Better Governance, Planning and Services in Local Self-Governments in Poland

2021

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Foreword

Effective management practices and crosscutting, integrated and innovative governance approaches enhance territorial development and can help governments at all levels improve services to citizens. This is particularly true for the local level, where policies meet people. This report advises Polish authorities at municipal, county, regional and national levels on how to strengthen local government capacity to design and deliver local development strategies that successfully meet the needs of residents and businesses. It was conducted by the OECD Public Governance Directorate (GOV) and Centre for Entrepreneurship, SMEs, Regions and Cities (CFE), under the auspices of the OECD Public Governance and Regional Development Policy Committees.

Based on international best practices in OECD member and partner countries, the report analyses local policies and practices in eight thematic areas of public governance and territorial development. It assesses municipal capacity in these interdependent and mutually reinforcing areas, and makes recommendations for reforms. An additional chapter provides a diagnosis of the main economic, social and demographic trends, strengths and challenges in Polish local self-government units (LSGUs) and their effects on local development. The ultimate objective is to strengthen the design and implementation of LSGU development strategies to better serve citizens, enhance local sustainable development based on engagement with stakeholders, to build a collective vision and actions using good governance methods. The report is supplemented by three synthesis assessments presenting OECD advice for different types of Polish LSGUs as well as a self-assessment tool that allows Polish LSGUs to identify their main strengths and weaknesses in public governance and local development practices. The report was produced with generous financial support under the European Economic Area (EEA) and Norway Grants mechanism; it was conducted in close collaboration with the Association of Polish Cities (APC) and supported by the Polish Ministry of Development Funds and Regional Policy (MDFRP).

The report was approved by the OECD Public Governance Committee (PGC) and the Regional Development Policy Committee (RDPC) on 16 June 2021.
Executive Summary

This report assesses public governance and territorial development in Polish local self-governments (LSGUs). It provides recommendations on enhancing territorial development and multi-level governance, improving service delivery and strengthening public management processes in municipalities and counties.

Poland has a three-tier self-government administration system composed of 16 voivodships, 380 counties and 2,477 municipalities. Currently, Poland has a rather balanced population distribution across regions, with a relatively high share of the population in non-metropolitan regions (49%), well above the OECD average (29%). However, with Functional Urban Areas (FUAs) growing and non-metropolitan regions (especially remote ones) contracting, this balanced distribution is beginning to change, which represents an important policy and governance challenge. Ensuring efficient public service delivery at the municipal level, especially in municipalities outside FUAs, strengthening urban-rural linkages, and implementing development strategies at the right scale are crucial.

Strategic planning for local development requires a well-designed, financed and evaluated local development strategy (LDS). Recent reforms to the Act on Principles of Implementation of Development Policy introduce a functional approach and allow for supra-local development strategies, which may help overcome technical and governance difficulties in planning. Poland could improve its strategic planning capacity by making LDSs compulsory, improving the quality of data used in planning, fostering private investment for local development, engaging more effectively with citizens, and strengthening the strategic planning skills and finances of LSGUs.

Solving complex and cross-cutting policy problems in LSGUs requires effective co-ordination across administrative units, policy sectors, and levels of government. In Poland, mayors are responsible for internal co-ordination, but can delegate it to other actors in the LSGU. Insufficient time, financial and human resources, institutionalisation and awareness are among the biggest obstacles to effective co-ordination in municipalities and counties. Formal mandates and reporting arrangements can establish responsibility for co-ordination; policy documents can raise awareness of the importance of intra-LSGU co-ordination and provide advice to staff. While institutional responsibility is important, increasing co-ordination is a long-term endeavour supported by institutional mechanisms, partnership practices and adequate capacity and resources.

The principles of budgetary governance are recognised in LSGUs; budgetary rules and procedures are codified in the Public Finance Act and allow the municipal council and the Regional Audit Chamber to perform their mandates. Recent reforms on participatory budgeting promote a citizen-centred culture of governance. However, Poland could further align budgeting with strategic priorities, for example through greater use of medium-term budgeting and performance budgeting. Public spending efficiency should be systematically scrutinised through spending reviews for large LSGUs and systematic performance benchmarking. Given competitive pressures on the tax side and the limited autonomy of LSGUs, it is important to strengthen co-ordination between LSGUs and the national government -- in particular the Ministry of Finance -- to address medium-term budgetary policy issues across levels of government, for instance, within the Joint Committee.
BETTER GOVERNANCE, PLANNING AND SERVICES IN LOCAL SELF-GOVERNMENTS IN POLAND
Poland could improve its multi-level governance system in three areas: strengthening subnational public investment, addressing subnational fiscal challenges, and improving inter-governmental co-ordination and collaboration. Poland’s subnational governments are key public investors, accounting for 50.2% of total public investment in 2018. Yet, funding gaps in subnational public investment persist, and could become more acute following the COVID-19 pandemic. Subnational expenditures have substantially increased with decentralisation, but revenue is falling short, creating a need to increase subnational revenue-generating capacity and diversify revenue sources. Finally, Poland should develop a functional approach to inter-municipal co-operation by providing stronger incentives, greater support for adopting supra-local development strategies and co-operation schemes, and flexible models for metropolitan governance. Poland should also reinforce tools such as territorial contracts and ensure two-way consultation among levels of government.

