsidy is reflected in measurements of local deprivation only after a certain time. The answer to the question whether the low levels of deprivation in the communities of good cooperation means the higher level of earlier obtained subsidy may be a subject for further analysis.

7. Conclusions

Analysis based on multiple regression model have confirmed significantly higher levels of received public subsidies in communes in which there is harmonious cooperation between the entities of the third sector and local government units (at the level of the *communes/gmina*).

In light of the evidence, it seems reasonable to recognize that there is a synergic effect of efforts of the first and third sector organizations in local development activities. While it was assumed that the units of the third sector acts as a body articulating the interest of inhabitants of the local community referring primarily to the equity as a rule for choices, the local administration is seen as being focused primarily on the efficiency criteria.

It should be noted there is the need for further research on this issue, conducted on a wider scale. The analysis of the links between the different dimensions of local deprivation (or development) presented in this study focuses on the example Mazovian voivodship and may not be generalized for other regions. The future analyses should take into account not only data specific to other territorial units, but also alternative hypotheses concerning the relationship between sectors, and the level of public subsidies obtained by the community. In particular, the model of contingent or competitive activities of the sectors can also lead to increased levels of external development resources received by the communes.

At the same time there is the need to take into account the relationship between organizations of the third sector and public administration at the central level because relationships between sectors at the local level are not fully autonomous. Some areas of allocation policy are largely shaped by a higher level policy-makers. This involves increasing risk of reduced level of autonomy of local communities and increased dependence from external institutions that act as dominant in the decision-making of the distribution of public resources. This can in turn lead to reduction of involvement of residents in the problems and affairs of 'own' local community [Bridger, Alter, 2006].

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