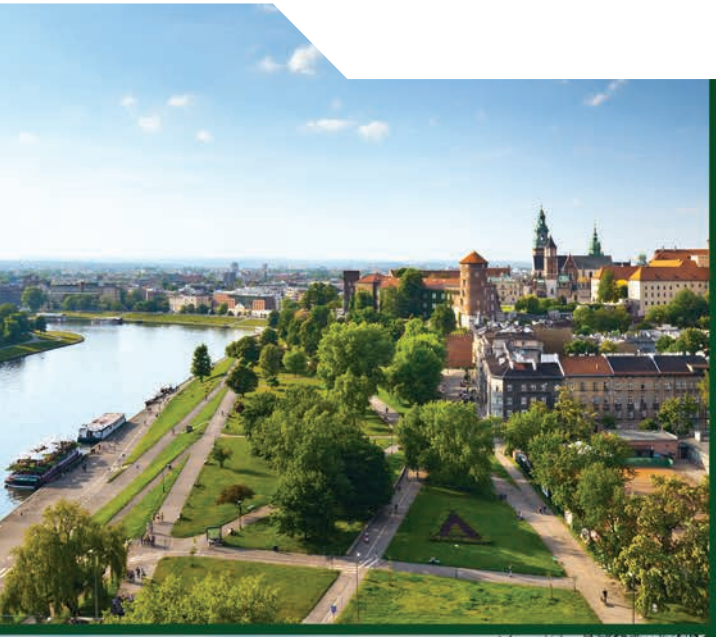
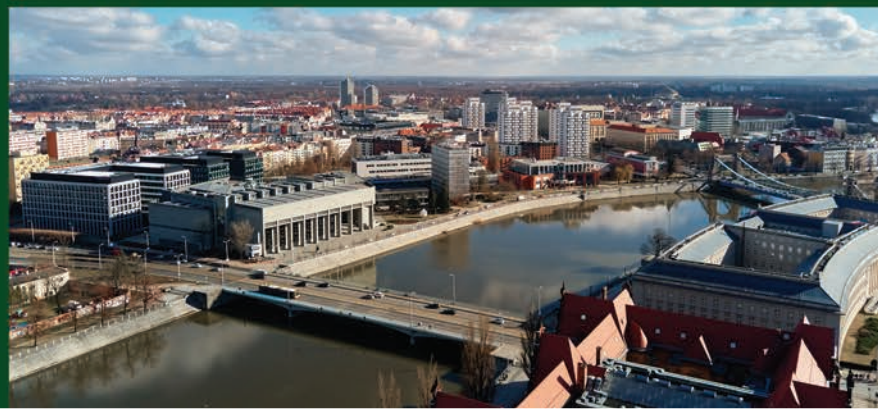
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Foreword

As a result of megatrends such as globalisation, digitalisation, demographic change along with improvements in communication and mobility infrastructure, the traditional dichotomy between urban and rural areas is losing relevance as a policy approach. More recently, the war in Ukraine has heightened the importance of the need and the potential for urban and rural areas to join forces in facing the refugee crisis. Urban and rural areas have distinct yet complementary assets, which, if well managed through urban-rural partnerships, could bring additional economic, environmental, and social benefits to both types of areas and boost regional development by harnessing the comparative and indeed untapped complementary advantages of each territory. Effective urban-rural partnerships need to be based on a clearly defined and mutually perceived need for co-operation; an agreement about sharing benefits, costs and resources; a culture of dialogue engaging different levels of government and a wide range of stakeholders.

How to better leverage urban-rural linkages has gained increasing policy attention both in national and supra-national policies for regional development, such as the Cohesion Policy of the European Union (EU), as well as in the agenda of the OECD Regional Development Policy Committee (RDPC) and its Working Parties on Urban Policy and on Rural Policy, respectively. The *OECD Principles on Urban Policy* and *OECD Principles on Rural Policy*, welcomed by ministers of regional policy in 2019, share a Principle 3 that recommends supporting interdependencies and co-operation between urban and rural areas to address common challenges and make the most of opportunities.

The present report *Urban-Rural Linkages in Poland* is the first deep-dive into how Principle 3 plays out in a specific country. With a view to feed into the ongoing reform of Poland's National Urban Policy, the report delves into the analysis of the urban-rural continuum in Poland by using two internationally recognised methodologies: the Functional Urban Area and the Degree of Urbanisation. It argues that strengthening urban-rural linkages is central to tackling longstanding urban and rural development challenges in Poland, such as suburbanisation, environmental degradation, access to public services, and most recently, the integration of refugees from Ukraine.

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Abbreviations and acronyms

BTOF	Bydgoszcz-Toruń Functional Area
CF	Cohesion Fund
CIT	Corporate income tax
CLLD	Community Led Local Development
CMM	Communauté Métropolitaine of Montreal (Canada)
DPCC	Development Policy Co-ordination Committee
EAFRD	European Agricultural Fund for Rural Development
EAFRD	European Agricultural Fund for Rural Development
EMFF	European Maritime and Fisheries Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
ESF+	European Social Fund Plus
ESIF	European Structural and Investment Funds
EU	European Union
FUA	Functional Urban Area
GDP	Gross Domestic Product
GGSMA	Gdańsk-Gdynia-Sopot Metropolitan Association
IITs	Other Territorial Instruments
ITA	Integrated Territorial Agreements
ITI	Integrated Territorial Investment
JCGaLG	Joint Commission of Central Government and Local Government
JOF	Jelenia Góra Functional Area
LAG	Local Action Group
LAU	Local administrative units
LDS	Local Development Strategies
LDSPA	Territorial and local development strategies
LEADER	*Liaison entre actions de développement de l'économie rurale* (Links between actions for the development of the rural economy)
LGC	Local Government Contract
LGOM	Legnica-Głogów Functional Area
LMA	Lublin Metropolitan Area
LSGU	Local Self-Government Unit
NGEU	Next Generation EU
NGO	Non-governmental organisation
NRDS	National Strategy for Regional Development 2030
NSRD	National Strategy of Regional Development
NUP	National Urban Policy

OECD	Organisation for Economic Co-operation and Development
PA	Partnership Agreement
PIT	Personal income tax
PO	Policy Objective
PPP	Public-Private Partnerships
RDS	Regional development strategies
ROP	Regional Operational Programme
RP	Regional Programme
RRDA	Rzeszow Regional Development Agency
RTI	Regional Territorial Investment
SER	Regional development strategy
SMEs	Small and medium-sized enterprises
SRD	Strategy for Responsible Development
SSRDAF	Strategy for Sustainable Rural Development, Agriculture and Fisheries 2030
STI	Strategic Territorial Investment
SUMP	Sustainable Spatial Mobility Plan for the Wrocław Agglomeration
TERYT	National Official Register of the Territorial Division of the Country
TL2	Territorial Level 2 regions
USD	United States Dollar
WOF	Wałbrzych Functional Area
WrOF	Wrocław Functional Area

Executive summary

After surpassing its pre-pandemic GDP level in December 2021, Poland's real GDP is expected to grow by 4.4% in 2022 and 1.8% in 2023, higher than the OECD average (2.7% and 1.6% in the same period), according to the OECD Economic Outlook of June 2022. However, Poland is grappling with a shrinking and ageing population, low productivity levels in small and medium-size enterprises (SMEs), environmental degradation, and regional socioeconomic disparities, such as digital and transport infrastructure gaps across regions (e.g. fixed download peak speed is 40% faster than the national average in cities and 40% slower in rural areas). The country is now confronting the significant challenge of the refugee crisis triggered by Russia's unprovoked large scale aggression against Ukraine, with more than 3.5 million people (as of 22 May 2022) equivalent to around 10% of Poland's population, fleeing to Poland. Large cities such as Warszawa and Kraków have seen their populations increase by 17% and 20%, respectively – testing their capacities to the limits and reinforcing in turn the crucial role that can be played by urban-rural collaboration in facing national challenges.

Key findings

- **Poland is slightly less urbanised than the OECD average** (56% of the national population lives in a Functional Urban Area (FUA), against an OECD average of 66%). It has a relatively dispersed pattern of settlement, with only 27% of its population living in cities (vs. an OECD average of 50%), 40% in rural areas (vs. 24%), and the remaining 33% in towns and semi-dense areas (vs. 26%) according to the Degree of Urbanisation.
- **Poland has gone through a marked process of suburbanisation**. Between 1990 and 2015, core cities lost 8.6% of their population, while semi-dense areas (suburbs) grew by 5.2%. Moreover, 43% of residents of Functional Urban Areas (FUA) live in the commuting zones, far above the OECD average (25%), which is an additional indicator of suburbanisation. Factors that may have contributed to this process of suburbanisation in Poland include the lack of high-quality and affordable housing in core cities, large amounts of farmland made available for housing development in suburban areas, and increased car ownership.
- **Labour markets show the presence of some urban-rural linkages, albeit not fully exploited**. Around two-thirds (65%) of total commuting flows in Poland are directed towards FUAs. Cities receive 46% of commuting flows, but only generate 19% of them. In contrast, rural areas only receive 20% of commuting flows. In addition, 24% of Poland's population lives in the catchment area of an FUA (i.e. clusters of mainly rural municipalities issuing significant commuting towards an FUA) and can benefit from urban amenities and opportunities. However, FUA catchment areas in Poland are not experiencing higher population growth than the areas outside FUAs, suggesting that agglomeration economies do not necessarily extend beyond FUA boundaries.
- **Local governments have engaged in urban-rural partnerships** in domains such as public transport (e.g. Lublin, Warszawa, Jelenia Góra and Bydgoszcz), business promotion (together with the private sector) (e.g. Grudziadz and Bydgoszcz), tourism (e.g. Jelenia Gora agglomeration) and

food supply chains (with non-governmental organisations) (e.g. Warszawa Consumer Cooperative). Partnerships have also been formed to accelerate the digitalisation of public services (e.g. e-services provision in the Jelenia Góra Agglomeration) and to deliver some public services jointly (e.g. nursing homes in Grudziądz FUA, and a metropolitan senior card programme in Bydgoszcz FUA). Some local governments have formed inter-municipal companies for water management (e.g. the Union of the Upper Raba River Basin – Kraków) and signed inter-municipal agreements for waste collection (e.g. Bydgoszcz FUA).

- **While co-operation among local governments for investment projects has occurred on a voluntary basis, EU funds have offered a key incentive for creating territorial partnerships in Poland**. In line with the principle of local autonomy, bottom-up collaboration has taken place through inter-municipal associations, inter-municipal agreements, and municipal unions, without any legal or institutional arrangement. However, the use of EU territorial development instruments, such as Integrated Territorial Investments (ITIs), which is compulsory in *voivodeship* (regional) capital cities, and Community-Led Local Development (CLLD), has been central to Poland's territorial strategy. Almost half (47.6%) of Poland's population has benefited from ITIs, and CLLD have been applied in 90% of the Polish area eligible for support.
- **Urban-rural partnerships in Poland still face a number of barriers.** Bottlenecks include competition among municipalities to attract investments; a narrow view of regional development, as municipalities outside FUAs are rarely included in partnerships; administrative burdens and a lack of regulatory clarity on partnerships; a shortage of human and financial capacity in local governments; and limited participation of private or non-governmental actors. Moreover, the National Strategy for Responsible Development, the National Regional Development Strategy and the National Urban Policy only indirectly promotes the formation of urban-rural partnerships, for example by supporting integrated infrastructure projects and introducing mechanisms of co-operation within FUAs. The complexity of the procedure to use EU Cohesion policy instruments, and in some cases, the lack of a strategic vision shared between territories have hindered the capacity of local authorities to take full advantage of EU instruments.
- **Metropolitan governance arrangements exist and could enable more urban-rural joint planning, but remain largely underused.** Although Poland has pushed metropolitan reforms forward through different legislative proposals over the past two decades, there is currently only one statutory metropolitan area (Górnośląsko-Zagłębiowska Metropolia, with Katowice as its core city). Since 2020, local governments have the possibility to adopt a supra-local development plan, but only the Metropolis Krakowska Association (with Kraków as core city) has adopted one so far.

Main recommendations, by level of government

The national government is encouraged to:

- **Mainstream urban-rural linkages in the urban, rural and regional development policy frameworks**. This can be implemented through a better understanding of different types of urban-rural linkages across the country, including by documenting them through data at the appropriate spatial level, and shifting from project-based funding towards supporting integrated actions in metropolitan areas. Both national urban and rural policies should encourage urban-rural collaboration by setting common goals, strategies and financial incentives. Developing legal and financial regulations for the implementation of supra-local development strategies should also be a priority.
- **Further leverage EU Cohesion policy to strengthen urban-rural partnerships**. This would include increasing the territorial orientation of national and regional programming documents in Poland, and utilising the Partnership Agreement (PA), the national and regional Operational

Programmes (OP), and the National Strategic Plan for the Common Agricultural Policy (CAP), to increase co-ordination and integration of the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+) and the Rural Development Fund (RDF), with the specific goal to foster urban-rural partnerships.

In addition, both national and local governments are encouraged to:

- **Build trust among local governments** by starting with small-scale, short-term win-win projects; setting up partnership structures that offer equal voice and vote to all partners, regardless of their size and financial capacity; making more efficient use of proven drivers in establishing and developing partnerships such as joint public service delivery; and ensuring flexible partnerships.
- **Enhance digital connectivity in rural areas and incentivise remote working** from rural municipalities or cities at risk of marginalisation. Such programmes could, for example, compensate relocation expenses or provide support in finding housing in these areas.
- **Improve the use of Integrated Territorial Investments (ITI) and Community Led Local Development (CLLD)** by expanding the powers of ITI unions beyond the designation of strategic projects. They should also have the authority to conduct the full procedure of holding open calls for proposals and deciding on membership, taking into account the challenges that are specific to urban and rural areas. Local governments could produce a dedicated CLLD communication plan to promote its use at all levels (including outside rural areas), increasing the understanding of its potential (e.g. in term of investment projects) and showcasing best practices.
- **Strengthen metropolitan governance structures** by creating inter-municipal joint authorities in metropolitan areas through a voluntary partnership model such as the “territorial co-operation team” proposed by the Association of Polish Cities; and issuing a Metropolitan Union Act that could encourage the creation of other statutory metropolitan unions with responsibility for spatial planning, public transport, strategic development planning, and business promotion, and ensuring their access to national level sources of funding.
- **Reinforce the capacities of smaller municipalities to develop and manage urban-rural partnerships** by upgrading the skills of the local public workforce; addressing their financial limitations; providing specific consulting and technical assistance to local governments to implement EU and national policy instruments; and diversifying participation mechanisms in local action groups (public-private organisations in rural areas representing different socio-economic sectors) for the implementation of small-scale investment projects.

Local governments should:

- **Scale up urban-rural partnerships both within FUAs and, in particular, beyond FUA boundaries** to allow isolated municipalities to benefit from the opportunities provided in large agglomerations (e.g. access to public services). This can be done by exploring new forms of urban-rural partnerships (e.g. CLLD-inspired co-operation) and a process of experimentation supported by regional and national funds. Partnerships should involve the local private sector as well as the voluntary sector and civil society.
- **Accelerate the adoption of supra-local development strategies** and co-ordinate strategic and land use planning among municipalities within FUAs through inter-municipal associations or agreements and ensure their alignment with national strategic objectives.

Assessment and recommendations

For the last two decades, Poland has been one of the most dynamic economies in the European Union. Its sustained growth was disrupted by the COVID-19 pandemic but rebounded quickly and is set to reach 4.4% in 2022 and 1.8% in 2023 (vs. an OECD average of 2.7% and 1.6% in the same period). However, even before the pandemic, Poland was already facing important socio-economic challenges. The productivity of small and medium-sized enterprises (SMEs) and their workers remains low, the working-age population is shrinking, and environmental outcomes remain preoccupying. The war in Ukraine is also jeopardising the recovery from the pandemic and testing the limits of public services in Polish cities. As of 22 May 2022, Poland had received nearly 3.5 million refugees from Ukraine, i.e. more than all other neighbouring countries combined. Cities such as Warszawa, Łódź, Przemysl, Rzeszow and Kraków have absorbed particularly large numbers of refugees.

If Poland is to emerge stronger from these difficult times, all its territories need to fulfil their potential to contribute to national development. From food production to job creation and social services for refugees, partnerships between urban and rural areas are more relevant than ever to sustain growth and well-being at this pivotal time. This report shows that the development of urban and rural areas is intertwined, calling for win-win partnerships and complementary national urban and rural policies that leverage the respective strengths of urban and rural areas.