Workforce management in LSGUs is influenced by broad trends such as the digitalisation of public services, increased competition for skilled staff, new working methods, and changing citizen expectations. Although all LSGUs operate under the same legislative framework, their ability to solve workforce management challenges differs greatly according to size and relative proximity to urban centres. All, however, could better align recruitment and people management with longer-term development strategies. Strengthening leadership and management capability and attracting and developing key skills require effective co-ordination between different institutions and managers. There is a need for greater sharing of good practices and collaboration, and a long-term approach to developing human capital at local level.

Polish LSGUs integrate the principles of open government – transparency, integrity, accountability and stakeholder participation – in various legal and policy frameworks, including the local development strategy. While LSGUs implement a wide range of open government initiatives, they can be fragmented. A more strategic, consolidated approach requires improving institutional responsibility and co-ordination, raising awareness among public officials and stakeholders of the benefits of open government, and ensuring that human and financial resources are channelled towards effective implementation and impact.

Administrative simplification in Poland has focused on reducing administrative burdens for SMEs and businesses, and LSGUs has been limited to implementing national government decisions. In public procurement, LSGUs are bound by national and European rules. Successive regulatory and public procurement reforms have strained the capacity of LSGUs. Stronger collaboration among LSGUs could ensure that their views are heard. Similarly, increased communication and engagement between national and local levels will improve implementation and full adoption of regulations, specifically the new public procurement framework. LSGUs are encouraged to use digital tools for simplifying procurement and increasing transparency in interactions with stakeholders.

Monitoring requirements for LSGUs are focused on accountability. Monitoring is often perceived as a tool for control rather than for improving decision-making and policy implementation. LSGUs should be encouraged to use monitoring as a management tool and given tailored guidance. There is scope for more systematic involvement and greater ownership by LSGUs in evaluation, for example by raising awareness among of the benefits of measuring performance and evaluation; ensuring sufficient resources and capacity (e.g. through institutional co-ordination and resource pooling), and institutionalizing the use of evaluation findings in decision-making through systematic but proportionate requirements and incentives.
Assessment & Recommendations

The advice presented in this Assessment & Recommendations Section constitutes a summary of the full set of recommendations that appear at the end of each chapter. It expands upon the key findings and recommendations presented in the executive summary.

1. STRENGTHS AND CHALLENGES FOR LOCAL GOVERNMENT DEVELOPMENT IN POLAND

Poland is the sixth largest country in the European Union in land area (312,679 km²) and fifth largest by population (38.4 million). Poland’s population density (123 people/km²) is less than that of other large European countries such as Germany or Italy, with a relatively low geographic concentration¹ across regions compared to other EU and OECD economies. Although Poland has the sixth lowest GDP per capita across the OECD, it is increasingly closing the income gap.

Poland’s territorial administrative structure is relatively new (in force since 1999) with a three-tier self-government administration system composed of 16 voivodeships (regional self-government units), 380 counties (local self-government units including 314 counties and 66 cities with county status) and 2,477 municipalities (local self-government units including rural municipalities, urban municipalities and urban-rural municipalities).

The report identifies some important findings for Poland’s local self-government development²:

- Unlike most OECD countries, Poland has a rather balanced population distribution across regions, which can lead to important development hubs for the country. The share of Poland’s population in non-metropolitan regions (49%) is far above the average across OECD countries (29%).

- Poland’s relatively large stock of working-age population has supported the country’s economic performance in recent decades. Most of the workforce is currently concentrated in metropolitan regions with medium and small size FUAs (35.4%), which underlines the relative dispersion of population in the country and contrasts with the OECD average, where large metropolitan regions typically host most of the working age population.

- Nevertheless, the balanced population distribution is set to change, as FUAs increasingly attract Poland’s population and non-metropolitan regions (especially remote ones) face a sharp population decline.

¹ To enable comparisons across countries, municipalities in Poland are classified following the OECD typology according to economic criteria and functional characteristics such as geographic location (inside and outside functional urban areas – FUAs), population size (big and small) and degree of accessibility [see annex/chapter 1].

