Government at a Glance 2011
Country Note: POLAND

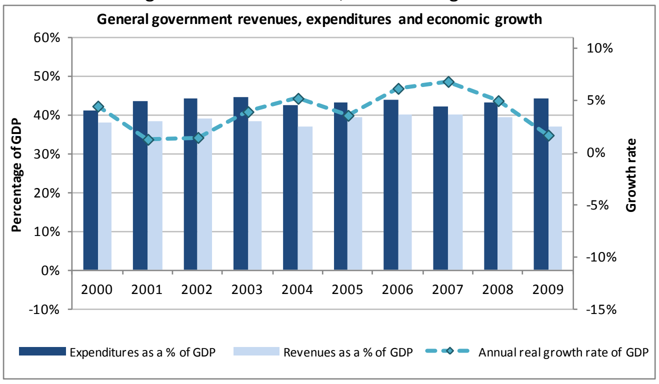
CONTEXT

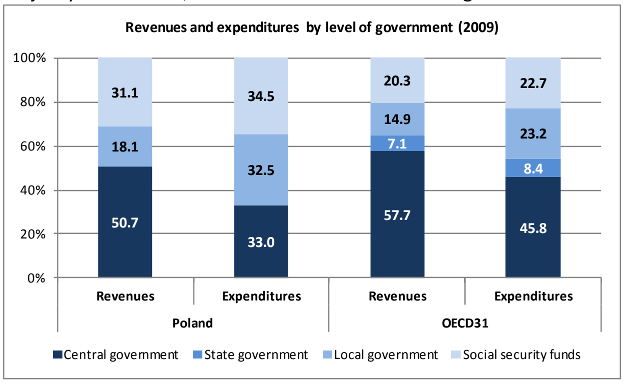
SYSTEM OF GOVERNMENT: **Dual executive**
- No. of ministries: 18 (2010)
- No. of governments over last 20 years: 14
- No. of coalitions over last 20 years: 12

STATE STRUCTURE: **Unitary**
LEGISLATURE: **Bicameral**
- Upper house: elected
- Lower house: elected using Proportional Representation

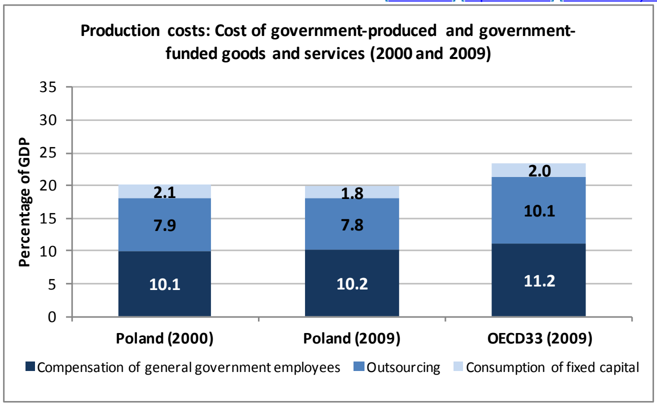
PUBLIC FINANCE AND FISCAL SUSTAINABILITY

Poland was one of the few OECD countries to avoid recession in 2009, recording economic growth of 1.7% of GDP. In contrast, Poland's fiscal position has continued to deteriorate over the past few years with the 2009 budget deficit widening to about 7% of GDP as expenditures topped 44% and revenues 37% of GDP. Service delivery is relatively decentralised in Poland: expenditures are roughly evenly split between social security funds and local and central government. However, the central government collects the majority of revenues, which it then transfers to local governments.



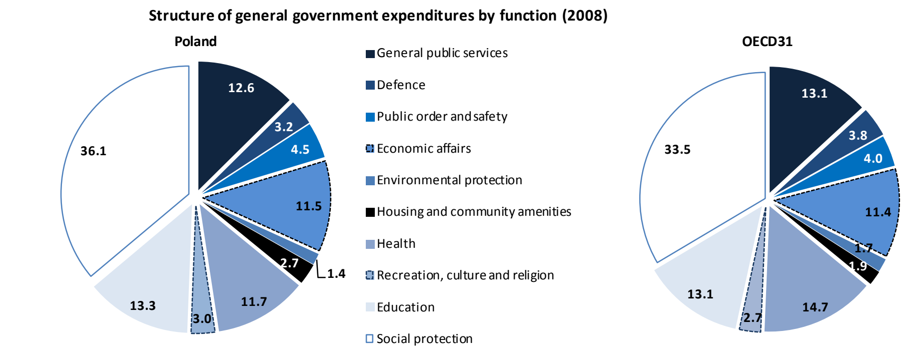


Source: OECD National Accounts and Economic Outlook 89. [Revenues] [Expenditures] [Revenues by level of government] [Expenditures by level of government]