A note of caution

The findings presented in this report present some limitations. First, the methodology focuses heavily on FUAs, which are home to almost 56% of Poland's population, and their catchment areas. Further analysis of municipalities outside FUAs may be valuable. Second, due to data constraints, the quantitative analysis of urban-rural linkages has focused on commuting flows, which constitute a good proxy of functional relationships but fail to capture other types of linkages between urban and rural areas (e.g. trade, social or environmental linkages). Third, the data used for analysing commuting flows, which come from official statistics, might underestimate the phenomenon. Finally, the issue of the quality of services across urban and rural areas, beyond their accessibility, deserves deeper attention. In general, collecting and analysing more granular data along a broader range of dimensions would provide a more complete picture of urban-rural linkages and their impacts on territorial well-being.

Territorial trends and urban-rural linkages in Poland

Poland is less urbanised than the OECD average...

According to the Degree of Urbanisation – a methodology that allows for international statistical comparisons – the vast majority of the population in Poland lives outside of cities. A large share of people lives in rural areas (40% vs. the OECD average of 24%) and in semi-dense areas like towns and suburbs (33% vs. the OECD average of 26%), whereas cities host only 27% of the population (vs. the OECD average of 50%). When using the Functional Urban Area (FUA) methodology, 56% of Poland's population

(i.e. 21.2 million) lives in cities and their surrounding commuting zones, forming 58 functional urban areas (FUAs), while the OECD average is 66%.

Polish FUAs have a strong rural component. More than three-quarters of municipalities within FUAs are classified as "rural" according to the Degree of Urbanisation. As of 2019, 37% of people in FUAs lived in municipalities that are classified as "towns and semi-dense areas" (15%) or "rural areas" (22%). This could create potential challenges for rural areas in terms of public service provision and accessibility as they tend to be more dispersed than urban areas. Stronger co-operation among municipalities within FUAs could help them make the most of agglomeration economies. Outside FUAs, towns and semi-dense areas have the potential to serve as focal points for rural development, as they host almost half of the population not living in FUAs.

...and shows patterns of suburbanisation, which result from historical factors and land use choices

Poland has been experiencing suburbanisation for more than two decades. Polish FUAs are quite suburbanised, as 43% of the FUA population lives in commuting zones (vs. 25% of the FUA population in other OECD countries). Between 1990 and 2015, population dropped by 8.6% in cities, while semi-dense areas grew by 5.2% and rural areas by 5.4%. One of the main factors is the shortage of high-quality, affordable housing in the urban cores. Large amounts of farmland were freed up for housing development., As incomes nearly tripled over 25 years (from USD 2 000 per capita in 1996 to USD 5 900 in 2020), access to credit improved, car ownership increased, and people moved out of cities in search of family homes and higher living standards.

Labour market linkages reveal a high amount of urban-rural interaction, but small and medium-sized FUAs are less attractive

Although residents are dispersed along the urban-rural continuum, job opportunities are still mainly found in urban areas. Two-thirds of total commuting flows in Poland are directed towards FUAs. In addition, in some (large) FUAs, there is a high level of diffusion of employment, also involving peri-urban and rural municipalities in commuting zones. This suggests that, in many FUAs, municipalities in suburban and rural areas are not only residential areas, but also host jobs and consequently attract commuters. This may indicate that urban-rural linkages are at work within FUAs, and calls for dedicated policies to tackle pressures on land uses and resources, as well as on sustainable transport.

While most large FUAs attract commuters, many small and medium-sized FUAs show a negative commuting balance, indicating low employment opportunities. This result is compounded with the fact that there are 139 medium-sized cities across Poland that are said to "lose their socio-economic functions" according to the Polish government's classification, i.e. have shrinking population and limited infrastructure investments, among other challenges. Most of them are located outside FUAs, indicating that isolation from large urban centres amplifies their economic and social fragility. Reinforcing urban-rural linkages between small and medium-sized cities and their surrounding rural areas could help increase their attractiveness by strengthening the local markets they serve.

In addition, as of 2020, 9.2 million people lived in FUA catchment areas, which are clusters of (mainly rural) municipalities with a high degree of commuting towards FUAs. This means that people living in catchment areas can "borrow" the amenities and opportunities of urban areas. However, catchment areas may lack their own job opportunities and a good level of accessibility and quality of services. Therefore, dedicated policies are needed to strengthen urban-rural linkages both within FUAs and at a broader spatial scale, for example in terms of infrastructure and connectivity in rural municipalities outside FUAs.

Before the war in Ukraine, Poland had a shrinking and ageing population

Between 2010 and 2020, Poland's population declined by 0.4% (vs. the OECD average growth by 5.8%) and it is expected to shrink by another 14.4% by 2060. Across OECD countries, only Greece, Korea, Japan, Lithuania and Latvia are projected to experience a faster population decline. In addition, while a few large urban areas are growing, three out of four FUAs in Poland are losing residents. Almost every mid- and small- sized FUA in Poland has lost residents over the last decade. While population in suburban areas and rural areas close to cities is increasing, rural areas far away from cities show a marked decline.

The Polish population is also ageing, especially in core cities, while suburban areas show a younger age structure. Unlike the typical pattern in OECD countries, within its FUAs, Poland has the largest share of elderly in urban cores (22%, compared with 16% in commuting zones). This will lead to changing needs for public services and call for a co-ordinated provision among urban and rural areas. Different age structures require different services along the urban-rural continuum. In the suburbs, a generally younger population means a larger share commuting for education, work and leisure. This demographic trend will also affect Poland's labour supply as well as the capacity to finance and provide public services.

War refugees have increased population levels but the duration of their stay is uncertain

Finally, urban and rural areas in Poland and their relationships will be also affected by the war in Ukraine, which has led to a massive influx of refugees to the country. Between February and May 2022, more than 3.5 million refugees entered Poland. About half the refugees are adult women, and 35% of refugees are under 18 years of age. Most of the refugees were hosted by Poland's largest cities, such as Warszawa and Kraków, which have seen an increase in their population by 17% and 20% respectively, along with strong pressure on their public services. More effective urban-rural linkages could help share the responsibility of delivering services for refugees across the country and, at the same time, provide opportunities for smaller cities, towns and rural areas.

Poland displays a large urban-rural divide in accessibility to services

In general, Poland offers a good degree of accessibility – defined as the capacity of people to not only move around efficiently, but also access the resources, services and opportunities they need to thrive. However, Poland shows a marked urban-rural divide in accessibility. For instance, some key supra-local services are concentrated in large cities, and public transport outside FUAs is very limited, constraining accessibility from remote rural areas.The quality of services is also not always the same in urban and rural areas. Proximity to a large city, all other things being equal, is associated with better access to services and more opportunities (e.g. jobs, education, leisure). Developing stronger relationships between urban and rural areas could help bridge accessibility gaps.

Increasing digitalisation can create new urban-rural linkages regardless of territorial proximity

The full potential of digital technologies in Poland remains untapped and their benefits are not equally shared across the country. Between 2019 and 2021, peak download speeds improved by 86% across Poland, but at the same time it is characterised by a urban-rural gap. Fixed download peak speed in cities is 40% faster than the national average, while in rural areas it is 40% lower than the national average. This hinders the attractiveness of some territories, especially the most remote areas, for remote working or business development. Urban-rural partnerships could help tackle the digital divide, and digital connectivity could, in turn, help foster stronger urban-rural linkages. For example, it could support the growth of local small and medium-sized enterprises (SMEs), and allow citizens to access services in other municipalities and participate more effectively in policy making. Digital connectivity offers a particularly relevant tool to support growth in cities "losing their socio-economic functions", as they are isolated from FUAs.

Building urban-rural partnerships

Poland's policy frameworks offer a good basis for urban-rural partnerships

Urban-rural partnerships in Poland are a relatively new phenomenon. For almost a decade, Poland has been supporting the formation of urban-rural partnerships as a way to enhance territorial cohesion and help both urban and rural areas to become more competitive. The main factors motivating local governments to build urban-rural partnerships include inequalities, the lack of public transport connectivity and housing, the lack of economies of scale, and limited financial and capacity to deliver public services. The polycentric structure of Poland offers a good terrain for the creation of urban-rural partnerships, understood as the highest level of urban-rural co-operation, and represents an opportunity to increase national well-being and socio-economic development.

At national level, Poland's development policy framework promotes urban-rural partnerships, albeit indirectly. Poland's main national development policies (e.g. the Strategy for Responsible Development (SRD); the National Regional Development Strategy (NRDS) 2030; the National Urban Policy 2023; and the Strategy for Sustainable Development of Rural Areas, Agriculture and Fisheries 2030) recognise local co-operation as a necessary mechanism to implement and achieve national development objectives. However, the proposed new National Urban Policy (NUP) 2030 also acknowledges that the lack of co-operation among local governments within FUAs is hindering the ability to deal effectively with territorial development issues.

At regional level, regional development strategies (RDS) have a role in designating strategic priorities, improving the competencies of local self-governments, and supporting initiatives and projects to exchange good practices in building partnership agreements.

Several mechanisms for urban-rural co-operation are in place

Poland has a comprehensive regulatory and planning framework that provides a basis for strengthening urban-rural linkages and building partnerships. Local government units have a right to form and join associations with other government units. The Act on Municipal Self-Government defines three mechanisms for co-operation. First, municipalities (*gminas*) may form associations with other municipalities, counties (*powiats*) or regions (*voivodeships*) to help cover costs for service delivery and assist one another. Second, they can also sign inter-municipal agreements to have another municipality deliver one or more services on their behalf, such as public transport or waste collection. Third, they can form municipal unions, which are legal entities with specific duties, duration and rules. In addition, Polish municipal authorities are encouraged not only to co-operate with one another, but also to find partners at other levels of government, social actors (associations, non-governmental organisations), academia (universities, think tanks), businesses and business associations, community groups and individual citizens.

Poland has established various institutional structures to encourage urban-rural partnerships, such as FUA offices, regional governments and regional organisations such as Regional Tourism Organisations (RTOs), Regional Territorial Forums and Regional Territorial Observatories. These institutions have the capacity to provide strategic advice, disseminate information and help overcome obstacles coming from institutional differences between urban and rural municipalities. Urban-rural partnerships benefit from a clear distribution of roles (e.g. a core city supporting administrative tasks of other municipalities) and a balanced voice among large and small municipalities to enhance trust. Evidence shows that the involvement of non-governmental organisations and the private sector as members of partnerships (e.g. in water management, social assistance) or as leaders (e.g. food value chain, associations of local firms) has kept partnerships stable despite political cycles and contributed to sustainable co-operation.

Local and regional development planning is a major opportunity for co-operation

Local governments in Poland have significant legal and management autonomy to craft their own development strategies and plans, and can choose to do so in a co-operative manner. In July 2020, Poland's Parliament passed several amendments to the Act on Principles of Implementation of Development Policy, which introduced a new scheme of social, economic and spatial planning for local development. The goal of the reform was to strengthen the creation, implementation and monitoring of local strategies and to promote collaboration across levels of government.

An important reform introduced was the creation of territorial agreements that enable local governments to come together to specify priority projects for the development of a given area, in line with the objectives of a development strategy. Municipalities can sign territorial agreements with the region or the national government.

Another key element of the reform was the introduction of supra-local development strategies. For now, they are optional, but the Act highlights their value, and efforts are underway to make them compulsory. Supra-local development strategies enable urban and rural municipalities to jointly adopt a functional approach to planning. They include a model of the functional and spatial structure, which illustrates the lines for action set out in the strategy, as well as findings and recommendations on the development and implementation of spatial policy in each municipality. To prepare and implement a supra-local development strategy, municipalities may form an inter-municipal union or association, or adopt an inter-municipal agreement. Many local governments have expressed interest in pursuing this option. In December 2021, the Krakow Metropolitan Association (Metropolia Krakowska), approved Poland's first supra-local development strategy to 2030.

The use of EU funds has been pivotal to promote inter-municipal co-operation and start urban-rural partnerships

EU Cohesion policy has been the key framework through which Poland has been addressing territorial development challenges to unleash the potential of regions and localities for national development. In its 2014-20 Partnership Agreement (PA), Poland indicated functional urban areas (FUAs) as the main target of its territorial development strategy, which was mainly implemented through the Integrated Territorial Investments (ITI) instrument, made compulsory in voivodeship (regional) capital cities. The 2021-27 Cohesion Policy framework enables a more sophisticated approach for addressing urban-rural interlinked development through policy mixes customised to targeted territories. It gives wider support to the development of local growth strategies by urban, rural or other territorial authorities, which can now be fully in charge of or involved in the selection of EU-funded projects. Accordingly, the new Partnership Agreement for Poland provides for a larger utilisation of ITIs and the strengthening of "Community-Led Local Development" (CLLD), which envisages the design of local growth strategies by action groups (LAGs) engaging local authorities, civil society and business partners.

The use of these EU territorial development instruments has been central to Poland's territorial strategy. Almost half (47.6%) of Poland's population has benefited from ITIs, and CLLD have been applied in 90% of the Polish area eligible for support. One of the main strengths of ITIs is that they can be used in any geographical area, ranging from urban neighbourhoods with multiple types of deprivation to the urban, metropolitan, urban-rural, sub-regional, or inter-regional levels. CLLD has also been seminal in the implementation of territorial development strategies and in fostering inter-municipal co-operation in Poland, even if it has been used with a more limited scope in respect to developing urban-rural partnerships. Overall, despite a very good performance of Poland in capitalising on EU funds, the complexity of the procedures to use EU Cohesion policy instruments and, in some cases, the lack of a strategic vision shared between territories have limited the capacity of local authorities to take full advantage of EU instruments.

Existing urban-rural partnerships aim to foster growth and competitiveness

Polish local governments have already developed urban-rural partnerships in Functional Urban Areas (FUAs) to find common solutions to mutual problems and share expertise, services and resources in different domains (e.g. economic, social and environmental).

Urban-rural partnerships have been established to develop and manage transport networks and infrastructure

- Public transport is the most frequent policy area of co-operation within FUAs in Poland, as it is a pre-condition to access other services and foster urban-rural synergies. Local governments have used different mechanisms to establish partnerships in transport, such as bilateral agreements between the core municipalities and the surrounding ones (e.g. Lublin, Warsaw, Jelenia Góra and Bydgoszcz) or municipal associations to revitalise the public transport system (e.g. Oławskie Przewozy Gminno- Powiatowe in Wroclaw FUA). In general, the core city in the FUA becomes the co-ordinating actor by taking a leadership role in the organisation and management of public transport infrastructure in the FUA. The partnerships aim to give smaller municipalities the possibility to access transport services they would otherwise not be able to provide due to funding and capacity limitations.

Urban-rural partnerships have been established to improve the business environment

- Some FUAs such as Wroclaw and Bydgoszcz have created agencies to co-ordinate their actions with those of surrounding municipalities to promote business support services available in the area. Other FUAs such as Grudziadz are promoting the creation of privately run business associations that gather local firms and improve networking activities. Innovation support bodies (business accelerators and public and private innovation/research centres) tend to locate in cities, due to the agglomeration of firms and the location of other administrative centres. Improving the regional attractiveness for new businesses is a common goal that often triggers co-operation among urban and rural municipalities.

Urban-rural partnerships have also been established to promote tourism

- Urban-rural partnerships in the tourism industry aim to co-ordinate the local tourism offer, including accommodation and transport for touristic circuits across administrative borders or the inter-municipal management of parks and natural attractions. The Jelenia Gora agglomeration, for example, created a partnership among 18 urban and rural communes for the promotion of tourism based on their natural assets. Although the war in Ukraine has created considerable short-term uncertainty for the sector, especially in countries close to the conflict, urban-rural partnerships for tourism can be a major driver of growth considering that as of 2018, the total value of the tourism economy was estimated to reach 6% to Poland's GDP (direct and indirect impact).

Urban-rural partnerships for food chains have commonly been organised by social economy actors

- Different types of urban-rural linkages exist around food value chains and can be mobilised to ensure food security and unlock new business opportunities in rural areas: e.g. food co-operatives and buying groups (e.g. Warsaw-Warsaw Consumer Cooperative, Kraków - Opole, Zielona Góra); local farmers' markets (e.g. the Free Toruń Marketplace, in the Toruń metropolitan area); and food bank associations (e.g. the Association of the Food Bank "Grudziądzki Bank Żywności" in the FUA of Grudziadz). However, obstacles such as physical distance among farmers and the lack of trust

around aligning qualities and certificates may undermine collaboration among farmers to reach manufacturing providers and consumers in urban settings with a unified voice.