² The report adopts the OECD regional (TL2 and TL3 Regions) and functional urban area (FUA) typology to better understand Poland’s territorial trends and facilitate regional comparability across OECD countries [see chapter 0]. The report also proposes an alternative territorial classification for municipalities in Poland, according to economic criteria and functional characteristics such as geographic location (inside and outside functional urban areas – FUAs), population size (big and small) and degree of accessibility, to better capture the commonalities among municipalities in terms of opportunities and challenges [see chapter 0].
Along with out-migration, a combination of rapid ageing and low levels of youth replacement threaten the age premium of Poland’s workforce.

Population decline and population ageing, especially in non-metropolitan municipalities, represent an important policy and governance challenge for Poland, including a shortage of labour to support economic growth, increasing cost of public service provision and a reduced tax base.

Poland has been closing the income gap with OECD countries. Productivity, particularly in FUAs, and the demographic premium have supported Poland’s GDP per capita growth during the last two decades.

Yet, wealth has not been equally distributed across Polish regions. Poland ranks within the top five OECD countries with the greatest regional economic disparity (2017). This phenomenon was fuelled by the 2008 economic crisis. Between 2008 and 2017, Poland registered the second-highest growth rates in regional disparity within the OECD. By 2017, most of the top 10% richest TL3 regions in Poland are large and metropolitan regions (82%), while all the regions within the bottom 10% with lower income are non-metropolitan ones.

At the local level, municipalities inside FUAs benefit from the lower unemployment rates and concentrate the highest number of firms in Poland. Big municipalities in FUAs register the lowest unemployment rate (2.9%) across all types of municipality, followed by small municipalities in FUAs (3.7%). Most business establishments in Poland concentrate in big municipalities inside FUAs (54%). Yet, during the last decade, small municipalities outside of FUAs with high accessibility have also experienced an important growth in business establishments.

While Poland has improved a number of well-being dimensions across regions, disparities remain. Poland has faced an improvement in education and safety outcomes during the last decades. Poland’s boom in tertiary education has led to a highly qualified workforce that has successfully integrated into global trade and attract companies. Yet, disparities remain across municipalities, with those outside FUAs with low accessibility experiencing the lowest enrolment rate in primary and secondary schooling.

Polish regions have scope to improve a number of well-being dimensions. This includes housing (lower accessibility than the OECD regional average), civic engagement (lower voter turnout than the OECD average) and health (higher level of air pollution and lower life expectancy than OECD regions on average).

Particular attention should be given to improving quality of and access to transport and ICT infrastructure, as well as public transportation across all types of regions. The quality of Poland’s roads is among the bottom 10 in Europe and the access to all types of transport infrastructure is unequally distributed across the territory. The COVID-19 crisis has highlighted how crucial countries’ telecommunications networks are, with broadband being particularly relevant due to the increase in teleworking in several economic sectors.

These spatial findings hold important implications for the public governance themes addressed in the report, notably co-ordination, strategic planning, use of evidence, budgeting, multi-level governance, workforce management, open government, administrative simplification and public procurement.
2. CO-ORDINATION ACROSS ADMINISTRATIVE UNITS AND POLICY SECTORS WITHIN POLISH LOCAL SELF-GOVERNMENTS

One of the main challenges that LSGUs are facing with regard to effective co-ordination across administrative units and policy sectors is the lack of resources (financial, time, personnel, etc.). In addition, a relatively low level of awareness in Polish LSGUs of the importance of intra-LSGU co-ordination, a lack of information and data as well as technical resources, weak reporting arrangements and information sharing are challenges faced by a majority of LSGUs. The following recommendations aim at addressing these key challenges to foster intra-LSGU co-ordination.

RECOMMENDATIONS FOR ALL LSGUs

In order to ensure institutional responsibility for co-ordination, LSGUs could:

- Define and communicate LSGU units and departments’ responsibilities by sharing with all LSGU staff and publishing a user-friendly organigram depicting the LSGU’s organisational structure.

- Establish clear institutional responsibility for co-ordination. In particular, by amending the definition of tasks of mayors in the Act on Local Self-Government to include and define the mayor’s responsibility for intra-LSGU co-ordination and clearly assigning the responsibility for general co-ordination functions to one or more units in the LSGU.

- Establish and communicate formal mandates for co-ordinating units/departments included in the LSGU’s general organisational regulations or a separate regulation.

- Consider the use of formal reporting arrangements between the mayor or the institution in charge of co-ordination and other units/departments based on non-regulated informal tradition.

- Make more strategic use of policy documents to foster co-ordination. In particular, by including references to intra-LSGU co-ordination in reform plans and development strategies to help raise awareness of the importance of co-ordination; and developing specific policy documents that can assist policy-makers and LSGU employees with co-ordination.

In order to foster effective co-ordination in-house through institutional mechanisms and partnerships, LSGUs could:

- Create fit-for-purpose task forces composed of different units/departments (and external stakeholders where possible) for the work on crosscutting policy issues.