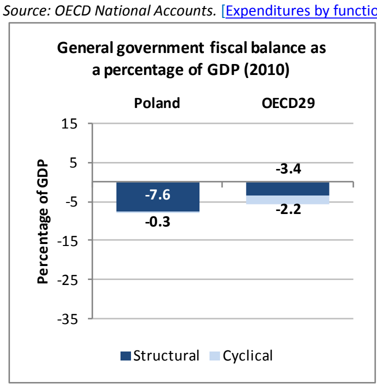
About 20% of the economy was devoted to producing public goods and services in 2009, slightly less than the OECD average. Compared to other OECD countries, the Polish government relies slightly more on government employees in the production process. Only about 39% of the costs of public goods and services are produced or provided by the private sector, compared with 43% on average in the OECD area.

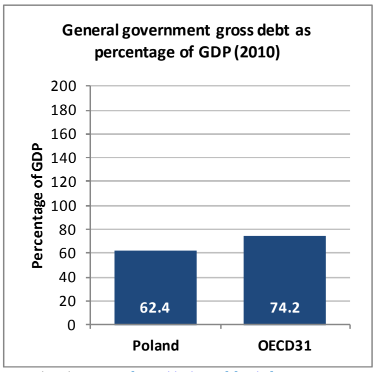
Source: OECD National Accounts. [Production costs]



The Polish government devotes a slightly larger share of resources to social protection programmes than the OECD average. Pensions account for the largest expenditures in this category (60% of expenditures on social protection programmes are in this area). The government allocates a relatively smaller share of resources to health than other OECD countries.

Source: OECD National Accounts. [Expenditures by function]





The deficit was 7.9% of GDP in 2010, above the OECD average and largely structural in nature. Gross debt stood at 62.4% of GDP in 2010, below the OECD average. (Note that OECD definitions of deficit and debt differ from the Maastricht criteria.) The main goal of Poland's medium-term budget strategy is to reduce the deficit below 3% of GDP by 2013, paving the way for eventual adoption of the euro. Fiscal consolidation plans include reforming pensions (abolishing early retirement schemes), privatising state-owned companies and assets, and broadening the tax base. The government also plans to introduce a fiscal rule to cap real spending growth at 1% per year.

Source: OECD Economic Outlook 89. OECD average refers to the unweighted average [Fiscal balance] [Debt]

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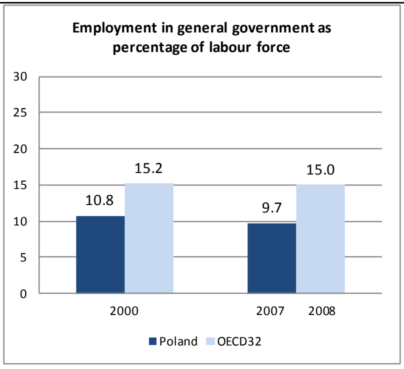
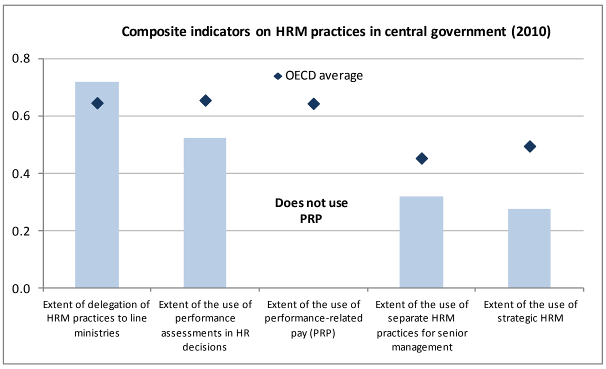
GOVERNMENT EMPLOYMENT AND HRM PRACTICES



The Polish government employs only 9.7% of the total labour force, one of the lowest rates among OECD countries and well under the average of 15%. This represents a reduction of 1.5% since 2000. The government, via the proposed Act on Employment Rationalisation in Public Administration, plans to cut at least 10% of employees in most public administration offices (28 000 employees within 2 900 offices). Across the OECD, public employment ranges from 6.7% to 29.3% of the labour force.