Urban-rural partnerships can help reorganise social services delivery in the context of shrinking population

- Ensuring access to social services (e.g. social care, healthcare, and education) for all people in the context of depopulation calls for partnerships among municipalities to reduce operational costs, while improving coverage and quality. For example, the Grudziądz FUA has introduced a nursing homes programme, and the Bydgoszcz FUA implemented a metropolitan senior card programme. However, municipalities outside large FUAs are facing greater challenges in service provision.

Urban-rural partnerships have been formed to accelerate the digital transition

- Partnerships to improve the deployment of e-services, including e-government services, have been created with Integrated Territorial Investments (ITI). For example, the Jelenia Góra Agglomeration has implemented a project to strengthen municipal capacity to deliver public e-services by improving accessibility to information and communication technologies, including in the three urban-rural municipalities in the agglomeration. However, the challenge for Poland is to accelerate digitalisation to provide equal quality services to all residents. Greater uptake and adoption of new technologies to deliver healthcare (telemedicine) or elderly care (e.g. medical drones or primary care robots) requires putting in place an enabling infrastructure, such as high quality screens and imaging devices among others.

Urban-rural partnerships can enhance better water and waste management

- Inter-municipal companies are the backbone of urban-rural partnerships on water management in Poland. In general, municipalities co-ordinate their water management through the establishment of a dedicated inter-municipal company. Inter-municipal associations or unions have been formed to finance such companies (e.g. the Union of the Upper Raba River Basin, comprising 15 urban and rural municipalities, with Kraków as the urban core). However, such partnerships face some difficulties, such as the perception of unfair distribution of territorial investment for water management that could make the collective agreements fail. Decisions to unify tariffs can be a cause of conflict among municipalities, as some of them (particularly the urban ones) might feel that they would subsidise other municipalities or lose municipal autonomy in investment and quality decisions.
- Most of the partnerships on waste collection are conducted through bilateral agreements (e.g. the incineration plant in the Bydgoszcz FUA). The urban core municipality often provides waste management services and receives a fee from surrounding rural ones.

Barriers to urban-rural co-operation

Lack of trust among municipalities hinders co-operation

Local governments, especially within FUAs, seem to be generally aware of the importance of collaborating with neighbouring municipalities and they are taking steps to do so. However, competition, lack of trust and historical rivalries among municipalities are still hindering stronger and more effective co-operation. There is also a lack of trust among members of local action groups (LAGs) that aim to implement development projects in rural communities. Trust in government institutions in Poland is relatively low compared with other OECD countries. This has important implications for inter-municipal co-operation and

for participation in programmes such as LEADER. Co-operation among local governments takes place on a voluntary basis, which means that building trust is instrumental to success. Municipalities in the Grudziądz functional area, for example, have noted that to make an association work, there is a need to create a sense of safety and security to reassure smaller municipalities that their voice will be heard and that the priorities of the larger municipalities will not eclipse theirs.

Spatial planning is too fragmented and has low coverage

Poland's spatial planning system lacks tools for co-ordinating land use changes in suburban areas, which partly explains disorderly urban growth. Local Spatial Development Plans, which steer spatial development within the borders of municipalities, are the only binding land-use plans in Poland. The current legal framework allows municipalities to co-design and adopt a spatial development policy at a functional level. However, a significant challenge to foster urban-rural partnerships comes from low coverage of local spatial plans and the reliance on one-off planning decisions for an individual building or change of land use requests. In 2020, the share of the area covered by local spatial management plans amounted to only 46.5% in large cities, and even lower at 25.7% in marginalised municipalities. Currently planned reforms include the obligation to prepare a local spatial development plan that covers the entire municipal territory. Even when the plans are elaborated, they are often poorly co-ordinated (e.g. few agglomerations have developed co-plans or synthesis documents for their whole functional areas, the Poznań FUA being one of the few exceptions). A possible reason for municipalities struggling to prepare these plans is that they are time-consuming and cost-intensive.

Metropolitan governance remains underdeveloped

Poland does not have independent metropolitan administrative units. Metropolitan areas usually consist of the core city and a large number of smaller municipalities (rural, urban, and urban-rural) in the surroundings, but their boundaries have not been defined. Although Poland has been working on metropolitan reforms for two decades, it lacks flexible legal structures for co-operation in metropolitan areas. In 2003, the Spatial Planning and Development Act recognised metropolitan areas, but without a clear statutory delimitation. After various attempted proposals and years of discussion, in 2015, Poland passed the Metropolitan Union Act, which entered into force on 1 January 2016 but has yet to be implemented, due to a lack of appropriate regulations. In 2017, regulations were approved only for the Górnośląsko-Zagłębiowska Metropolia, with Katowice as its capital city, with unique provisions for its functioning and financing. Its income comes from a share of the personal income taxes paid by the metropolis' residents, as well as membership fees paid by municipalities. The metropolitan union also receives a direct allocation from the central budget, separate from EU funds. No other metropolitan area in Poland has a statutory status nor has been granted the same rights and benefits, although there are other metropolitan areas that could benefit from them.

Poland's lack of a metropolitan law and its settlement structure with its specific hierarchy of cities (e.g. cities vs. cities with powiat status) constitute a barrier to the establishment of a voluntary, bottom-up and equitable metropolitan structure. The majority of metropolitan declarations in Poland are not legally binding documents, but they can be considered as the beginning of a movement towards more formalised political models. For example, the Gdańsk-Gdynia-Sopot Metropolitan Association, one of the most successful examples of metropolitan co-operation in Poland, has been lobbying for several years to become a metropolitan union.

Local public workforce limitations constrain co-operation and joint work

In general, local governments in Poland lack the necessary level of technical skills such as knowledge of legislative provisions that would be necessary to enhance urban-rural co-operation. Increasingly, public services are prioritising transversal skillsets and competencies that are even harder to assess, such as

risk-taking, capacity to innovate and problem-solving, which are often not available in the local public workforce. Working conditions, low salaries, the nature of the job, and the lack of career development opportunities may hinder the attractiveness of subnational local administrations as employers. Attracting, retaining and developing human capital in Poland's local governments is a constant challenge due to changes in the labour market induced by megatrends such as digitalisation, globalisation and demographic ageing. Younger generations are no longer attracted to job stability and predictability of pensions in a 'government job', which is causing a brain drain in local governments such as the municipality of Międzyrzec Podlaski and Łańcut powiat. Local governments need to strengthen the competences of their officials, particularly on strategic management. This involves the ability to prepare and implement comprehensive projects to promote local development and fundraising. This is particularly important in municipalities "losing their socio-economic functions" and those at risk of marginalisation.

Local governments have limited revenues and large obligations

Local governments largely depend on national grants and subsidies. Moreover, despite efforts to consolidate local governments' financial autonomy, their revenues remain highly dependent on central government grants and subsidies. The 2021 Tax Reform, called the 'Polish Deal', has reduced the amount of personal income tax (PIT) revenue distributed by central government to subnational governments each year. The PIT is the main source of tax revenue for municipalities. In 2016, grants and subsidies represented 65% of county revenues, 56% of municipalities' revenues and 47% of regional revenues. Cities with powiat status have a more diversified structure of revenues, as grants and subsidies represent only 38% of their revenues. These results suggest that Polish regions and local governments will continue to rely largely on EU funds to implement investment projects that can help them to bridge development gaps. Providing public services is costly and only joint investment across municipalities may make it possible. Without access to EU funds, most of the progress achieved in regional development in Poland would probably have not been possible. Thus, a first challenge for Poland is to be able to finance regional development investments primarily with its own resources, mainly at subnational level. Second, Poland needs to match municipal responsibilities with corresponding revenues. While municipalities are in a better position in terms of own-source revenue than counties and regions, they have seen more responsibilities devolved to them and yet very little in the way of increased fiscal decentralisation to match them.

Private sector participation in urban-rural co-operation is still limited

Involving partners from the social or private sector is not always possible through the organisational form of co-operation, except in Local Action Groups (LAGs) which bring together actors from different sectors to develop the local economy through EU micro-grants to local businesses and NGOs. Local governments seem to be increasingly involving a wide range of stakeholders in development planning and other decision-making processes. However, there can be significant differences in how open the engagement process is and how meaningfully the public is engaged in decision-making. Occasionally, the upsurge of discontent against some urban projects or plans does force the question of consultation versus participation into the spotlight.

Key recommendations to strengthen urban-rural linkages in Poland

Recommendations for the national government

- **Strengthen the policy development framework**. The national government, under the leadership of the Ministry of Development Funds and Regional Policy, should clearly recognise the different characteristics of and potential for urban-rural partnerships in the national and legal framework. To this end, the new National Urban Policy should: i) include a better understanding of the different

types of urban-rural linkages across the country with data at the appropriate spatial level, identify barriers ; ii) shift from project-based funding to programmes supporting integrated actions at the level of metropolitan areas with the participation of a wide range of stakeholders; and iii) set clear objectives and incentives to develop urban-rural partnerships. Moreover, the Strategy for Responsible Development (SRD) or the National Regional Development Strategy (NRDS) could explicitly define benefits, mechanisms and policy instruments available to develop urban-rural partnerships.

- **Ensure that national urban and rural policies work in tandem**. The aim is to stimulate urban-rural collaboration and set common or integrated goals, strategies and financial mechanisms to promote the role of urban-rural partnerships in territorial development. The Ministry of Development Funds and Regional Policy, in charge of urban policy, and the Ministry of Agriculture and Rural Development, responsible for rural policy, would need to co-ordinate their activities and strategic plans to adopt a coherent approach to regional development. Moreover, it is essential to make the preparation of a local development strategy (LDS) mandatory and to develop guidelines to conduct partnerships and set a common basis for co-operation and achieve economies of scale.
- **Reinforce the role of regions in the promotion of urban-rural partnerships**. Regional governments are in a strategic position to promote urban-rural partnerships. The SRD should specify the role of regions in increasing the focus and support to partnerships between FUAs and rural municipalities outside FUAs and grant them powers to use resources to co-finance urban-rural projects. Moreover, regions could be leaders in: i) identifying complementarities across different types of municipalities (urban, rural, and urban-rural) to adapt policies to the local context; ii) developing incentives to include non-governmental actors in urban-rural partnerships and upscale privately run partnerships (e.g. food or business associations); iii) supporting the participation of private actors from rural municipalities in the partnerships through access to funding and information; iv) appointing a person/team to look for opportunities of partnerships and promote them among municipalities; and v) defining indicators to evaluate urban-rural partnerships and measure the direct effect of the joint projects. Poland may consider assigning voivodes (government-appointed governors) and voivodeship marshals (heads of the regional administration) wider responsibilities in co-ordinating the design and implementation of the Regional Economic Frameworks and the Regional Programmes with local governments, and in ensuring a more co-ordinated approach to regional economic development as well as alignment with national goals.

Recommendations for the national and local governments

- **Develop clear actions to build trust.** To address structural factors undermining urban and rural partnerships such as the lack of trust or competition among communities, all levels of government should develop partnership structures that offer equal voice and vote to all partners, regardless of their size and financial capacity; and explore mechanisms to promote urban-rural partnerships through digital connectivity.
- **Make better use of spatial planning as a tool to manage the perverse effects of suburbanisation.** Within the framework of the Act on Planning and Spatial development, Poland needs to develop spatial planning tools (e.g. issuing a monitoring framework to assess changes in land use and dispersion of development activities) that facilitate the development of tailored spatial planning documents that promote a mixed use of land and prevent the loss of agricultural land close to suburbs. National and regional governments should encourage inter-municipal co-operation when preparing spatial planning acts; for example, through giving feedback, and joint preparation of planning documents. Municipalities within FUAs should regulate, in a co-ordinated fashion, new development, the arrival of new residents, and the quality of the habitat.

- **Support the adoption of supra-local development strategies to enhance inter-municipal co-operation for planning and investment**. National and regional governments need to encourage and facilitate the development of such instruments through technical guidance (e.g. the guidelines prepared by the Ministry of Development Funds and Regional Policy), access to data, and financial support. While the decision to prepare a supra-local development strategy is left to municipalities, the national government could adopt incentives that favour the elaboration of such a plan, for example by facilitating access to additional funding and capacity building activities.
- **Leverage EU policy implementation to strengthen urban-rural linkages**. This involves exploring and developing stronger complementarities between EU funding streams, particularly between the Structural Funds and the Rural Development pillar of the Common Agricultural Policy. To this end, Poland should further increase the territorial orientation of its national and regional programming documents, utilising the Partnership Agreement (PA), the national and regional Programmes and the National Strategic Plan for CAP to ensure enhanced coherence, co-ordination and integration of the ERDF, ESF+ and the Rural Development Fund in developing rural-urban partnerships. Poland could also foster the concrete implementation of the "Territorial Agenda 2030" and integrate it with the implementation of the OECD Principles for Urban Policy and Rural Policy (e.g. every key player at any governance level could be encouraged to consider these Principles in the exercise of its own mandate).
- Poland could incentivise the elaboration of integrated territorial strategies by favouring a co-ordinated and complementary use of Integrated Territorial Investments (ITI), Community Led Local Development (CLLD) and LEADER instruments. In particular, ITIs and CLLDs arrangements should be used to address urban-rural specific challenges and to develop more robust urban-rural linkages on well-defined common objectives. For example, this approach may include creating jobs outside agriculture, increasing the quality of connectivity between urban and rural areas, and supporting SMEs in the agriculture, agro-alimentary and forestry industries.
- **Improve the use of ITI and CLLD instruments**. To improve the use of ITIs, Poland may consider giving ITI unions powers that go beyond the simple designation of strategic projects, enabling them to conduct the full procedure of open call for proposals. The national government could issue new guidelines and adopt legislation to grant ITI unions powers to decide on membership and participation. Poland should also invest more in improving the understanding of the CLLD instrument across stakeholders by: (i) producing dedicated CLLD communication plans to facilitate the preparation of development projects through urban-rural partnerships; (ii) investing more in building community leadership and capacity; and (iii) setting up criteria for project funding that valorise urban-rural partnerships.
- **Promote urban-rural partnerships through digital connectivity**. The national government could include digital connectivity as an integral component of the National Urban Policy, and of mobility policies in particular. Urban-rural linkages through digital accessibility would help reduce the need for physical mobility. For this purpose, the national government would need to invest in fast and reliable broadband across the country. Facilitating the possibilities for municipalities to benefit from virtual interactions, such as remote working or accessing e-services, could help trigger more partnerships and boost well-being in rural regions, especially in marginalised areas, rural municipalities losing population, and medium-sized cities "losing their socio-economic functions". Digital connectivity requirements could be included as part of (supra) local development strategies and partnership building.
- **Improve inter-municipal co-operation arrangements**. Different actions could be considered in this respect:
  - *Ensure flexibility and voluntary partnership building*. Poland has two options: i) conduct a voluntary merger of local authorities to reduce fragmentation in FUAs; or ii) strengthen what is called 'trans-scaling' through institutionalising inter-municipal co-operation arrangements. Co-

operation arrangements should be facilitated for cities of different sizes and co-operation should be multi-purpose.

- *Strengthen metropolitan governance arrangements.* Poland could benefit from having a metropolitan level in the political-administrative structure, but without necessarily creating a new level of government. This stronger but institutionally light scheme of metropolitan governance could be achieved by creating further metropolitan unions at the statutory level, which will give metropolitan areas the administrative and financial foundations for managing development. It is therefore essential to implement the Metropolitan Union Act of 2016 through appropriate regulations to facilitate the creation of more statutory metropolitan areas. Poland could also create more inter-municipal joint authorities in metropolitan areas (FUAs) for specific services in a first stage such as public transport and/or metropolitan planning, and then move on to include other areas of co-operation.
- *Strengthen national/subnational co-ordination for urban-rural linkages and regional development planning*. Poland could also consider formalising institutional agreements between levels of government to generate trust-based relationships, regardless of the size of the government. They can clarify "grey areas" where responsibility for action or outcomes has not been concretely established. Collaboration agreements may be established not only with individual local governments but also with unions, or associations of local governments, which may group municipalities of different kinds (urban, urban-rural, and rural).
- *Adopt shared tools and mechanisms for planning at supra-local level*. Co-ordination of spatial planning in urban-rural areas requires systemic regulations that consider the opinions of municipalities in planning investment projects of supra-local importance. It is also necessary to complete the process of integration of spatial and socio-economic planning and ensure that Local Spatial Development Plans cover wider shares of the municipal territory. To improve planning, Poland should give functional areas operating with ITI funds the possibility to better integrate (or valorise) their territorial strategies and plans within the relevant Regional Programmes; ensure that policies for functional areas do not differentiate between urban and rural areas; and diversify the tools to make associations or inter-municipal unions operational.
- *Create regional agencies for economic development that work with public and private sector stakeholders*. These agencies could develop programmes to enable businesses to grow and even support innovators to start businesses. The agencies would help tailor national economic programmes to fit regional needs and circumstances, provide access to financial assistance, and bring together key players from the different municipalities in the region to work with them.