- Use existing permanent councils/committees to improve co-ordination, in order to co-ordinate LSGU work on particular policy issues.

- Promote joint planning of activities and shared policies between two or more independent administrative units for better planning and improved local development strategies. In particular, by encouraging units/departments to integrate their work around joint goals and strategic objectives.

- Ensure open and regular information and document sharing across administrative units, in particular through an online information and document management system.

In order to develop capacity and resources for co-ordination, LSGUs could:

- Focus on the development of in-house skills and competencies needed for effective co-ordination through training.

- Include co-ordination references in human resource management tools by incorporating references to co-ordination in LSGU staff recruitment documents, competency and values frameworks and introducing co-ordination in performance management.
RECOMMENDATIONS FOR THE NATIONAL AND/OR REGIONAL LEVELS GOVERNMENT

In light of the challenges LSGUs face with regard to employees’ capacities for co-ordination, the national and regional levels of government could consider the following recommendations to build capacity for co-ordination:

- Amend existing training programmes for LSGUs to raise awareness of the importance of co-ordination and contribute to capacity building.

- Develop policy documents such as guides, toolkits and handbooks to provide LSGU staff with guidance for effective co-ordination.
3. STRATEGIC PLANNING FOR LOCAL DEVELOPMENT IN POLAND

Poland is at a critical moment in the process of enhancing strategic planning for local development. The recent reforms to the Act on Principles of Implementation of Development Policy, approved in July 2020, go in the right direction to build an integrated system of socio-economic and spatial development planning based on the accumulated experience of the elaboration of the Local Development Strategy (LDS). However, the reforms beg the question on whether LSGUs, and, in particular, municipalities outside a FUA (low accessibility), have the capacity to implement those reforms.

Poland’s LSGUs face a number of obstacles in the preparation of their strategic development plans, which often present weaknesses in terms of design, content, data and coverage. The lack of impact evaluation of development programmes, constant changes to the regulatory framework, outdated and inaccurate data, insufficient financial resources for planning-design and implementation, and low technical capacity of staff are some of the barriers that Polish LSGUs face for strategic planning. In addition, the facts that municipalities are not obliged to follow their spatial development plans, that there is a lack of an effective land-use planning framework and incentives for functional metropolitan planning, and that planning is driven by funding, particularly from the EU, makes planning for local development more challenging. The COVID-19 pandemic has exacerbated uncertainty in development prospects as it has crippled the already limited capacities and resources of LSGUs, which are at the front line of the recovery efforts.

Thus, the following recommendations aim to support improving Polish LSGU capacities and processes to plan development strategically.
**RECOMMENDATIONS FOR ALL LEVELS OF GOVERNMENT**

- Foster co-ordination and collaboration for data collection and sharing across and among levels of government through a Memorandum of Understanding (MoU) or Co-operation Agreement for data collection and sharing among LSGUs; and national guidelines to ensure that data gathered by LSGUs complies with Statistics Poland standards.

- Invest in professional management and specialists in local development by investing in training and, in particular, the financial skills of municipal officials and employees with the support of national government and specialist institutions (i.e. universities).

- Promote inclusive participatory processes to ensure that those affected by a planning decision have a role in the planning process. This could be done by facilitating access to public information, using participatory budgeting to encourage stakeholders’ participation in local development, and adopting national guidelines on how to engage a wide range of stakeholders for strategic planning.

- Foster private investment in local development by demonstrating how profitable it can be to invest in LSGUs, and implementing national tax relief instruments coupled with more localised participation in financial instruments.

- Adopt an investment approach for local development, by developing local economic plans, with the participation of the private sector, that support the design and implementation of the LDS and the adoption of new arrangements for fiscal decentralisation to strengthen LSGUs’ fiscal and financial capability.

- Reinforce the monitoring of the implementation of the LDS by structuring the monitoring process and adopting a performance measurement strategy that guides ex ante, interim and ex-post evaluation. In addition, Poland may consider strengthening its governance arrangements for strategic planning by making the adoption and implementation of an LDS compulsory in the long-term, redefining the scope of the LDS adopting an holistic approach, developing a central strategic capability team in LSGUs to develop and monitor the LDS, and building partnerships for the financing of the implementation of the LDS.
Polish LSGUs face a number of challenges in pursuing evidence-based decision-making. These notably have to do with data availability and resource constraints, including analytical capacity, as well as with limited awareness and understanding of the associated potential benefits in terms of improved performance and public service.

The following recommendations aim at fostering the use of evidence by Polish LSGUs in designing, implementing and reviewing their policies and regulations. They also contain advice to develop institutional frameworks, capacities and mechanisms to monitor and evaluate the performance of public interventions.