Source: International Labour Organisation. [General government employment] [Distribution by level]



The Polish central government delegated many HRM functions to its line ministries, although recruitment, pay decisions, and the allocation of the budget envelope between pay and other expenses are shared responsibilities with the Centre. The Head of the Civil Service is responsible for (among other things) establishing HRM standards as well as creating an HRM strategy for the whole civil service. Performance assessments are used for decisions related to career advancement, as performance pay does not exist for civil servants. There is a special cadre of senior civil servants, although HRM practices used for them are only slightly different from other those for other staff. There is much room for improvement regarding the strategic use of HRM practices, although there is a general accountability framework set up for the senior management. Strategic priorities and HRM objectives related to the civil service are also discussed at the recently established Forum of Civil Service Director Generals.

Source: OECD 2010 Strategic HRM Survey. [Delegation] [Performance assessment] [PRP] [Senior management] [Strategic HRM]

PUBLIC PROCUREMENT

Transparency in public procurement, 2010

	Central proc. website	Contracting entity website	Domestic printed or electronic journal	Other website	Pct. OECD countries that publish info
Information for potential bidders	**Yes**	**No**	**No**	**No**	**97%**
Selection & evaluation criteria	**No**	**Yes**	**Yes**	**No**	**97%**
Tender documents	**No**	**Yes**	**No**	**No**	**82%**
Contract award	**No**	**Yes**	**Yes**	**No**	**100%**
Justification for award	**No**	**Yes**	**No**	**No**	**59%**
Tracking procurement spending	**No**	**No**	**No**	**No**	**32%**

Percentages refer to the share of OECD countries that reported publishing information "always" or "sometimes".

Achieving greater transparency in public procurement is important, especially given that Poland spent an estimated 13% of GDP on procurement in 2008. Public bodies are required to publish information on public procurement procedures and the Public Procurement Law requires the access to information via computer networks. Contrary to most OECD member countries, Poland does not publish most of its information on public procurement on the central procurement website: www.portal.uzp.gov.pl. This website is a tool which aims to make available for contracting authorities some electronic instruments, such as an electronic auction platform. It is not an e-procurement platform covering the entire public procurement procedure. Contracting authorities are not obliged to use the tools available on this Portal. They can also use other tools (i.e electronic auction platforms) available on the market. The website only publishes information for potential bidders, procurement laws and policies, and specific guidance on application procedures such as templates and forms. Other public procurement information is mostly published on the contracting entity website. This is the case of selection and evaluation criteria, contract award (name and amount), procurement plans, and justification for awarding a contract to a selected contractor. Some of this information is also published on the EU DG market website. Currently, Poland does not allow tracking of public procurement spending on line as is done by 32% of OECD countries. Providing an adequate degree of transparency throughout the entire public procurement cycle is critical to minimise risk of fraud, corruption and mismanagement of public funds in order to ensure fairness and equitable treatment of potential suppliers. Additionally, it allows for effective oversight by concerned institutions and the general public.

Source: OECD 2010 Survey on Public Procurement. [Transparency in public procurement]

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REGULATORY GOVERNANCE

Regulatory governance mechanisms, 2008

Functions of the oversight body		Percentage of OECD countries responding "yes"	POLAND
Consulted as part of process of developing new regulation	2005	73%	Yes
	2008	82%	Yes
Reports on progress made on reform by individual ministries	2005	43%	No
	2008	56%	No
Authority of reviewing and monitoring regulatory impacts conducted in individual ministries	2005	43%	No
	2008	50%	No
Conducts its own regulatory impact analysis	2005	43%	Yes
	2008	47%	Yes
Anticipating compliance and enforcement			
Regulatory policies require that issue of securing compliance and enforcement be anticipated when developing new legislation	2005	57%	Yes
	2008	70%	Yes
Guidance for regulators on compliance and enforcement	2005	37%	Yes
	2008	47%	Yes
Existence of policy on risk-based enforcement	2005	N.A.	N.A.
	2008	30%	No

This table presents two elements drawn from the wide range of activities for managing regulatory quality.

There are two key oversight bodies for regulatory management in Poland: the Ministry of Economy is the leading body of regulatory policy, while the Government Legislation Centre (GLC), a central unit reporting to the Prime Minister, is responsible for the quality of legislation.