- **Reinforce local governments' capacity to build and manage urban-rural partnerships**. To improve municipal capacity for taking part in urban-rural partnerships, Poland needs to simplify the administrative process and reduce red tape to conduct urban-rural partnerships. This could include, for example, the adoption of standard application formats and clear guidelines to form partnerships. All levels of government could develop network activities and conduct proactive intra-regional advisory assistance to reach weaker municipal governments. Expanding the support currently provided by the pilot project Advisory Support Centre; and providing specific consulting and technical assistance to local governments to navigate and implement EU and national instruments are among feasible ways to support local governments. The use of new (digital) technologies could also help municipalities, in particular rural ones, to improve their capacity for service delivery in the context of an ageing and shrinking population. Poland may explore the viability of establishing shared service bodies in functional areas. These agencies manage support services such as human resource management, ICT, procurement and others as a way to improve capability and manage resources in a more efficient way.

- **Invest in capacity-building and professional skills in local governments**. Municipalities should pay closer attention to their future skills requirements and integrate workforce and human capital considerations into broader policy changes that could have an impact on service delivery. This means that local governments may need to identify the capabilities needed in the workforce and link them to human resource management activities (recruitment, staff development, performance management) to enhance capacity. Investing in upgrading the planning skills of the local workforce should also be a priority in the context of the creation of supra-local development plans.
- **Reduce the dependency of funding sources from the EU to support regional and local development**. To tackle local governments' financial limitations, the national government may consider four courses of action:
  - Assigning dedicated funds to incentivise collaborative local development and investment projects.
  - Managing the costs of delivering public services in a way that considers the spatial distribution of the services, the spatial distribution of the targeted population, digital forms of access (including the availability, affordability of broadband and the digital skills to use them), and the unavoidable trade-off between cost and distance.
  - Reducing the gap between expenditure and revenue at subnational level. For this purpose, the national government needs to decentralise revenues by granting greater tax autonomy to local governments, for example by giving more decision power over rates and bases, in particular property tax. It will be necessary to conduct a review of competences and functions of local governments and their sources of revenue to avoid unfunded responsibilities. Revenues should include a mix of user fees, taxes and inter-governmental transfers.
  - Ensuring that subnational financing adopts a functional approach by selecting the taxes that are available and that could support the work of metropolitan areas. Even though metropolitan areas usually do not have statutory level, property tax could be a source of revenue for them. However, property tax is the main source of own revenue for municipalities and it does not even cover municipal needs. Local governments could enhance revenues from the property tax by implementing other land use tools that capture increases arising from public investment.

Recommendations for local governments

- **Enable participatory processes for stronger urban-rural linkages**. Poland may wish to ensure inclusive participation in regional development strategies, and urban-rural partnerships in particular, to avoid widening regional disparities. Moreover, Poland may need to diversify participation in local action groups (LAGs), either by regulating participation in LAGs boards and introducing a rotational membership to give more people the opportunity to participate; or by developing strategies to facilitate community engagement beyond the LAGs. Municipalities may also wish to take steps to engage directly with citizens through participative budgeting, for example.
- **Incorporate national strategic goals in local development strategies**. It is important to ensure that the functional approach present in national documents is part of the political and planning debate; and aligning local development plans with national strategic objectives by focusing on implementation.
- **Expand the spatial dimension of urban-rural partnerships**. Municipalities outside FUAs but within the catchment area could be considered as potential members of an urban-rural partnership. In the context of digital transition, municipalities may also consider partnerships or inter-municipal agreements for e-services, facilitating access to services to those municipalities located remotely.
- **Accelerate the adoption of supra-local development strategies** and co-ordinate strategic and land use planning among municipalities within the FUA though inter-municipal associations or

agreements. Cities and rural areas should work together to develop investment strategies and update spatial planning documents.

1 Diagnosis of urban-rural linkages in Poland

This chapter describes and assesses urban-rural linkages in Poland. First it provides a conceptual framework, reviewing the dimensions of urban-rural linkages, their determinants and their implications for territorial development and well-being. Then it describes the main factors and trends affecting urban-rural linkages in Poland, as well as key characteristics of urban and rural areas and urbanisation patterns in the country. Next, the chapter examines urban-rural labour market linkages within Functional Urban Areas and between Functional Urban Areas and the surrounding rural areas. The final section analyses the effects of urban-rural linkages on demographic growth in Polish municipalities.

Key findings

- Poland has a larger share of population living in low- and medium- density areas than the OECD average (72% vs. the OECD average of 50%), and a smaller share in cities (28% vs. the OECD average of 50%) than OECD countries. Additionally, Functional urban areas (FUAs) – that is, core cities and their commuting zones – include a strong rural component, too: in 2019, 37% of FUA residents lived in municipalities that can either be classified as “towns and semi-dense areas” (15%) or “rural areas” (22%).
- FUAs in Poland are also more dispersed than the OECD average: while across the OECD, only an average of 25% of FUA residents live in the commuting zones, in Poland the share is much larger, 43%, indicating the need and the potential for strong functional linkages.
- Labour market linkages show that, while settlements are dispersed across urban and rural areas, cities are highly attractive for commuters (while rural areas have fewer job opportunities), and two-thirds of commuting flows are directed towards FUAs. In addition, in some FUAs there is a high level of diffusion of employment, also involving peri-urban and rural municipalities in commuting zones. However, while most large FUAs attract commuters, many small and medium-sized FUAs show a negative commuting balance. Additionally, in Poland, 9.2 million people live in FUA catchment areas (areas with a considerable high degree of commuting towards FUAs) Municipalities that are outside FUAs but in FUA catchment areas) have strong linkages with FUAs as well.
- Demographic shrinking is challenging Polish urban and rural areas and their linkages. However, there are striking territorial differences: while few large cities are growing, three quarters of Polish FUAs are losing residents. Almost every mid- and small- sized FUA has lost residents over the last decade. While population in suburban areas and rural areas close to cities is increasing, rural areas far away from cities show a marked decline. Polish FUAs are also ageing, especially in core cities, while suburban areas have a younger age structure. This will lead to changing needs for public services.
- While Polish territories generally have good levels of physical and digital accessibility, there are large disparities among FUAs and large urban-rural gaps as well. Some key supra-local services are concentrated in large cities, and public transport outside FUAs is very limited. This highlights that infrastructures and connectivity are crucial factors to exploit the potential of mutual relationships between FUAs and their surrounding areas.
- While Poland experienced a sustained economic growth, economic and social trends in Poland indicate increasing disparities in GDP per capita between FUAs and the rest of the country. Cities also strongly differ in terms of economic growth, and many smaller urban centres have experienced weak performance and loss of economic functions.
- A deeper analysis on the determinants of population dynamics in Polish municipalities indicate that a series of demographic, economic and social drivers have led population growth (or decline) in the last two decades. At the same time, some variables connected to urban rural linkages, such as being part of a commuting zone of a FUA and being a rural area within a FUA played a role in population growth. Additionally, increased suburbanisation has been a driver for municipal growth, while time distance to core cities curbed increase in residents. However, being part of a FUA catchment area does not yield higher growth, indicating that agglomeration advantages end at the FUA boundaries.

Introduction

Urban and rural areas in Poland and across OECD countries are interlinked economically, socially and environmentally. Those links are critical in the context of territorial development, as they can potentially be leveraged to address long-term challenges such as poverty and limited water supplies, or to improve access to food or protect the environment. Urban or rural areas offer their residents different lifestyles, opportunities, and levels of access to services and products, but their development is interconnected. This is true from spatial perspective – in the flows of people, capital, goods and information – and in sectors such as agriculture, manufacturing and services (IIED, 2018[1]).

Poland has been going through a process of suburbanisation and sprawl over the last two decades, making it even more important to co-ordinate planning and service delivery across urban and rural areas. While in the past there was a marked urban-rural dichotomy, in Poland and worldwide, the distinctions have blurred over time, with larger areas, including rural settlements, becoming part of cities' commuting zones.[1] Those larger interconnected areas are known as functional urban areas. The OECD (2011[2]) has previously noted significant social and economic inequalities within urban areas, however, as well as that higher levels of poverty in small and medium-sized cities and deeper poverty in larger cities, despite they are the engines of national economic growth. A more integrated approach to the development of urban and rural areas could potentially help reduce socio-economic disparities while ensuring more effective land use and providing more equitable access to services and opportunities.

In recent years, the Polish government has sought to promote greater territorial cohesion through the Strategy for Responsible Development (2017), the National Strategy for Regional Development 2030 (2019) and the ongoing revision of the National Urban Policy. In order to fully realise the benefits of urban-rural linkages for development and well-being, Poland needs strategic design, improved capacity to co-ordinate strategies across sectors and territories, and the right institutional frameworks and incentives to create synergies between urban and rural areas.

Russia's war on Ukraine has also put significant new pressures on Poland, which shares a 500 km border with Ukraine. Between February and May 2022, Poland received more than 3.5 million refugees (UNHCR, 2022[3]), more than half of total Ukrainian refugee flows. Some refugees may move on to other countries or return home, but the UN Refugee Agency has predicted that 4.3 million refugees will enter and 2.6 million will remain by December 2022. Roughly half the refugees are adult women, and a majority of the rest are children. Most refugees have temporarily settled in large cities. For instance, as of early May 2022, about 300 000 were in Warszawa and 150 000 in Krakow, increasing the cities' population by 17% and 20%, respectively (Urbańska, 2022[4]).

Polish cities are making great efforts to welcome refugees, employing 200 Ukrainian teachers in Warszawa schools, for instance, to help the children to integrate (UNHCR, 2022[5]). The large influx of refugees has put significant pressure on public services, however, as cities of all sizes, towns and villages work to provide temporary accommodations and basic services in the near term and to integrate refugees who settle more permanently. Pressure is particularly great on nurseries, kindergartens and schools. As of early May 2022, 7% of pupils in primary schools in Warsaw were Ukrainians (Urbańska, 2022[4]). The health care system and social services also face significant increases in demand.

Strengthening urban-rural linkages and fostering more integrated development could help Poland address its near-term challenges and improve economic opportunities and human well-being in the long term. This chapter provides a foundation for exploring that potential. It provides a conceptual framework for understanding urban-rural linkages, describing their multiple dimensions. It describes the methodology applied throughout this study. Next, , it reviews the characteristics of urban-rural linkages in Poland and current trends, applying two OECD approaches: analysis of functional urban areas (FUAs), and the Degree of Urbanisation method. It then focuses on the socio-economic linkages conceptualised and measured across the Polish territories in terms of commuting flows – one of the most relevant and direct measures

of interrelationships across space. The, the chapter summarises the main features and trends affecting urban-rural linkages in FUAs in Poland, such as the demographic trends and the main features on physical and digital spatial accessibility. It focuses on how urban-rural linkages may affect the growth of municipalities in Poland. Finally, it summarises the main findings, identifies the limitations of the analysis, and provides directions for future research.

A new conceptual framework on urban-rural linkages

Urban-rural linkages are multi-dimensional

There are different perspectives on urban-rural linkages, but they are generally understood to be a multi-dimensional set of relationships, involving flows of people, goods, services, finances and much more across space, in both directions. Box 1.1 provides examples of how the OECD, the European Union (EU) and United Nations (UN) agencies have described those linkages.

Box 1.1. Defining urban-rural linkages: Examples from the OECD, the EU and the UN

The OECD Principles on Urban Policy and the OECD Principles on Rural Policy define linkages between urban and rural areas as "**flows** of goods, people, information, finance, waste, information, social relations across space, linking rural and urban areas" (OECD, 2019, p. 2[6]). They note that they "often **cross traditional administrative boundaries**, are **based on where people work and live**, are not limited to city-centred local labour market flows but rather include **bi-directional relationships,**" and they can "reinforce **rural economic diversification**."

The OECD (2013[7]) had previously defined urban-rural linkages as "connections between urban and rural areas, along a functional dimension and within functional regions (the latter defined as spaces in which a specific territorial interdependence of function occurs and may need to be governed)". The main categories were identified as "**demographic linkages**, **economic transactions** and **innovation** activity, delivery of **public services**, exchange in **amenities** and **environmental goods**, **multi-level governance interactions**".

The **EU Handbook of Sustainable Urban Development Strategies** (EC, 2020[8]) describes urban-rural linkages as "the complex set of **bi-directional links** (e.g. demographic flows, labour market flows, public service provision, mobility, environmental and cultural services, leisure assets, etc.) **that connect places** (in a space where urban and rural dimensions are physically and/or functionally integrated), **blurring the distinction between urban and rural, and cross traditional administrative boundaries**."

The **European Committee of the Regions** (2019[9]), meanwhile, notes that **metropolitan regions have spill-over effects** on their surrounding areas, in the form of societal links (migration, commuting, central facilities), economic links (agglomeration advantages, markets, consumers) and environmental links (space and land take, air and climate, water and waste).

The **UN-Habitat Framework for Action to Advance Integrated Territorial Development** highlights the "reciprocal and repetitive flow of people, goods and financial and environmental services (defining urban-rural linkages) between specific rural, peri-urban and urban locations" (UN-Habitat, 2019, p. 1[10]). The **UN-Habitat Urban Policy Platform** (UN-Habitat, n.d.[11]), which focuses mainly on developing countries, describes provides a more detailed and multi-faceted description:

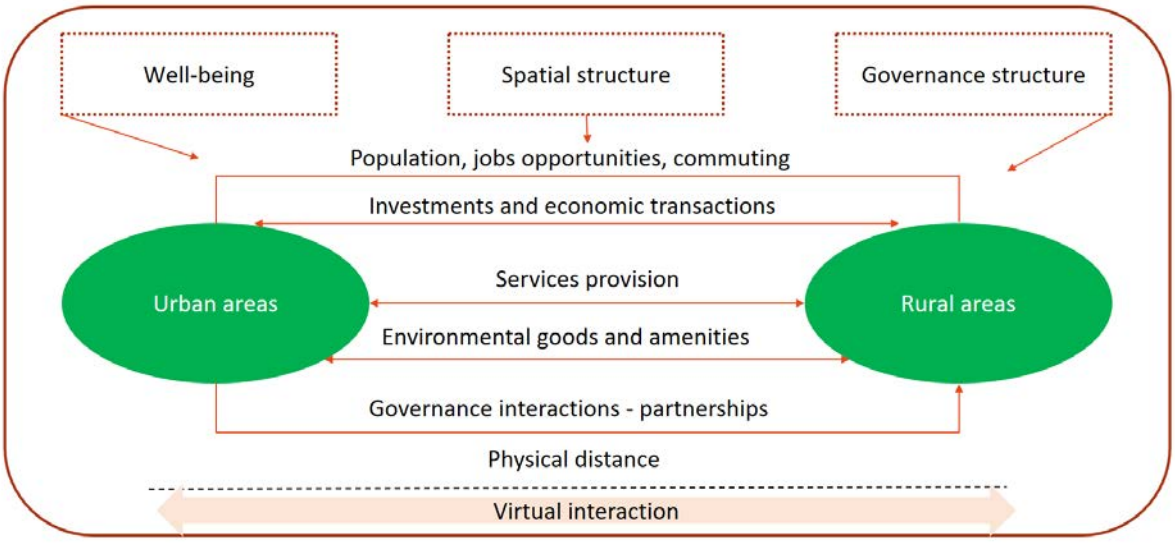
"Urban-rural linkages touch on a broad variety of thematic areas ranging from urban and territorial planning, **strengthening small and intermediate towns**, from enabling spatial flows of people, products, services and information to fostering **food security systems** as well as touching **mobility** and **migration**, reducing the **environmental impact** in urban-rural convergences, developing legislation and governance structures and promoting inclusive **financial investments** among others." The UN-Habitat Urban Policy Platform also notes that partnerships between urban and rural actors "are crucial for a transformative agenda".