**RECOMMENDATIONS FOR ALL LSGUs**

- Monitor local development strategies, by clarifying the relevant objectives, methodologies and responsibilities (e.g. co-ordination and promotion of monitoring, data collection, data analysis, reporting, use of data, etc.) and strengthening capacities to access the necessary data and information in a timely fashion to promote the quality of monitoring.

- Promote the systematic evaluation of LSGU interventions by drawing on existing knowledge and expertise and ensuring sufficient resources and capacity are available for evaluation, including by means of institutional co-ordination and resource pooling.

- Promote use of evidence for strategic decision-making at the municipal level, by improving the dissemination and communication of evidence and institutionalising the use of evaluation findings for decision-making purposes, e.g. by establishing proportionate requirements as well as clear and explicit linkages between available evidence, such as evaluation findings, and resourcing.

**RECOMMENDATIONS FOR THE NATIONAL AND/OR REGIONAL LEVELS OF GOVERNMENT**

- Encourage systematic monitoring at the local level by providing tailored guidance on the use of monitoring as an effective management tool in the context of local development strategies.

- Capitalise upon the evaluation ecosystem that has developed around EU cohesion policy interventions to raise awareness among LSGUs of the benefits that can be derived from measuring performance and evaluation more generally.

- Address capacity and resource constraints on the development of monitoring and evaluation practices by LSGUs.

- Improve the synthesis and dissemination of evidence, and promote the exchange of good practices and better knowledge management for evidence-based decision-making by capitalising on existing platforms and institutions, such as the Thematic Groups for Exchanging Experience within the Association of Polish Cities, the Monitor of Local Development platform and Regional Territorial Observatories.
5. BUDGETING IN LOCAL SELF-GOVERNMENTS IN POLAND

From a budgetary perspective, Polish municipalities depend less on national government transfers than counties and regions and, thus, have more scope to levy taxes and use their own resources for their initiatives. However, over recent years, LSGUs have been facing a deteriorating balance of their budgets mainly due to a decrease in shared revenues (namely originated by the reform that lowered personal income tax at the national level in 2016), and an increase in expenditures (originated for instance by the increase in responsibility for education at the local level, or the rise of costs such as energy and infrastructure providers). In addition, the growing uncertainty around revenues, especially regarding public investment supported by EU funds, presents a key challenge for LSGUs when it comes to sound budgeting in the medium-term.

The following recommendations aim at improving budgetary mechanisms that help align budgeting with strategic priorities beyond the annual decision-making cycle, as well as fostering a more extensive use of medium-term budgeting, performance budgeting, and participatory budgeting.

RECOMMENDATIONS FOR THE NATIONAL GOVERNMENT AND ALL LSGUS

- Strengthen the co-ordination between LSGUs and the national government in general and the Ministry of Finance in particular to jointly address the medium-term budgetary policy issues across levels of government, by for example sustaining regular dialogue on public finances, and by improving regulatory impact assessment (RIA).

RECOMMENDATIONS FOR ALL LSGUS

- Undertake efforts toward increasing revenue shares and revenue certainty in relation to national government transfers and shared national taxes, for example by increasing the LSGU shares in revenue and thus revenue certainty in relation to national government transfers and shared national taxes.

- Scrutinise public spending efficiency on a systematic basis by means of spending reviews and systematic performance benchmarking to inform budgetary decisions.

- Strengthen the medium-term budgeting perspective to support a better link between budgets and strategic priorities in a comprehensive way and beyond the annual cycle.

- Strengthen the use of performance budgeting frameworks by means of an incremental approach. A performance budgeting system provides information for annual and multiannual budgeting and helps to increase transparency and accountability, align identified priorities with the budget and beyond the annual cycle, and improve the effectiveness of public services.

  - Larger LSGUs already using performance budgeting should consider developing their framework gradually in terms of budgetary coverage and in terms of monitoring of performance information, while smaller LSGUs could consider steps towards performance budgeting over time taking an incremental approach.

  - The development of quality performance information, performance indicators and performance benchmarking for informing future budgetary decision-making and, at the same time, underpinning the value of performance budgeting should be supported – politically and with resources - by all levels of government.

- Ensure a participative approach to budgeting by setting up more formalised opportunities for citizen involvement.