Since 2008 the role of the Ministry of Economy has been strengthened to reinforce effective coordination of regulatory policy within government and secure coherent implementation. Its Regulatory Reform Unit in the Secretariat of the Minister is responsible for developing and coordinating strategic projects. For example, the unit, formerly part of the Department of Economic Regulation, has coordinated projects on administrative simplification, including the 2008-2010 project on measuring and reducing administrative burdens on businesses. The GLC co-ordinates the government's legislative activity, provides legal advice to the government, prepares government drafts and advises on parliament's draft legislation. Until 2006, the GLC was also responsible for the quality check of impact assessments. This is now done by the Chancellery of the Council of Ministers. In addition, the position of Government Plenipotentiary for the Reduction of Bureaucracy has been created to enhance inter-ministerial co-ordination.

The 2006 guidelines on regulatory impact assessment include recommendations on compliance and enforcement. The Polish government has launched a project to reform the inspection system. It has not yet developed a specific risk-based policy on enforcement.

Source: OECD 2008 Survey on Regulatory Management; OECD (2011), *Administrative Simplification in Poland: Making Policies Perform, Cutting Red Tape*, OECD Publishing, Paris. http://dx.doi.org/10.1787/9789264097261-en.
[Oversight bodies] [Compliance and enforcement]

OPEN GOVERNMENT

Disclosure of public sector information, 2010

Types of information disclosed	Proactive disclosure: Poland	OECD32	Publication channels
Budget documents	○	94%	Not published
Audit reports	○	72%	Not published
List of public servants and their salaries	○	28%	Not published
Sharing of administrative data			
Administrative data sets	●	66%	MA
Requirements on publishing in open data formats	Yes	53%	_

● Required to be proactively published by FOI laws
⊙ Not required by FOI laws, but routinely proactively published
○ Neither required nor routinely published
CP= central portal; MA= ministry or agency website; OW=other website
OECD percentages refer to the percentage of the 32 responding OECD countries that either require that information be published by law or do not require it but routinely publish information.

Contrary to most OECD countries, the Polish government is not required to- nor does it proactively publish- budget documents or audit reports, although it does disclose administrative data sets through ministry or agency websites. Poland also has in place requirements on publishing in open data formats, which can promote and facilitate the re-use of information by other parties. Freedom of Information legislation in Poland consists of- among other provisions- the Act on Access to Public Information from 2007.

Source: OECD 2010 Survey on Access to Information. [Disclosure of information] [Publication channels]

E-GOVERNMENT

E-Government building blocks and e-procurement, 2010

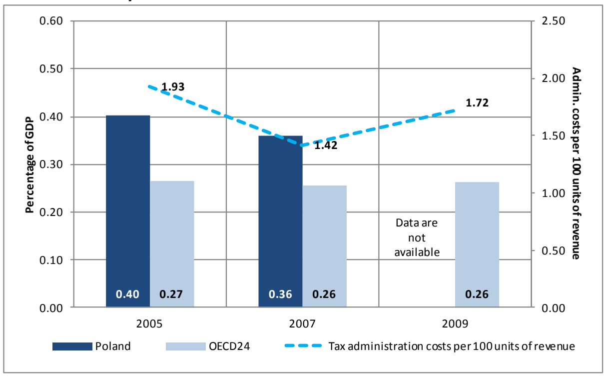
e-enabling laws and policies	Poland	OECD25
Recognition & use of digital signature	●	100%
Electronic filing within the public sector	●	88%
Administering PPPs for e-government projects	○	64%
Services offered on single-entry procurement website	**Poland**	**OECD34**
Tender searches	●	62%
Tracking of outcomes of contracts	○	32%

OECD percentages refer to percentage of responding countries answering in the affirmative. ● Yes ○ No .. Data unavailable

Similar to most OECD countries, the Polish government has put laws and/or policies in place to promote the use of digital signatures and electronic filing in the public sector. Unlike 64% of responding OECD countries, however, the government of Poland does not have a specific law or policy to administer public private partnerships for e-government projects. Poland is among the small group of OECD countries with a single-entry procurement website which allows businesses to perform tender searches, and new legislation places electronic communication between the awarding entity and the ordering operator on the same level as that of written or fax communications. However, the site does not allow users to track the outcomes of contracts, which is a service that can allow more transparency in the procurement process.