Source: OECD (2019[6]), *Megatrends: Building Better Futures for Regions, Cities and Rural Areas*, https://www.oecd.org/regional/ministerial/documents/urban-rural-Principles.pdf; OECD (2013[7]), *Rural-Urban Partnerships: An Integrated Approach to Economic Development*, http://dx.doi.org/10.1787/9789264204812-en; EC (2020[8]), *Handbook of Sustainable Urban Development Strategies*, https://urban.jrc.ec.europa.eu/urbanstrategies/full-report#the-chapter; UN-Habitat (n.d.[11]), *Urban-Rural Linkages*, https://urbanpolicyplatform.org/urban-rural-linkages/; UN-Habitat (2019[10]), *Urban-Rural Linkages: Guiding Principles*, https://unhabitat.org/sites/default/files/2020/03/url-gp-1.pdf; European Committee of the Regions (2019[9]), *The Impacts of Metropolitan Regions on their Surrounding Areas*, http://dx.doi.org/10.2863/35077.

As summarised in Figure 1.1, the main linkages between urban and rural areas are:

- **Population, job opportunities and commuting:** People travel daily between urban and rural areas as they commute to and from work or school. They also relocate from one to the other, driven by personal choices and by the location of jobs and other economic opportunities. At the population scale, these movements are labelled as rural-urban migration (urbanisation) or urban-rural migration (counter-urbanisation) – which can be directed towards suburbs (suburbanisation).
- **Investments and economic transactions:** The structure of local markets and value chains and the location choices made by firms and institutions shape the economic relationships between urban and rural areas. There can be productive complementarities in certain industries (such as in food production), as well as agglomeration economies associated with urban centres, which attract business clusters and can spill overs into rural areas. For instance, firms may invest in rural areas to get access to the markets, services and opportunities offered by nearby urban centres.
- **Services provision:** Cities provide "central" infrastructure and services for the areas in which they are situated, such as transport, education, healthcare, and recreational and cultural facilities. The strength of urban-rural linkages is determined by how accessible urban services are to rural residents, their quality and the type of public services available. While local services, such as primary schools, are usually easily accessible across space, supra-local services, such as universities, may be concentrated in a few larger cities. Intermediary cities and towns can play a role in making services better and more accessible.
- **Environmental goods and amenities:** There are two main aspects to these linkages. First, rural areas typically supply ecosystem services to urban areas, including improved air quality, water supplies, wastewater disposal and biodiversity (OECD, 2013[7]). Second, rural areas provide environmental amenities, such as parks, lakes or hiking trails. The strength of the linkages is determined by the degree of accessibility of urban population to rural environmental goods and amenities and to the quality of the corresponding services.
- **Governance interactions and partnerships:** Local governments and other stakeholders interact with one another, affecting territorial governance and, potentially, all the other dimensions listed above. Urban-rural partnerships are mechanisms of co-operation among local governments that manage and govern urban-rural linkages to reach common goals, improve well-being, and ensure sustainable relationships. Chapter 2 provides an in-depth assessment of urban-rural partnerships.

Figure 1.1. Urban-rural linkages and their affecting factors



Source: Adapted from OECD (2013[7]), *Rural-Urban Partnerships: An Integrated Approach to Economic Development*, http://dx.doi.org/10.1787/9789264204812-en.

Some key features of urban-rural linkages may serve as a basis for assessing them in specific contexts. In particular, urban-rural linkages:

- Encompass multiple dimensions of development and well-being, requiring an integrated approach to promote them.
- Go beyond administrative borders and refer to functional geographies, which are based on the places where people live and work.
- Apply to different territorial structures and sizes – for instance, large metropolitan areas and their surrounding areas, polycentric regions made up of small and medium-sized cities, less populated regions with market towns, etc.
- Tend to blur the (traditional) distinction between urban and rural, and call for an approach tackling the urban-rural continuum.
- Can be one-way (urban-to-rural OR rural-to-urban) or bi-directional (urban-to-rural AND rural-to-urban); bi-directional linkages are also described as **urban-rural interdependencies**.
- Can have spill-over effects on wider regional development and well-being.
- Call for multi-level and multi-stakeholder partnerships to fully exploit their potential.

Different types of urban-rural linkages can also be interdependent. The agglomeration benefits related to larger labour markets, for instance, can increase the attractiveness of cities, thus incentivising urbanisation. However, this can drive up housing costs, leading people to seek more affordable options in suburbs and rural areas. That, in turn, results in longer commutes and the loss of farmland, open space and environmental amenities in rural areas (especially when they are close to cities). Institutional mechanisms of co-operation can help to ensure more sustainable development. In some cases, municipal mergers may be appropriate to restructure the distribution of tasks and costs burdens between the levels of government (see Chapter 3). Therefore, the multi-dimensional nature of urban-rural linkages calls for a systemic view rather than a sector-specific approach. A multi-dimensional perspective is also crucial for ensuring the well-being of residents across the urban-rural continuum.

Urban-rural linkages are shaped by – and, in turn, affect – the structure of settlements, people's well-being and governance

The extent to which urban and rural areas can benefit from their interlinkages depends on several factors (OECD, 2013[7]):

- The spatial/settlement structure – for example, the size of the urban area and its accessibility.
- Well-being – the material conditions, such as income and wealth, jobs and housing, and other factors, such as health, knowledge and skills, environmental quality and safety, that affect the quality of life, and which are also related to the economic structure of cities and surrounding rural areas (OECD, 2022[12]).
- The governance structure – how urban and rural territories are managed, and the extent to which there are incentives for inter-municipal cooperation that can boost urban-rural synergies.

Urban-rural-linkages, in turn, can affect all these conditions. For instance, rural residents who can access more services and opportunities will have a better quality of life, and co-operation among local governments can foster a more balanced spatial structure and improve overall conditions.

The extent of urban-rural linkages, their quality and their outcomes can vary considerably. Urban-rural linkages in large metropolitan areas (which may include small and medium-sized cities and towns) are often stronger than in regions with only smaller cities, which also may provide fewer and lower-quality services. Core cities in large metropolitan areas are regional (and even national) economic engines, linking territories with international and global markets and opportunities. They also produce larger spill-over effects, while small and medium-sized cities and towns play more limited and more local roles (OECD/EC-JRC, 2021[13]). This heterogeneity is particularly evident in Poland, which has everything from large metropolitan areas, to polycentric regions, to sparsely populated territories[2] (Stanny, Komorowski and Rosner, 2021[14]; Kurek, Wójtowicz and Gałka, 2020[15]). Activities in Poland are increasingly concentrated in the largest urban areas.

The physical distance between urban and rural areas affects the existence, the magnitude and the direction of urban-rural linkages. However, the interaction between urban and rural areas can increasingly be "virtual", implying digital flows rather than physical flows. The megatrend of digitalisation of the service provision and the changes in the organisation of work, including the increasing role of remote working, which have been boosted by the COVID-19 pandemic, give a key role to digital connections across space. Turned into urban-rural linkages, digital accessibility is a major driver of "virtual interaction".

Stronger linkages between urban and rural areas can improve economic opportunities and well-being for citizens

Poland performs well on some aspects of well-being, such as education and skills, relative to other OECD countries. However, it has potential to improve some key dimensions of well-being, as measured by the OECD Better Life Index (Box 1.2). Disparities across regions are also increasing (OECD, 2020, pp. 16-17[16]); as shown in Figure 1.2, there are large gaps in jobs, incomes and digital accessibility, for instance (OECD, 2020[17]).

Disparities are also characterising municipalities, indicating low cohesion at the local level (Rosner and Stanny, 2017[18]; Gospodarowicz and Chmieliński, 2021[19]). In this context, better urban-rural linkages can contribute to improving well-being and reducing spatial inequalities and polarisation. For instance:

- Better urban-rural linkages can help improve access to jobs and educational opportunities in all territories through physical and digital infrastructure.
- Good access to medical services can help improve health outcomes.

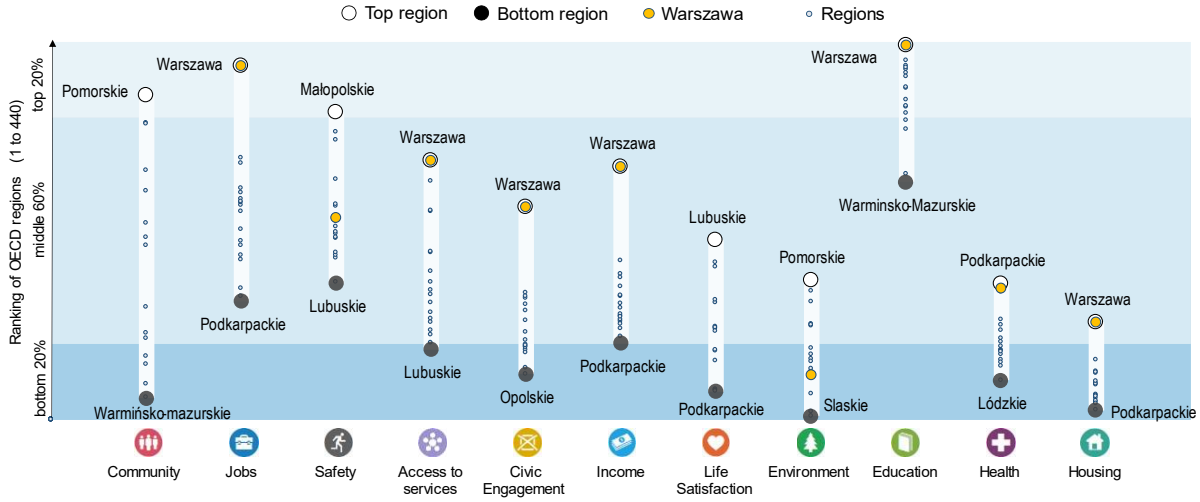
- Better public transport service can help improve work-life balance (by making commutes shorter and/or less stressful).

Box 1.2. Key elements of national well-being in Poland, based on OECD Better Life Index and Regional Well-being

- **Housing**: Households in Poland spend on average 21% of their gross adjusted disposable income on housing, slightly above the OECD average of 20%.
- **Income**: The average household net adjusted disposable income per capita is USD 23 675 per year, lower than the OECD average of USD 30 490. There is also a marked difference between the Warszawa region, which is above the OECD regional average level, and all other Polish TL2 regions,[3] which are below the OECD regional average level.
- **Jobs**: 69% of the working-age population aged 15 to 64 has a paid job, higher than the OECD average of 66%. However, there are large disparities, in particular between the Warszawa region, which is among the top 10% OECD regions, and the other Polish regions, which are all below the OECD median.
- **Community**: 94% of people believe that they know someone they could rely on in time of need, more than the OECD average of 91%. The indicator shows a marked regional variation: while Pomorskie is among the top OECD 20% regions, four Polish TL2 regions are among the bottom OECD 20% regions.
- **Civic engagement**: 68% of registered voters participated in the most recent election (2020), slightly lower than the OECD average of 69%.
- **Education**: 93% of adults aged 25-64 have completed upper secondary education, much higher than the OECD average of 79% and one of the highest rates in the OECD. The average student in Poland scored 513 in reading literacy, maths and sciences, above the OECD average of 488. However, there are regional disparities in the quality of education.
- **Environmental pollution**: Poland ranks 39th out of 40 OECD member countries and key partners for its environmental quality. $PM_{2.5}$ levels are 22.8 micrograms per cubic meter, higher than the OECD average of 14 micrograms per cubic meter and much higher than the annual guideline limit of 10 micrograms per cubic meter set by the World Health Organization.
- **Health**: Life expectancy at birth in Poland stands at 78 years, two years below the OECD average of 81 years. 60% of people in Poland are reported to be in good health, well below the OECD average of 68%.
- **Life satisfaction**: When asked to rate their general satisfaction with life on a scale from 0 to 10, the average grade given by citizens was 6.1, lower than the OECD average of 6.7.
- **Work-life balance**: Full-time workers devote 61% of their day on average, or 14.7 hours, to personal care (eating, sleeping, etc.) and leisure (socialising with friends and family, hobbies, games, computer and television use, etc.) – less than the OECD average of 15 hours.

Source: OECD (2021[20]), "Better Life Index", https://doi.org/10.1787/data-00823-en (accessed on 9 December 2021); OECD (2020[21]), *OECD Regional Well-Being*, https://www.oecdregionalwellbeing.org/ accessed on 25 March 2022.

Figure 1.2. Well-being regional gap, Poland



Note: Relative ranking of the regions with the best and worst outcomes on the 11 dimensions of well-being, with respect to all 440 OECD regions. The dimensions are ordered by the size of regional disparities within Poland. Data refer to OECD TL2 regions (or "large regions"), which are equivalent to the Eurostat NUTS 2016 (OECD, 2021[22]; Statistics Poland, 2021[23]).
Source: OECD (2020[17]), *OECD Regions and Cities at a Glance 2020*, http://dx.doi.org/10.1787/959d5ba0-en.

Partnerships can foster beneficial urban-rural linkages

The OECD has recognised the relevance of urban-rural partnerships to guide both urban and rural development. Principle 3 in the OECD Principles on Urban Policy and the OECD Principles on Rural Policy (OECD, 2019[6]) recommends the management of linkages between urban and rural areas to attain common goals (Box 1.3).

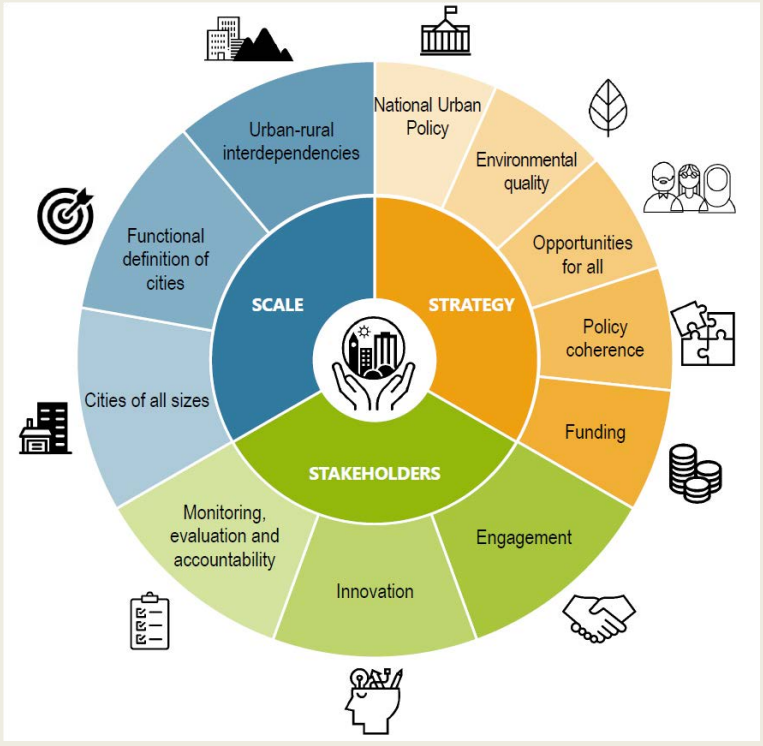
Box 1.3. What do the OECD Principles on Urban and Rural Policy say on urban-rural partnerships?

The OECD Principles on Rural Policy (Figure 1.3) and the OECD Principles on Urban Policy (Figure 1.4), launched in 2019, seek to support governments in achieving global agendas through future-proof regional development policies (OECD, 2019[6]). Both are based on the premise that place-based policies should deliver opportunities for urban and rural residents alike. They also follow the principle of subsidiarity and call for a sound multi-level governance system based on a clear allocation of roles and responsibilities, with co-ordination across levels of government and local and regional actors.

Figure 1.3. OECD Principles on Rural Policy



Figure 1.4. OECD Principles on Urban Policy



Each of the sets of principles includes one (No. 3) on the importance of supporting interdependencies and co-operation between urban and rural areas by:

- Leveraging the spatial continuity and functional relationships between urban and rural areas to inform public investment and programme design.
- Carrying out joint strategies and fostering win-win urban-rural partnerships, as appropriate, to promote an integrated development approach. Specific strategies to promote rural-urban partnerships include:
  - Aligning fiscal incentives to partnership goals.
  - Ensuring coordination incentives exist in spatial planning legislation.
  - Creating legal partnership forms: e.g., shared service agreements.