- Sustain efforts to further reinforce the use of participatory budgeting in LSGUs of all sizes.
6. STRENGTHENING MULTI-LEVEL GOVERNANCE AND INVESTMENT CAPACITY TO ENHANCE LOCAL DEVELOPMENT

Reinforcing multi-level governance in Poland could help its LSGUs, as well as national and regional governments, take a stronger functional and territorial approach to local and regional development. This will require addressing a series of challenges. First, there is a need to strengthen financial and fiscal capacity in the devolved administrations, notably public investment. This is necessary for recovery from the COVID-19 crisis, as well as for ensuring quality of life and well-being throughout the territory. Second, encouraging greater take-up of inter-municipal cooperation could enhance the efficiency of service provision and local public investment, especially given Poland’s dispersed settlement structure. A more strategic approach is necessary, including by revising the legal frameworks governing cooperation, simplifying administrative procedures, promoting a comprehensive and functional approach to cooperation. In addition, strengthening cooperation and coordination among municipalities is particularly relevant in metropolitan areas to enhance the efficiency of service delivery. To do so, reinforcing metropolitan governance systems would be valuable. Third, the large number of actors involved in territorial and local matters accentuates the need to develop and implement planning frameworks to reinforce coherent approaches to territorial development. This can include better use of territorial contracts to finance related public investment. The following recommendations offer options for addressing each of these issues.

RECOMMENDATIONS FOR THE NATIONAL AND/OR REGIONAL LEVELS OF GOVERNMENT

Address challenges in subnational financing and fiscal capacity, notably for public investment, by

- Ensuring devolved responsibilities are sufficient funded, thereby avoiding un- or under-funded mandates. Mapping competences/responsibilities and functions of LGSUs to resources would help pinpoint the sources of fiscal constraint.

- Ensuring LSGUs revenue levels match their spending requirements, including by increasing LSGU tax autonomy (e.g. granting more power over tax rates and bases), in particular property tax.

Reinforce inter-municipal cooperation to improve service delivery and optimise local public investment, including by:

- Developing financial and non-financial incentives (such as technical assistance) for inter-municipal cooperation. Use targeted incentives, including national/regional co-financing arrangements, to support cooperation or cooperative projects between large municipalities and surrounding smaller ones, and to encourage projects that advance supra-local development strategies. Promote opportunities for knowledge/information sharing (e.g. peer-learning activities) and/or provide specific guidelines on the different types of inter-municipal co-operation arrangements and tips on how to manage them.

- Ensuring a flexible legal framework for inter-municipal cooperation, including by revising the various existing laws and regulations governing it. Simplify the administrative procedures associated with establishing co-operative arrangements, and ensure cooperative arrangements can be adapted to different contexts and needs by introducing greater flexibility into the legal frameworks governing inter-municipal cooperation.

- Promoting greater use of territorial contracts to support the development of functional areas, including by using contracts to support specific regional development priorities, and to encourage investments that target rural-urban linkages and/or that involve projects at a supra-municipal scale. Distinct contractual arrangements could be developed for metropolitan areas. Specific funds could be dedicated to contracts signed by groups or networks of municipalities.
Optimise the planning process to align priorities, objectives and implementation efforts among levels of government. The bottom-up approach should be reinforced in the consultation process to ensure the active participation of LSGUs. The national government can introduce an obligation to announce the consultation in advance or launch a dedicated for policy-makers and stakeholders to participate in consultation.

RECOMMENDATIONS FOR ALL LSGUs

- Reinforce inter-municipal cooperation by adopting a supra-local development strategy and co-operation schemes. Identify a person/team within the LSGU administrative staff to be responsible for regularly identifying and establishing co-operation opportunities with neighbouring LSGUs. This person/team should actively and regularly monitor the co-operation scheme and evaluate its results/outputs.

- Actively seek and engage in dialogue opportunities with the national and regional levels as well as other key relevant stakeholders. LSGUs should systematically participate in formal consultations arranged by other levels of government. They can also officially designate a person(s)/team(s) to support the mayor, in charge of seeking and establishing co-operation with the voivodeship and/or national government.

- Large LSGUs with sufficient capacity should adopt innovative funding mechanisms, e.g. partnering with the private sector and institutional investors, adopting public-private partnerships or other instruments for large metropolitan areas. The use of new and innovative financing mechanisms should be accompanied by an assessment of their benefits, risks and local capacities to employ them.

- Introduce legal arrangements to recognise the special status of metropolitan areas, with specific powers and responsibilities (e.g. transport, spatial and local development planning, socio-economic development) as well as sufficient funding to match their responsibilities. A legal act might be needed for this to happen.

- Allow experimentation when establishing flexible metropolitan governance models. Poland could take advantage of the Metropolis GZM as a pilot experience in devolving competencies as a way to ensure a gradual institutional change and “learning by doing”. In order to scale up the pilot experiences, an enabling regulatory framework should be in place to evaluate and validate the pilot action results and provide the possibilities and resources to scale up the metropolitan governance models or good practices.

- Ensure adequate resources for metropolitan areas. A metropolitan governance structure either needs to generate and manage its own resources, receive a transfer from the national level, receive municipal contributions or a combination of all three. To start, specific tax regimes for inter-municipal groupings or metropolitan areas could be promoted without taking resources away from the municipalities.