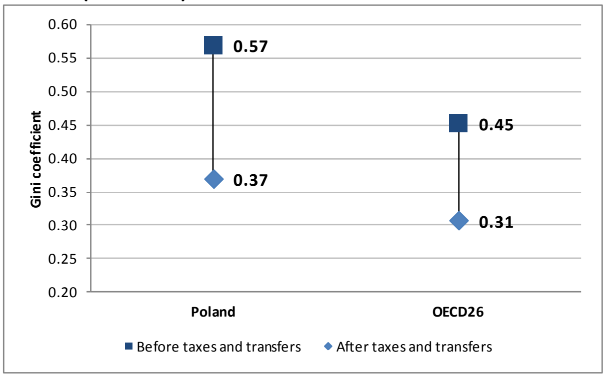
Source: OECD 2010 e-Government Survey and OECD 2010 Public Procurement Survey. [E-enabling laws] [E-procurement]

Tax efficiency: Total revenue body expenditures as a percentage of GDP and tax administration costs per 100 units of revenue (2005, 2007 and 2009)



Growing fiscal constraints have led to increased attention on improving the efficiency of tax administrations. The "cost of collection ratio," for instance, is one efficiency measure which compares the annual administration costs incurred by a revenue body with the total revenue collected over the course of a fiscal year. Over time, a decreasing trend could reflect greater efficiency in terms of lowered costs and/or improved tax compliance. In Poland, the administration costs of collecting 100 units of revenue decreased considerably from 2005 to 2007 before increasing again by 2009, albeit not surpassing the 2005 level. The increase from 2007 to 2009 could be partly explained by macroeconomic conditions, such as a drop in revenues following the crisis. In the years 2005 and 2007, total revenue body expenditure as a percentage of GDP were about 30% higher than the OECD average. The country, however, is embarking on an e-government reform programme including e-taxes and e-declaration projects to reduce costs while improving compliance and service delivery. *Source: OECD (2011),* Tax Administration in OECD and Selected Non-OECD countries: 2010 Comparative Information Series, *OECD Publishing, Paris.* [Total revenue body expenditures] [Tax administration costs per 100 units of revenue]

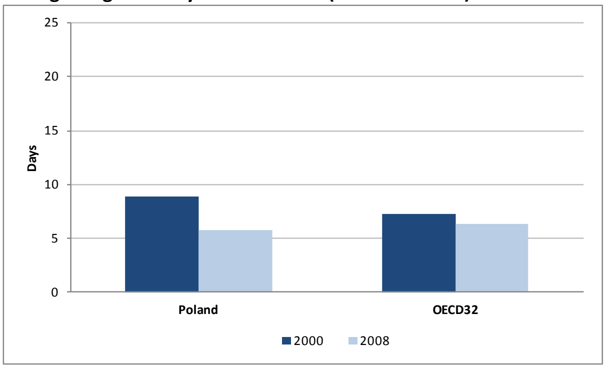
Differences in income inequality pre- and post-tax and government transfers (mid-2000s)



One method of evaluating the effect of government tax and transfer policies on income inequality is by assessing a country's Gini coefficient before and after taxes and transfers. The effect of government redistributive policies on income inequality is considerably higher in Poland than the OECD average. Poland achieved a 0.20 point reduction in the Gini coefficient following its tax and transfer policies, compared to an average 0.14 point reduction in OECD countries. Cash benefits in Poland exceed 30% of household incomes, which is among the highest rates in OECD countries. Nevertheless, income inequality in Poland is higher than on average in the OECD.

Source: OECD (2008), Growing Unequal? Income Distribution and Poverty in OECD Countries, *OECD Publishing, Paris.* [Differences in inequality]

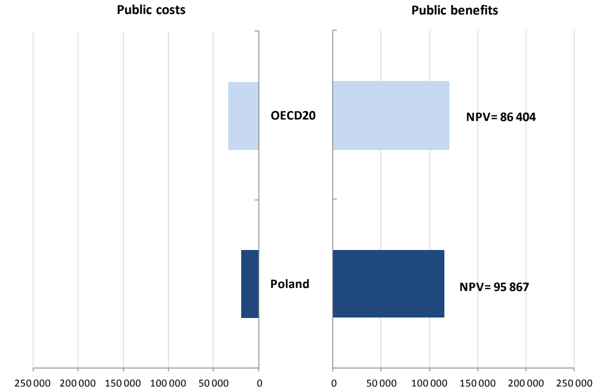
Average length of stay for acute care (2000 and 2008)



The average length of stay (ALOS) for acute care indicates the average number of days that patients spend in hospital for curative care. The ALOS decreased from 8.9 days in 2000 to 5.7 days in 2007 in Poland. This decrease is considerably higher than that of the OECD average, where the reduction was about one day over roughly the same period. Over time, reductions in ALOS could reflect efficiency gains, as it could signal that hospitals are expanding early discharge programmes, shifting to day-case surgery for suitable procedures, utilising less invasive procedures, and/or improving pre-admission assessment, all of which can help reduce costs. Too short a length of stay however could cause an adverse effect on health outcomes.