Source: OECD (2019[6]), *Megatrends: Building Better Futures for Regions, Cities and Rural Areas*, https://www.oecd.org/regional/ministerial/documents/urban-rural-Principles.pdf.

Those principles and the renewed OECD approach to urban-rural partnerships are the guiding framework for this report. Well-being is now at the centre of the OECD regional development policy, which feeds a renewed OECD approach to urban-rural partnerships that focuses on improving well-being, going beyond single objectives of increasing growth and income.

Urban-rural partnerships are thus analysed in this report following three dimensions of well-being:

- Economic: Partnerships to boost specific economic activities (e.g. agriculture, industry, tourism), entrepreneurship, labour productivity, and transport and digital infrastructure.
- Social: Partnerships to improve the provision and quality of education, health and other public services.
- Environmental: Partnerships to enhance management of natural resources (e.g. water, forests, land), accelerate the transition to a circular economy (e.g. waste management) and help meet climate goals (reduce emissions).

Box 1.4. Urban-Rural partnerships: An integrated approach to economic development

Urban-rural (or rural-urban) partnerships are mechanisms of co-operation that manage and govern urban-rural linkages in a given territory to reach common goals, improve well-being, and ensure sustainable relationships. A distinctive characteristic of partnerships is that stakeholders from both urban and rural places are directly involved in the process to define the common set of objectives. Urban-rural partnerships reveal existing and potential complementarities in the territories, as they are driven and emerge based on the linkages between urban and rural areas (e.g. existing commuting of people among areas or shared natural resources or development goals). Therefore, partnerships allow different type of regions and areas to join efforts and resources to reach common objectives that cannot be achieved in isolation (or at least not as effectively).

In 2013, the OECD undertook a comprehensive examination of urban-rural partnerships in 11 countries and identified different types of partnerships and guidelines that facilitate them. Based on that study, OECD identified two types of partnerships:

- **Explicit** partnerships treat urban-rural linkages as a core aspect of the partnership that is deliberately pursued through the issues identified, initiatives realised and/or stakeholders involved.

- **Implicit** partnerships do not explicitly address urban-rural linkages, but rather aim to improve co-operation through a common local development objective, strategy or project that involves both urban and rural municipalities.

Partnerships can also vary based on whether they have **delegated authority** that is entrusted with the responsibility to act and with recognition of its ability to realise objectives, or instead collaborate informally, through loose networks.

Finally, there are **single-purpose** partnerships, which foster co-operation on a specific issue, and **multiple-purpose** partnerships, which have a wider scope of activities. While urban-rural partnerships can only be sustainable with a degree of organisational structure, several forms are possible, and the architecture of the structure will depend on the regional setting (OECD, 2013[7]).

Based on the analysis of urban-rural partnerships, this framework identifies five ways to strengthen and urban-rural partnerships and make them more effective:

1. Promote a better understanding of socio-economic conditions in urban and rural areas and foster a better integration between them.
2. Address territorial challenges with an approach based on functional linkages between urban and rural areas.
3. Encourage the integration of urban and rural policies by working towards a common national agenda.
4. Promote an enabling environment for urban-rural partnerships.
5. Clarify the partnership objectives and related measures to improve learning and facilitate the participation of key urban and rural actors.

The traditional view of urban-rural partnerships emerging from territorial proximity is being challenged by the disruptive effects of digitalisation. The proximity of urban and rural areas facilitates the exchange of resources and public services as well as the flow of workers and goods, which might lead to the development of partnerships.

Yet, the increasing adoption of virtual modes of communication allows for further exchange of services among municipalities that are distant from each other and do not share any boundary. For example, rural communities could access virtually education and health services provided by another far away city. Other types of urban-rural partnerships that go beyond proximity may include economic relationships between firms, tourism and other flows related to exchange in amenities (e.g. recreation), as well as some specific forms of institutional collaboration.

Source: OECD (2013[7]), *Rural-Urban Partnerships: An Integrated Approach to Economic Development*, http://dx.doi.org/10.1787/9789264204812-en.

Analytical tools and methods used in the report

This report takes an integrated approach to analysing urban-rural linkages in Poland, starting by identifying the multiple analytical and policy dimensions involved, the driving factors, and the implications for territorial development and people's well-being. Such an assessment requires a full set of information and data on actual flows of people, goods, information, finance, energy and the like, including their direction. Such detailed information is not available for territories, including regions and cities, for most countries, including Poland. This study applies two complementary approaches, FUAs and the Degree of Urbanisation, to provide a new perspective on urbanisation in Poland, identify trends across different types of settlements, and compare Poland with other OECD countries.

The functional urban areas approach considers cities together with their surrounding commuting zones to capture the full extent of a city's labour market

One of the most important types of flows between municipalities is daily commuting, which plays a key role in the territorial integration between the places where people live and the places where they work (Partridge, Ali and Olfert, 2010[24]). Travel-to-work commuting flows are therefore good proxies for the broader functional relationships between "core cities" and their surrounding communities, which typically include municipalities with both "urban" and "rural" characteristics.

Travel-to-work commuting flows are the basis of the identification of FUAs, the main tool used by OECD (and European) countries to link cities and their surrounding zones, including rural areas (Dijkstra, Poelman and Veneri, 2019[25]). Box 1.5 summarises the methodology to identify FUAs, which has been applied to 34 EU-OECD countries, including Poland.[4] The use of FUAs applies a uniform definition and identification criteria across countries, allowing for international comparisons that are not possible with disparate national definitions. FUAs encompass the economic and functional extent of cities, based on people's flows in local labour markets, so they can better capture agglomeration economies than administrative units. FUAs can therefore be powerful tools for analysing spatial, social and economic trends in territories.

FUAs can also be a good spatial scale for designing policies that are integrated and adapted to the places where people live and work, and for better linking cities and surrounding rural areas (OECD, 2020[17]), in line with the OECD Principles on Urban Policy and the OECD Principles on Rural Policy (OECD, 2019[6]). Principle 1 on Rural Policy, for instance, recommends that national policies "maximise the potential of all rural areas […] by adapting policy responses to different types of rural regions including rural areas inside functional urban areas (cities and their commuting zones), rural areas close to cities and rural remote areas" (OECD, 2019, p. 6[26]). Principle 2 of Urban Policy, meanwhile, advises governments to "adapt policy action to the place where people live and work, by […] supporting a functional urban area approach" (OECD, 2019, p. 14[27]).

Box 1.5. The EU-OECD definition and method to identify FUAs

The EU and the OECD jointly developed a methodology to define FUAs to provide a consistent and internationally comparable way to analyse urban-rural linkages. The identification of FUAs relies on three main data sources:

- A residential **population grid** with the number of people per cell of 1 square kilometre and the share of land in each cell.
- Digital boundaries of the local administrative units (LAUs).
- Commuting flows between the local units and number of employed residents per local unit.

A FUA is identified in four steps:

1. Identify an **urban centre** (or *high-density cluster*): an area of contiguous high-density grid cells (at least 1 500 residents per km^2) and a population of at least 50 000 inhabitants in contiguous cells. **In Poland, the 2011 Geostat grid was used as the population grid** (OECD, 2022[28]).
2. Identify a **city** (or *densely populated area*): this is made up of one or more local administrative units (LAUs, such as municipalities or other local authorities) with at least 50% of their population living in an urban centre. **Gminas** (equivalent to municipalities) **are the geographic building blocks for Poland** (Eurostat, 2022[29]). Note that the term "core city" is used in the remainder of the report to refer to cities, to make it easier to make it distinct it from other definitions of cities.
3. Identify a **commuting zone**: this is a set of contiguous local units that have at least 15% of their employed residents working in the core of the FUA.
4. A FUA is the combination of the core with its commuting zone.

The full process for identifying FUAs is described in detail in Dijkstra, Poelman and Veneri: (2019[25]).

Source: OECD (2022[28]), *Functional Urban Areas by Country*, https://www.oecd.org/regional/regional-statistics/functional-urban-areas.htm; Eurostat (2022[29]), *Local Administrative Units (LAU)*, https://ec.europa.eu/eurostat/web/nuts/local-administrative-units; Dijkstra, L., H. Poelman and P. Veneri (2019[25]), "The EU-OECD definition of a functional urban area", http://dx.doi.org/10.1787/d58cb34d-en.

The use of FUAs in this study is consistent with previous OECD research focused on Poland (OECD, 2021[30]; 2018[31]) and in comparisons across OECD countries (OECD, 2020[17]). **It is important to stress again that the EU-OECD definition of FUAs adopts a statistical approach that is likely to differ from national definitions, such as those used in local strategies in Poland** (Kurek, Wójtowicz and Gałka, 2020[15]). The value of this approach is that it makes it possible to understand how Poland compares with other countries.

The Degree of Urbanisation captures the continuum between urban and rural areas, a more nuanced perspective than the traditional urban-rural dichotomy

In order to define areas as urban or rural, this study applies the Degree of Urbanisation, a novel method to identify "cities", "towns and semi-dense areas" and "rural areas" based on population size and density (OECD/European Commission, 2020[32]) (Box 1.6). This method has several advantages:

- It goes beyond the simplistic urban-rural dichotomy, capturing the entire urban-rural continuum;
- It follows the internationally agreed principles specified in the Best Practice Guidelines for Developing International Statistical Classifications (UN Statistics Division, 2013[33]).
- Because it is based on a statistical grid, it avoids the statistical distortions caused by the different sizes of administrative units, facilitating international comparisons.

- It is based on the spatial concentration of people, which is a direct measure of urbanisation, instead of using statistical proxies such as night-time lighting.
- It can be used to measure access to services and infrastructure in different territorial arrangements (e.g. with different population sizes or densities).

The Degree of Urbanisation makes it possible to classify local government units, such as municipalities, in a consistent and nuanced manner. It allows for a more granular analysis of the urban-rural continuum, making it possible to label each municipality in Poland as either a "city", a "town or semi-dense area" or a "rural area".

Box 1.6. The Degree of Urbanisation

The Degree of Urbanisation is a harmonised method to allow for international statistical comparisons on urbanisation, to complement the definitions used by national statistical offices. It was developed by the European Union, the OECD, the World Bank and several United Nations agencies (UN Statistical Commission, 2020[34]). It applies estimated population size and density thresholds applied to a global grid with cells of 1 km^2 to identify three main settlement types (EU et al., 2021[35]):

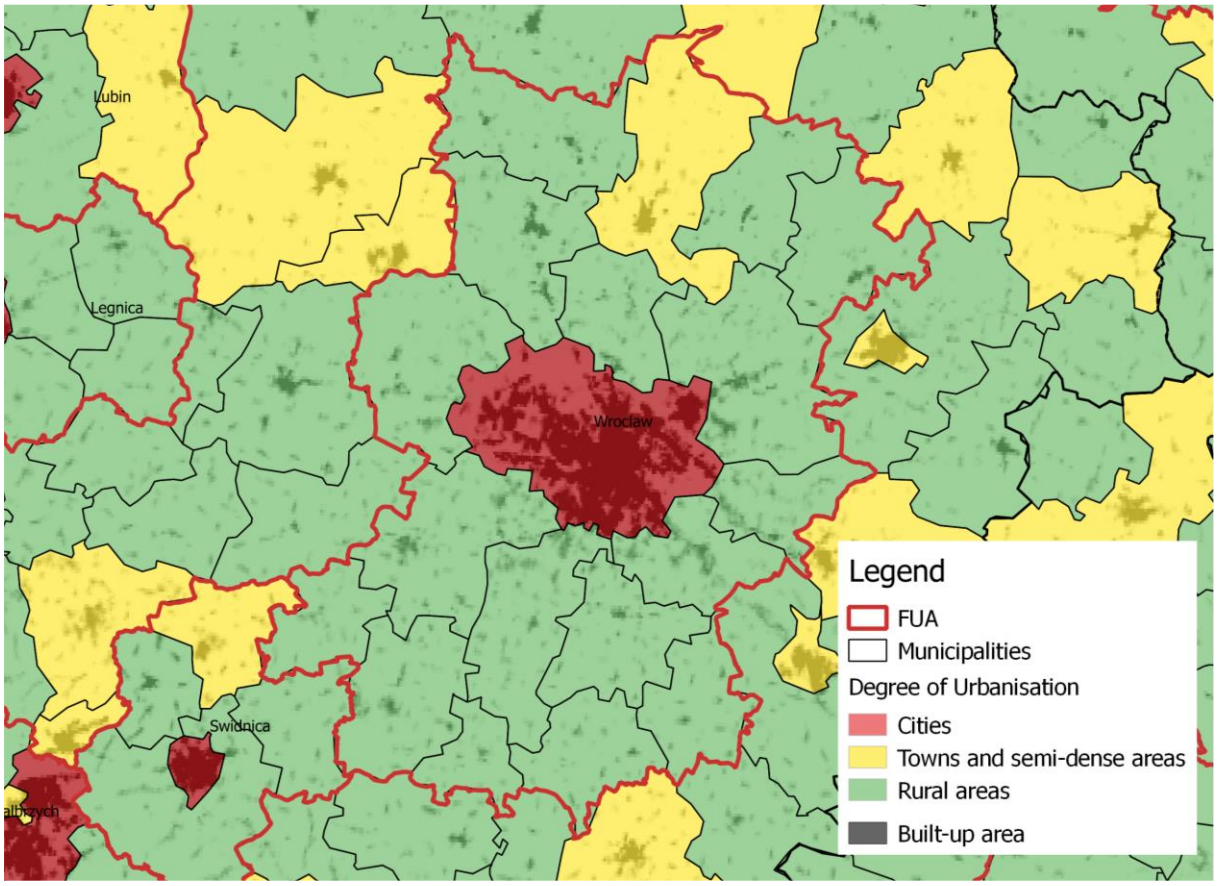
- **Cities** (or densely populated areas) have a population of at least 50 000 and are made up of contiguous grid cells that have a density of at least 1 500 inhabitants per km^2 or are at least 50% built up.
- **Towns** and **semi-dense areas** (or intermediate density areas) have a total population of at least 5 000 and are made up of contiguous grid cells that have a density of at least 300 inhabitants per km^2 and are at least 3% built up.
- **Rural areas** (or thinly populated areas) are cells that do not belong to a city or to a town or semi-dense area.

An extension of the methodology, currently in progress, further disaggregates the typologies, by identifying cities, towns, suburban or peri-urban areas, villages, dispersed rural areas and mostly uninhabited areas. These grids are used as building blocks for identifying FUAs.

Source: UN Statistical Commission (2020[34]), "A recommendation on the method to delineate cities, urban and rural areas for international statistical comparisons", https://unstats.un.org/unsd/statcom/51st-session/documents/BG-Item3j-Recommendation-E.pdf; EU et al. (2021[35]), *Applying the Degree of Urbanisation - A Methodological Manual to Define Cities, Towns and Rural Areas for International Comparisons*, http://dx.doi.org/10.2785/706535.

The two approaches – the FUAs and the Degree of Urbanisation – look at urban and rural territories from different perspectives. FUAs focus on *functional linkages* (commuting) among municipalities in areas characterised by a high level of interaction. The Degree of Urbanisation takes a *morphological* point of view, looking at population size and density and built-up areas, without considering relationships among municipalities. Both perspectives are useful and can be combined to better understand urban-rural linkages, including within FUAs, and how cities may provide services and opportunities to surrounding areas. Figure 1.5 presents the Wrocław FUA as an example; the city is the core of the FUA, while the rest of the municipalities in the FUA are either rural areas or towns and mid-dense areas.