- Optimise the planning process to align priorities, objectives and implementation efforts among levels of government. The bottom-up approach should be reinforced in the consultation process to ensure the active participation of LSGUs. The national government can introduce an obligation to announce the consultation in advance or launch a dedicated for policy-makers and stakeholders to participate in consultation.
7. TOWARD A MORE STRATEGIC AND EFFECTIVE LOCAL GOVERNMENT WORKFORCE

People are a critical part of organisational capability. Strong public workforces help deliver value for society and deal with increasingly complex policy challenges. This is particularly true across LSGUs in Poland, which employed close to 255 000 people in 2018. The tasks they carry out include running schools and hospitals, organising public transport and promoting investment. This is why it is so important that LSGUs are able to attract, develop and retain people with the right skills and motivation. However, some LSGUs report difficulty in attracting the type of staff they need. Many experience difficulties developing human resource practices and workforce management strategies to be able to meet evolving and fast-changing demands.

The Recommendations below address three pillars of workforce capability: (i) Leadership, (ii) Skills and Competences, and (iii) institutional responsibilities for Human resource management. Given the vast number of LSGUs in Poland, the recommendations below should be treated as indicative of good practices. The point is not to apply them narrowly, but to use them as a basis to design fit-for purpose solutions adapted to local conditions. As such, recommendations listed for larger LSGUs may also apply to smaller ones, and vice-versa.

RECOMMENDATIONS FOR ALL LSGUs

- **Invest in supporting leaders and managers to ensure that they have the autonomy, tools, support and accountability to effectively use their leadership capabilities.** This refers to political leaders such as mayors as well as positions such as municipal secretaries and operational managers of line units. Leaders’ and managers’ objectives should provide a clear sense of values, vision, direction and an appropriate level of autonomy as well as accountability to be able to achieve them. Leaders should have access to learning opportunities and peer supports (such as coaching/mentoring) as well as relevant tools – including financial tools – to access the skills and expertise they need. See the chapter for specific suggestions.

- **Focus on the attraction and development of transversal skills and competences.** Many LSGUs reported facing difficulties in candidate volume (not enough) or quality (not enough with the right skills) – and sometimes both. Investment in employer branding and a more strategic approach to recruitment could help address these gaps.

- **Review the effectiveness of human resource management practices and invest in strategic workforce management capabilities.** The scope of local self-government responsibilities is changing. Some organisational structures are no longer a good fit for these increased responsibilities. While some local development strategies make reference to the human capital required, this is frequently in the form of headcount estimates. This is a good starting point, but a focus on what type of workforce – not just numbers – is needed should be included in planning processes.
RECOMMENDATIONS FOR THE MINISTRY OF THE INTERIOR AND ADMINISTRATION

- **Test a more flexible approach to regulations where there is clear evidence that it makes sense.** LSGUs of all sizes work under a common legal framework for human resource management. The Ministry, either on its own initiative or through relevant bodies, could consider reviewing where targeted and evidence-based derogations to the law on local self-government may be useful.

- **Consult with local self-government organisations regarding long-term pay strategy for LSGU staff and elected representatives.** Many LSGUs feel that staff salaries are too low. However, national regulations only provide for a minimum level of salary. The Ministry of the Interior and Administration could consider convening a pay reform commission or using existing consultation bodies to study the state-of-play of pay at LSGU level and the impact of salary on attraction and retention of selected skill sets.

- **Expand the Ministry’s co-ordination role in delivering targeted training.** The Ministry can play a valuable role complementing local training strategies by identifying and supporting the dissemination of examples of good practice. While it already does this to a degree, it should explore how it could expand support to more LSGUs on a more long-term basis, complementing trainings organised in co-ordination with local self-government organisations a decentralised basis.
8. OPEN GOVERNMENT AT THE LOCAL LEVEL IN POLAND

The assessment found that Polish LSGUs integrate the principles of open government – transparency, integrity, accountability and stakeholder participation – in various legal and policy frameworks but face a number of challenges in their implementation. While most LSGUs implement a wide range of open government initiatives, these are often scattered and fragmented due to the absence of a strategic approach towards these initiatives. Most LSGUs also lack a coordinating office or official with a mandate for open government policies and initiatives. Moreover, LSGUs frequently have inadequate capacities for implementation, including insufficient human and financial resources and limited open government literacy.

The following recommendations thus aim at supporting the various categories of LSGUs in taking a holistic approach to foster the principles of transparency, integrity, accountability and stakeholder participation, so they can be incorporated into decision making processes to further improve policy making and achieve more efficient and effective service design and delivery.
**RECOMMENDATIONS FOR ALL LSGUs**

- **Improving existing open government initiatives and fostering further stakeholder participation.** To do so, LSGUs could improve existing practices through the co-implementation of open government initiatives with affected and/or interested stakeholders and establishing a system of institutionalised commitment to dialogue and consultation with civil society actors. Furthermore, LSGUs could work to empower existing youth councils and facilitate the creation of new ones as well as support the establishment of senior councils. Relatedly, LSGUs could endeavour to implement more innovative and inclusive forms of participation such as deliberative processes. Lastly, LSGUs could attempt to increase the amount of funding allocated to participatory budgeting and village funds as well as the range of stakeholders involved year-on-year.