Source: OECD Health Data 2010. [ALOS for acute care]

Public net present value for male obtaining tertiary education as part of initial education (2006), USD PPP



Both government and society gain economic benefits from increased schooling. Obtaining a tertiary education helps people enter the labour market and earn more, thereby increasing government tax revenues. A more educated and employed population can also reduce the government obligations for benefits and social assistance. At around USD 95 800, Poland's public net present value (NPV) for a man obtaining tertiary education is higher than the OECD average. This measure represents the public economic returns to education after having accounted for the costs of this education. In the case of Poland, the NPV is almost five times the net public investment in tertiary education, providing a strong incentive to expand higher education.

Source: OECD (2010), Education at a Glance 2010: OECD Indicators, *OECD Publishing, Paris.* [Public NPV of education]

METHODOLOGY AND DEFINITIONS

Production costs are a subset of total government expenditures, excluding government investment (other than depreciation costs), interest paid on government debt and payments made to citizens and others not in exchange for the production of goods and services (such as subsidies or social benefits). Production costs include compensation costs of general government employees, outsourcing (intermediate consumption and social transfers in kind via market producers), and the consumption of fixed capital (indicating the level of depreciation of capital).

Structure of government expenditures: Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides government spending into 10 functions. More information about the types of expenditures included in each function can be found in Annex B of *Government at a Glance 2011*.

"Gross general government debt" refers to general government gross financial liabilities that require payments of principal and interest. For the European Union countries, gross public debt according to the Maastricht criteria is not presented here (see Annex Table 62 of OECD Economic Outlook No. 89). These data are not always comparable across countries due to different definitions or treatment of debt components. Gross debt is used rather than net debt due to the difficulties in making cross-country comparisons of the value of government-held assets, and because it is more relevant in the context of debt interest payments.

HRM Composites: The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available in Annex E at: www.oecd.org/gov/indicators/govataglance.

- The **delegation index** gathers data on the delegation of determining: the number and types of posts needed in an organisation, the allocation of the budget envelope, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- The **performance assessment index** indicates the types of performance assessment tools and criteria used, and the extent to which assessments are used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay (PRP) index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **senior management index** looks at the extent to which separate management rules and practices (such as recruitment, performance management and PRP) are applied to senior civil servants, including the identification of potential senior civil servants early in their careers. The index is not an indicator of how well senior civil servants are managed or how they perform.
- The **strategic HRM index** looks at the extent to which centralised HRM bodies use performance assessments, capacity reviews and other tools to engage in and promote strategic workforce planning, including the use of HRM targets in the assessments of middle and top managers. The index does not reflect situations where strategic workforce planning has been delegated to the ministry/department/agency level.

Regulatory governance: The OECD average refers to the following number of countries:

- Functions of oversight bodies 2005: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.
- Functions of oversight bodies 2008: OECD34. Data for Chile, Estonia, Israel and Slovenia refer to 2009.
- Anticipating compliance and enforcement 2005 and 2008: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.

Tax efficiency: Tax administration efficiency ratios are influenced by differences in tax rates and the overall legislated tax burden; variations in the range and in the nature of taxes collected (including social contributions); macroeconomic conditions affecting tax receipts; and differences in the underlying cost structures resulting from institutional arrangements and/or the conduct of non-tax functions.

Differences in income inequality pre- and post-tax and government transfers: The values of the Gini coefficient range between 0 in the case of "perfect equality" (*i.e.* each share of the population gets the same share of income) and 1 in the case of "perfect inequality" (*i.e.* all income goes to the individual with the highest income). Redistribution is measured by comparing Gini coefficients for market income (*i.e.* gross of public cash transfers and household taxes) and for disposable income (*i.e.* net of transfers and taxes).

Public net present value for male obtaining tertiary education: Tertiary education refers to levels 5 and 6 in the International Standard Classification of Education (ISCED 97). Public costs include lost income tax receipts during the schooling years and public expenditures related to tertiary education. Public benefits include additional tax and social contribution receipts associated with higher earnings, and savings from transfers (housing benefits and social assistance) that the public sector does not have to pay above a certain level of earnings. The discount rate is set at 3%, which largely reflects the typical interest on an investment in long-term government bonds in an OECD country.

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