Figure 1.5. Example of settlement patterns in the FUA of Wrocław



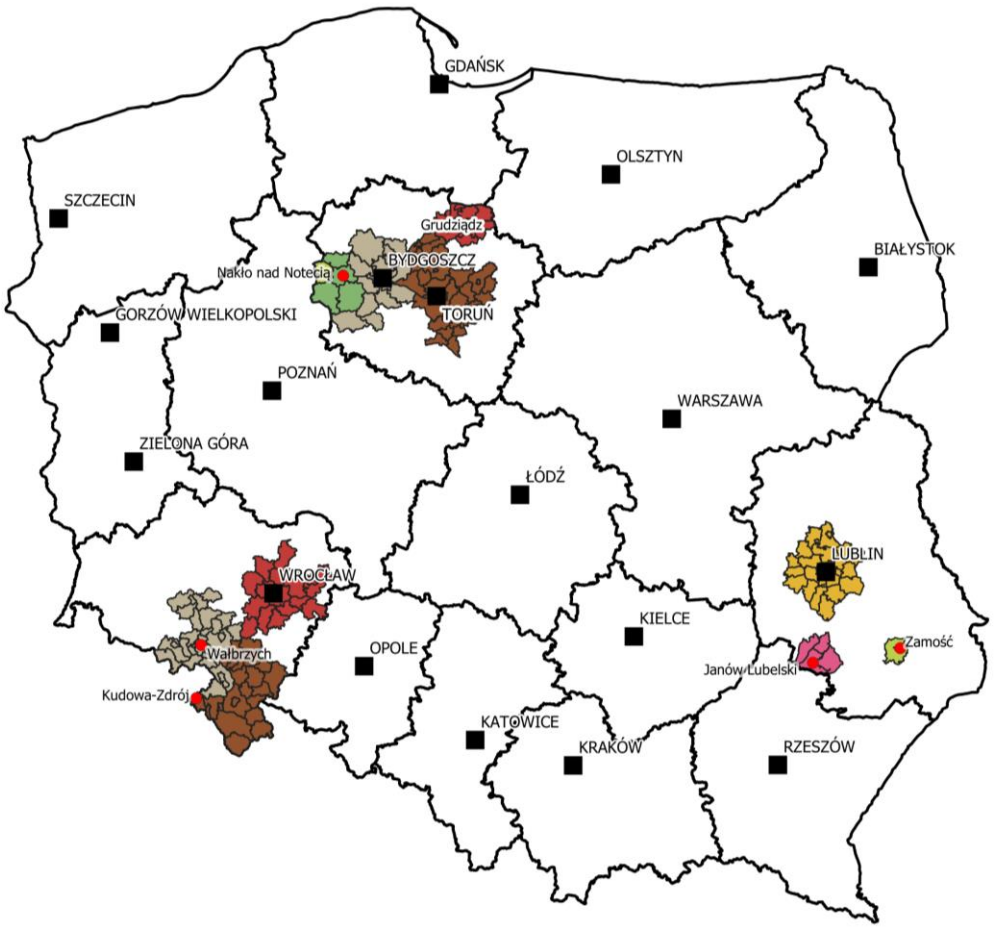
Note: Map based on data estimated for the year 2015.
Source: Based on data from European Commission (n.d.[36]) Global Human Settlement Layer, and OECD (2022[28]), *Functional Urban Areas by Country*, https://www.oecd.org/regional/regional-statistics/functional-urban-areas.htm.

Understanding existing urban-rural partnerships can highlight opportunities for greater spatial integration across Poland

The analysis presented in this chapter is followed by a discussion in Chapter 2 of how fostering and strengthening urban-rural partnerships could benefit Poland and then, in Chapter 3, a review of policies and governance approaches needed to make the most of such partnerships. Those two chapters are grounded on the definitions of FUAs in the Polish strategic development framework, which are different from the FUAs as OECD units of analysis. Chapters 2 and 3 are informed by responses to a comprehensive questionnaire prepared by the OECD for the national government,[5] as well as 19 online interviews conducted in 2021 with local and national level officials, academic experts and representatives of civil society organisations. The OECD supported this assessment with a questionnaire to local administrators in FUAs in three regions selected by the Ministry of Funds and Regional Policy (Figure 1.6):

- Kujawsko-Pomorskie Region: FUA Bydgoszcz, county Nakielski, FUA Grudziądz.
- Dolnośląskie Region: FUA Wrocław, health resort municipalities – with Jelenia Góra, FUA Wałbrzych.
- Lubelskie Region: FUA Lublin, FUA Zamość, FUA Janów Lubelski.

Figure 1.6. Selected regions



Source: Ministry of Development Funds and Regional Policy of Poland.

All three regions face significant challenges, such more rapid population declines than across Poland as a whole. The three regions also share environmental challenges, all ranking in the bottom 16% OECD regions (OECD, 2020[21]), and in accessibility to services, as well as in labour market conditions, which limit the potential of well-being in their urban and rural territories.

The responses to the questionnaires inform discussions in this report of the economic, social and environmental dimensions of well-being. The analysis in these regions, together with desk research on other existing partnerships in the country, helped to scale up the report's recommendations for ways to develop and improve urban-rural partnerships in Poland.

Characteristics of urban and rural areas in Poland

This section reviews the definitions and identification methods of urban and rural territories in Poland and in the OECD methodologies. Based on the OECD definitions, it provides a summary of the main characteristics of urban and rural areas, taking into account the national settlement structure, with a particular focus on FUAs.

The results show that the Polish spatial structure is characterised by a mixture of urban, mid-dense and rural territories, and the level of urbanisation is below the OECD average, since a large share of population lives in rural areas. Even FUAs include large numbers of rural municipalities, highlighting the importance of fostering complementarities and synergies. Poland also shows marked regional differences in the structure of urban and rural areas, which calls for a key role of regions and counties in exploiting the potential of urban-rural linkages.

The national classification of urban and rural areas follows administrative criteria

In Poland, the administrative classification, which is based on the National Official Register of Territorial Division of the Country (TERYT), includes three main tiers, namely regions (voivodeships), counties (powiats) and municipalities (gminas). Larger cities have county status. As of 1 January 2022, the administrative division of Poland included 16 regions, 314 counties, 66 cities with county status and 2 477 municipalities (Statistics Poland, 2021[37]).

The administrative classification is at the basis of the identification of urban and rural areas, which considers administrative criteria and divides municipalities into three types (Figure 1.7):[6]

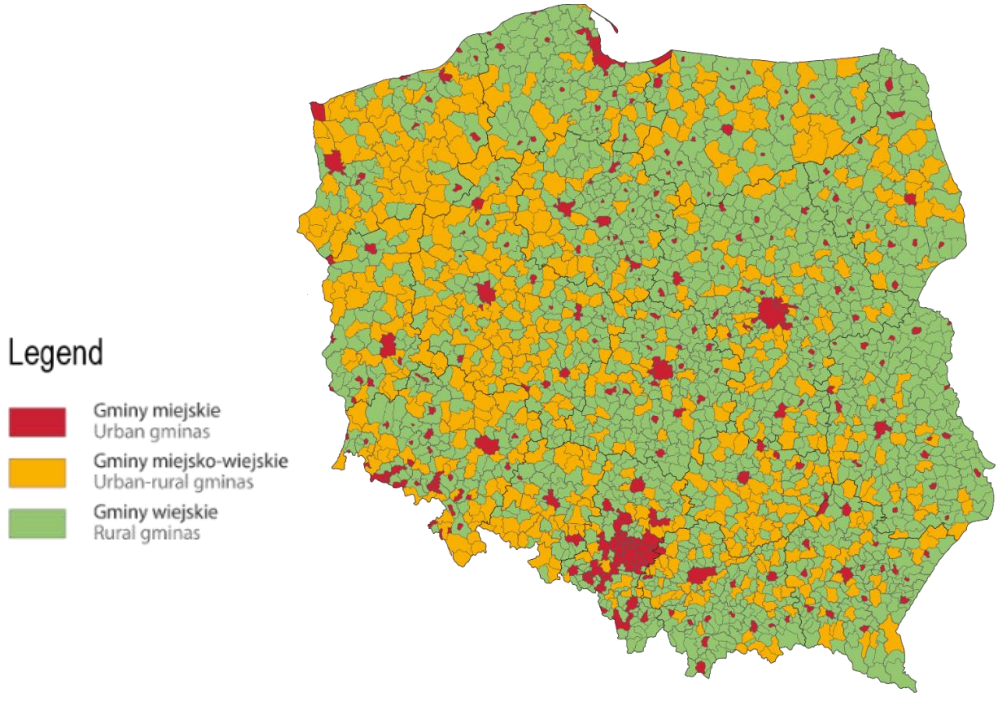
- **Urban municipalities,** which coincide with the boundaries of the city or town[7] forming the municipality (urban municipalities may also be cities with a county status).
- **Urban-rural municipalities,** which include both the town and surrounding rural areas.
- **Rural municipalities,** which do not have a city or town within their area.

The classifications are updated every year, as a result of changes in the national administrative division (Statistics Poland, 2021[37]). As of 1 January 2022, Poland had 302 urban municipalities, 662 urban-rural municipalities and 1 513 rural municipalities.

Based on those classifications, urban and rural areas are identified as follows (Figure 1.8):

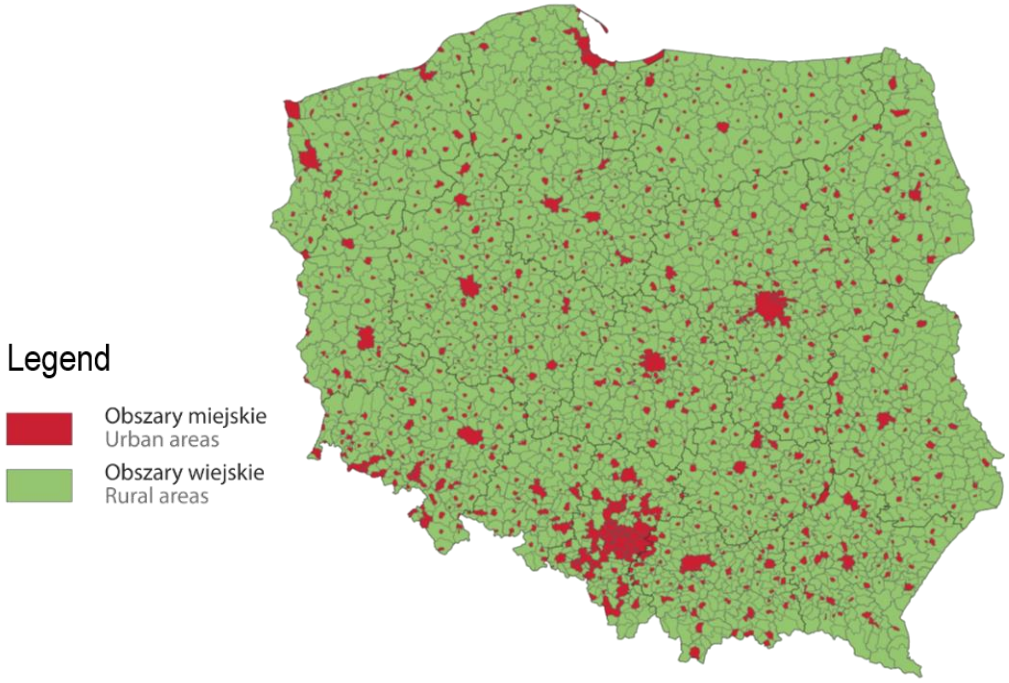
- **Urban areas** are identified by the administrative boundaries of cities and towns – that is, areas of urban municipalities and towns in urban-rural municipalities (Statistics Poland, 2022[38]).
- **Rural areas** are the remaining areas outside the administrative boundaries of the cities – that is, the rural municipalities and the rural parts of urban-rural municipalities.

Figure 1.7. Types of municipalities in Poland, 2022



Note: Municipalities are classified according to the TERYT register as of 1 January 2022.
Source: Statistics Poland (2022[38]), *Types of Gminas and Urban and Rural Areas*, https://stat.gov.pl/en/regional-statistics/classification-of-territorial-units/administrative-division-of-poland/types-of-gminas-and-urban-and-rural-areas/.

Figure 1.8. Urban and rural areas in Poland, national classification, 2022



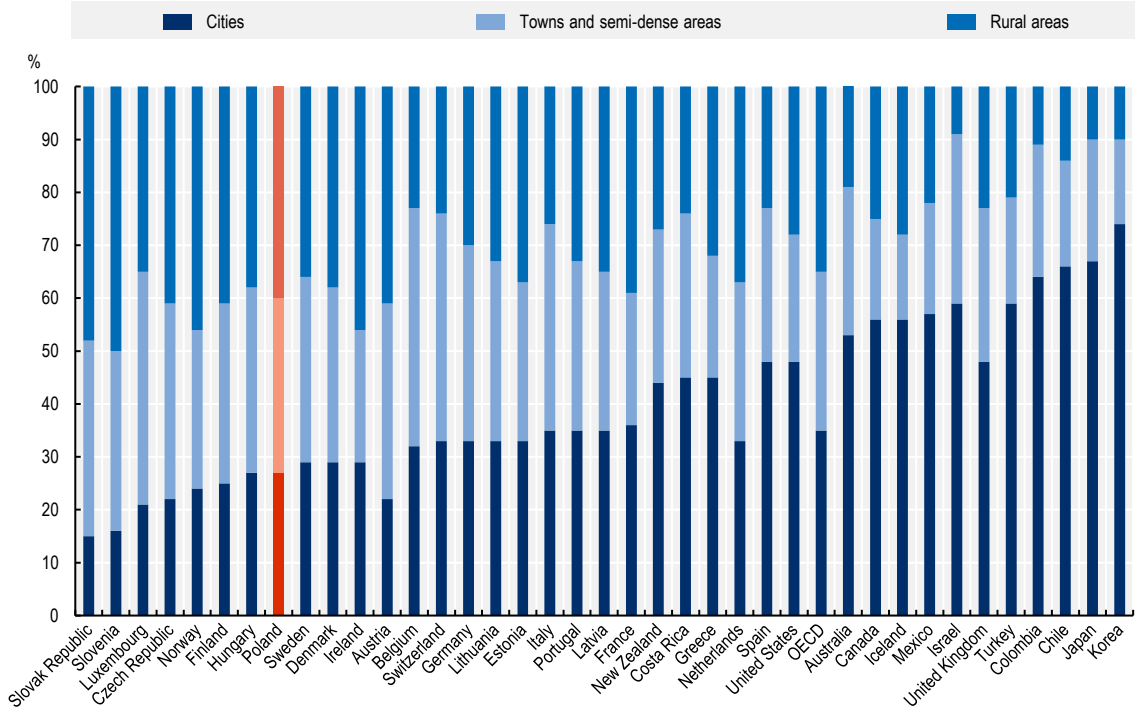
Note: Municipalities classified according to the TERYT register as of 1 January 2022.
Source: Statistics Poland (2022[38]), *Types of Gminas and Urban and Rural Areas*, https://stat.gov.pl/en/regional-statistics/classification-of-territorial-units/administrative-division-of-poland/types-of-gminas-and-urban-and-rural-areas/.

Poland has larger shares of its population in rural areas, towns and semi-dense areas than the OECD average, and a smaller share in cities

As described above, two OECD tools have been used to analyse urban and rural areas in Poland: the Degree of Urbanisation and FUAs.

Measured by the Degree of Urbanisation, 76% of Poland's municipalities are classified as rural areas (accounting for 81% of the total national surface area), while 21% are classified as towns and semi-dense areas (17% of total surface area), and the remaining 3% are classified as cities (2% of total surface area).[8] Poland also has just 28% of its population living in cities, compared with the OECD average of 50%. Conversely, as shown in Figure 1.9, a larger share of Poland's population lives in towns and semi-dense areas (33% vs. the OECD average of 26%) and in rural areas (40% vs. the OECD average of 24%). This calls for better integration between the settlements types to exploit the country's development potential. While cities are the engines of economic growth and provide agglomeration economies, their attractiveness in Poland is clearly limited, as discussed further below. Better integration between urban and rural areas should guarantee services and opportunities to people living in rural areas (as well as population living in towns and semi-dense areas) across all the territory.