- **Taking a more strategic approach to open government.** LSGUs could consolidate scattered and fragmented open government initiatives into a single framework either through a dedicated document or through a component or chapter of the LDS. LSGUs could also assign a single office or official with a clear and well-disseminated mandate for open government initiatives. Lastly, LSGUs could foster co-operation across levels of government to co-design and co-implement with other LSGUs to foster an exchange of good practices.

- **Creating an open government culture in LSGUs.** LSGUs could endeavour to better promote the duties and responsibilities of public officials, including their role in open government initiatives, to attract local talent that is interested in engaging with and improving their local communities. LSGUs could also improve compliance with the access to information law and take advantage of existing guidance on open government data to enhance its re-use. Furthermore, LSGUs could increase open government literacy among public officials through information sessions, conferences, and fora on this topic as well as improve public communication channels to raise awareness – in an accessible manner – among citizens and stakeholders on opportunities to participate. Lastly, LSGUs could foster new partnerships for open government to share costs and increase impact as well as seek innovative sources of funding from diverse stakeholders, including other levels of government and external donors.

**RECOMMENDATIONS FOR THE NATIONAL GOVERNMENT**

- **Consider establishing a National Commission or Committee on Open Government.** This could further increase the potential impacts of related initiatives and the possibility of cross-sectoral collaboration at different levels of government.

- **Mobilise additional funding for open government in LSGUs at the national level.** This would allow LSGUs to invest in and maintain human capital and allocate dedicated resources to training and upskilling public officials in the area of open government.

- **Prioritise inclusion in public decision-making for more effective and efficient policies.** This would ensure that a wide range of perspective and expertise is considered, and will ultimately lead to more coherent, efficient, and sustainable policy-making and service-design and delivery.

- **Promote civic education to improve local citizen participation.** This would foster a culture of participation in public decision making in the future.

- **Endeavour to use simple language in public communication.** This could be done for instance through the establishment of a committee or expert group for simple language.
9. REDUCING ADMINISTRATIVE BURDEN AND SIMPLIFYING PUBLIC PROCUREMENT

LSGUs provide a wide range public services including public transportation and education, social and health protection, and spatial management, among others. The adequate delivery of these services is closely linked to public procurement processes, which can represent a significant source of red tape for contracting authorities and bidders if they are not simplified, streamlined and clearly defined.

The following recommendations aim at introducing principles of administrative simplification at LSGU level and improving the uptake of reforms led by national-level authorities, particularly regarding public procurement. They focus on the role LSGUs can play to shape their regulatory environment and reduced burden coming from top-down regulations. At the same time, the recommendations highlight the role national authorities play in ensuring that reforms are implemented smoothly and do not add administrative burden.

RECOMMENDATIONS FOR ALL LSGUs

- **Assess the administrative burden generated by administrative red-tape.** Red tape reduction measures such as streamlining of processes, introduction of simple and clear language and, when possible, creating digital alternatives help drive compliance levels and efficiency in the administration.

- **Increase transparency in the interactions with stakeholders.** Create and promote formal communication channels and standardise the provision of information and services would foster transparency and equal treatment of citizens and businesses.

- **Make use of digital tools for simplification of procurement and the provision of information and services.**

- **Strengthen collaboration among LSGUs to shape and adopt public procurement reforms effectively.**

- **Simplify procurement practices through exchange and sharing, including below threshold strategies.**

RECOMMENDATIONS FOR THE NATIONAL AND/OR REGIONAL LEVELS OF GOVERNMENT.

- **Design administrative processes that are easily implementable by LSGUs with different realities.** Rigid regulations and/or constant legislative changes make their adoption hard for LSGUs, especially for those with fewer resources. The national government could engage more directly with local governments and support them by providing guidelines, addressing their concerns and proposals and ensuring a stable and clear regulatory environment.

- **Enhance communication and collaboration with LSGUs and support capacity for smooth implementation of legal changes.** In particular, national authorities could take specific actions targeted at smaller LSGUs that may otherwise be left behind.

- **Ensure that the right infrastructure is in place for the deployment and successful implementation of ICT tools, including e-procurement platforms.**

- **Facilitate decentralised knowledge and good practice sharing.** A national authority can play a major role in facilitating the sharing relevant knowledge by creating opportunities for exchange and sharing of good practices. Specifically for public procurement, the PPO or the APC could support targeted experience-sharing, where LSGUs can learn from peers and discuss issues, challenges and solutions that are relevant to them.