Figure 1.9. Share of population in cities, towns and semi-dense areas, rural areas: a comparison between Poland and other OECD countries, 2015

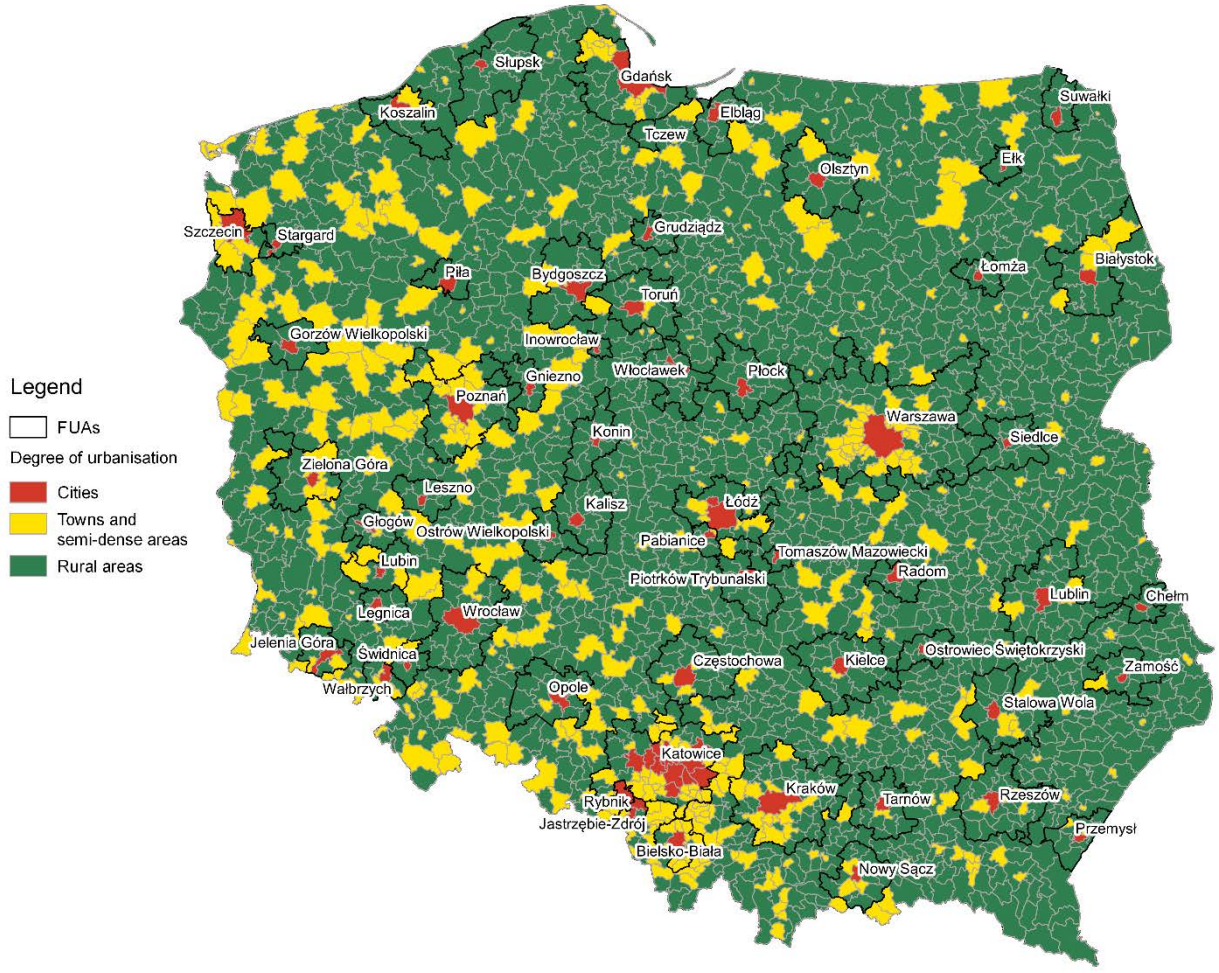


Source: Population data estimates based on the European Commission (n.d.[36]) Global Human Settlement Layer (GHSL) grid and OECD (n.d.[39]), *OECD Regional Statistics*, https://doi.org/10.1787/region-data-en.

As Figure 1.10 shows, towns and semi-dense areas are found close to core cities, especially the largest ones (e.g. Katowice, Poznań, Warszawa). This suggests a dispersed urban form around the main cities. However, the spatial structure varies across the country: while regions in southern and western Poland have a relatively high number of towns and semi-dense areas, eastern and central Poland have mainly rural municipalities. In both cases, improved urban-rural linkages can foster economic development and

ensure a more sustainable use of land and natural resources, and (especially in less dense regions) could address accessibility to (urban) services and opportunities.

Figure 1.10. Municipalities in Poland classified according to the Degree of Urbanisation



Note: Map based on data estimated for the year 2015.
Source: Author's elaboration from European Commission (n.d.[36])
Global Human Settlement Layer and OECD (2022[28]), *Functional Urban Areas by Country*, https://www.oecd.org/regional/regional-statistics/functional-urban-areas.htm.

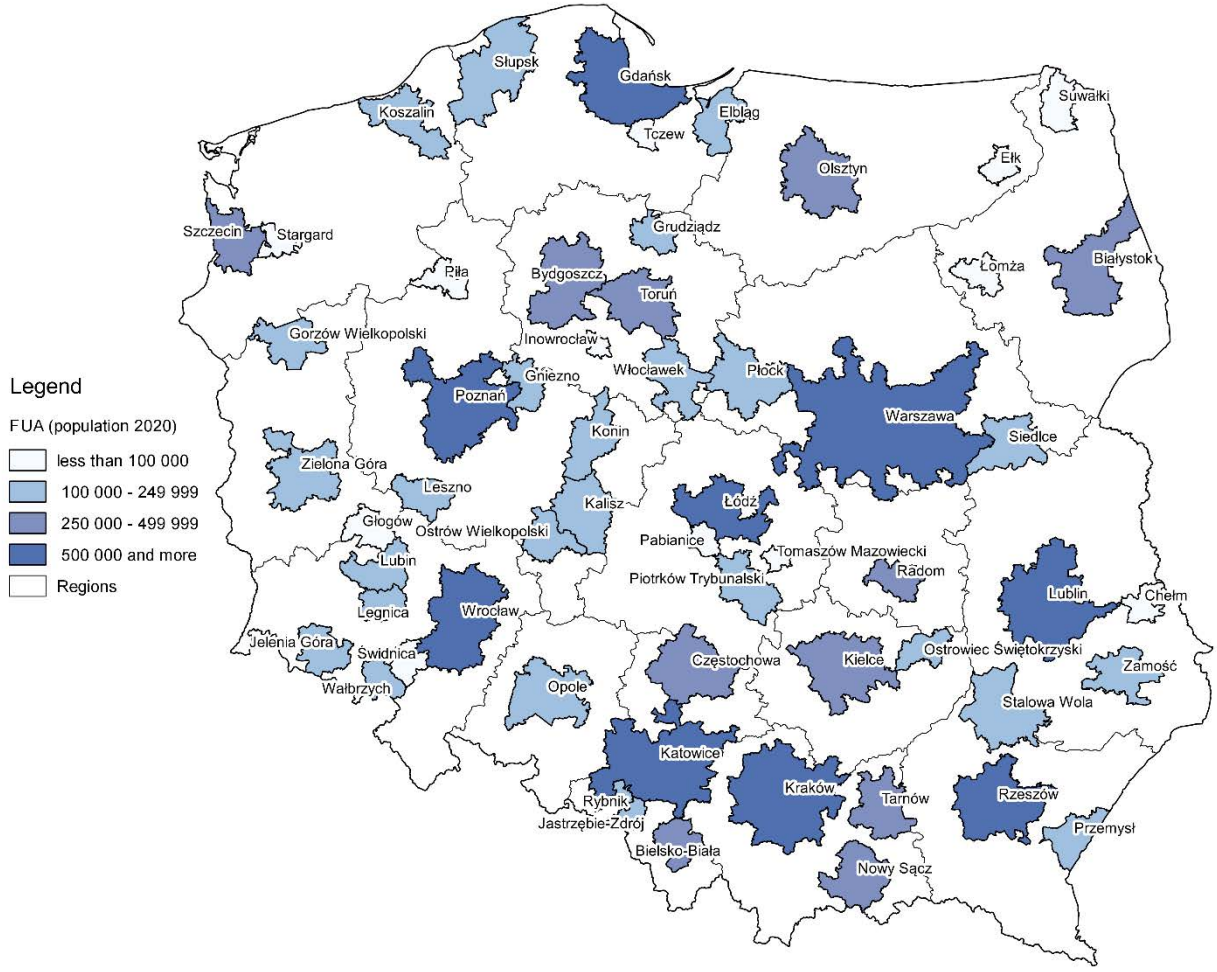
The cities identified according to the Degree of Urbanisation are also identified as the core cities of FUAs. In Poland, 58 FUAs have been identified by applying the OECD methodology and official statistics on population (Figure 1.11), which applies a minimum threshold of 50 000 inhabitants (in the year 2020). Out of the 58 FUAs, 9 FUAs have more than 500 000 inhabitants (metropolitan areas); 11 FUAs have between 250 000 and 500 000; 27 FUAs have between 100 000 and 250 000; and 11 FUAs have between 50 000 and 100 000. A dedicated webpage (OECD, 2021[40]) shows the list of municipalities for each FUA in OECD countries, including Poland.

As noted in the previous section, FUAs identify territories beyond administrative borders and provide a functional perspective on a key type of urban-rural linkages, commuting, which is also related to other linkages, such as agglomeration benefits, housing and the provision of services. The polycentric settlement

structure of Poland provides a great potential for FUAs to promote a diffusion of urban agglomeration benefits beyond the limits of cities and thereby support balanced regional and national growth.

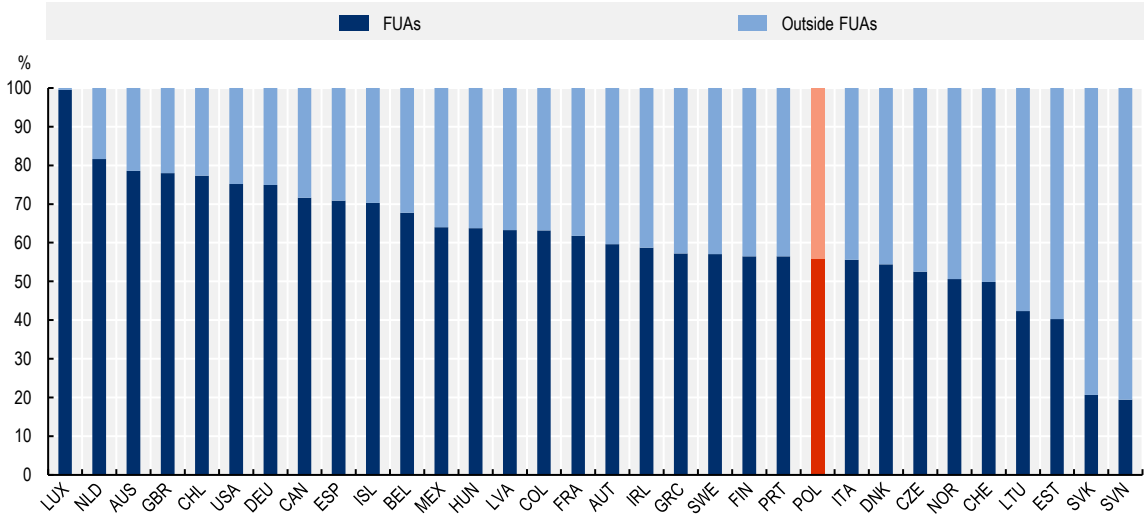
In 2020, Poland's 58 FUAs were home to 21.25 million people, or 55.8% of the national population – much lower than the OECD average of 66% (Figure 1.12). This confirms the relatively low "urban" dimension of the Polish national spatial structure and – conversely – the relevance of non-urban areas for the country.

Figure 1.11. FUAs in Poland, classified by population size, 2020



Source: Based on OECD (2022[28]), *Functional Urban Areas by Country*, https://www.oecd.org/regional/regional-statistics/functional-urban-areas.htm.

Figure 1.12. Share of national population in FUAs in OECD countries, 2019

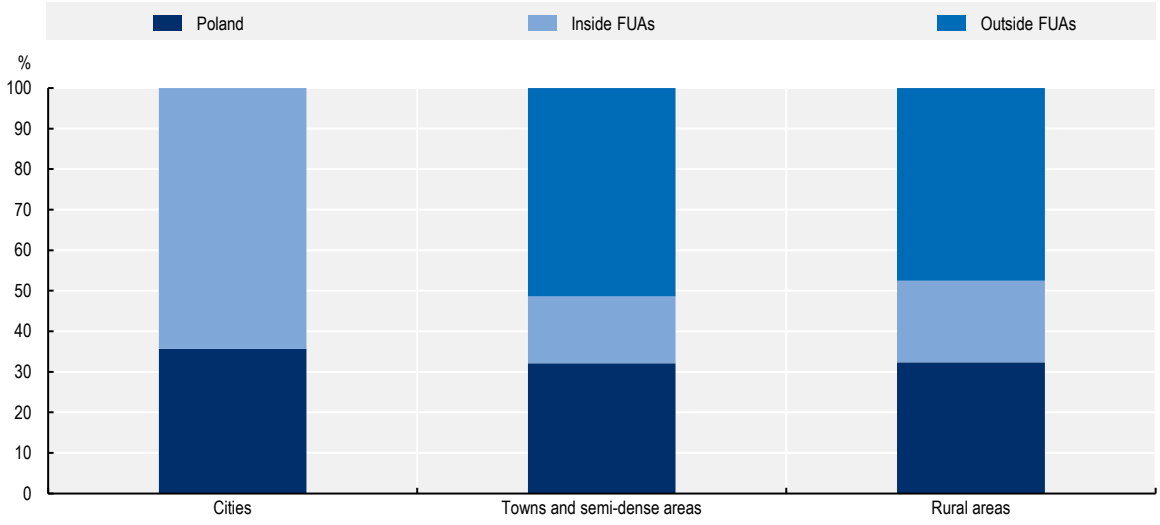


Note: No data available for the following countries: Costa Rica, Japan, Korea, Israel, New Zealand, and Turkey. Data for Belgium refer to FUAs with population larger than 250 000 inhabitants.
Source: Based on OECD (2022[41]), "Metropolitan areas", https://doi.org/10.1787/data-00531-en (accessed on 7 March 2022).

Large shares of commuting zones within FUAs in Poland are rural

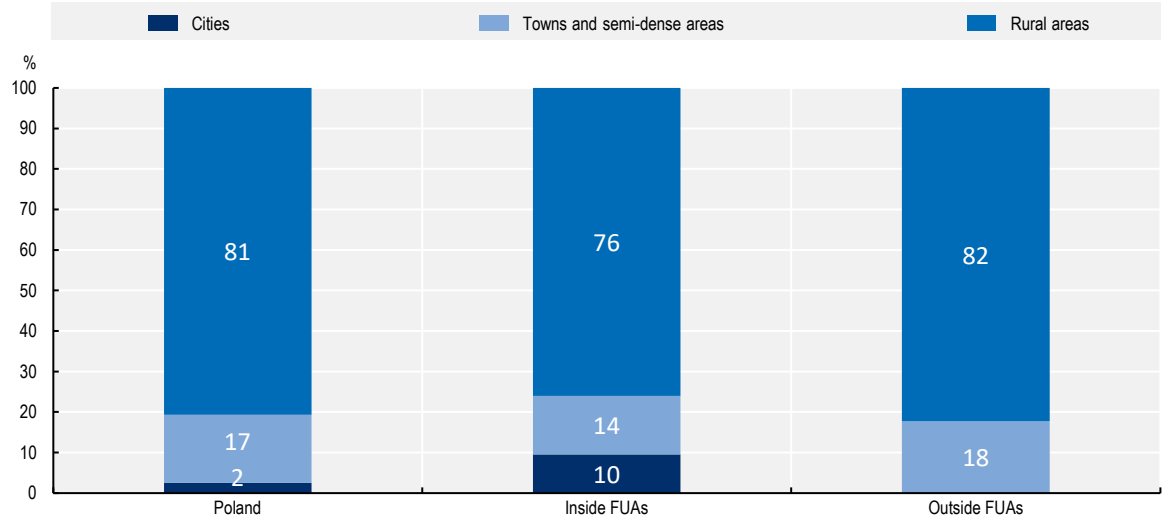
Urban areas in Poland are characterised by relatively low-density development (Kurek, Wójtowicz and Gałka, 2020[15]). Within the Polish FUAs, in 2019, 37% of the population lived in municipalities that can either be classified as towns and semi-dense areas (15%) or rural areas (22%) according to the Degree of Urbanisation (Figure 1.13). Furthermore, more than three-quarters of municipalities within FUAs can be classified as rural (Figure 1.14).

Figure 1.13. Share of population living in municipalities in FUAs and outside FUAs, by Degree of Urbanisation, 2019



Note: Population refers to residents in municipalities.
Source: Based on European Commission (n.d.[36]) Global Human Settlement Layer (GHSL), and data from the Ministry of Development Funds and Regional Policy of Poland.

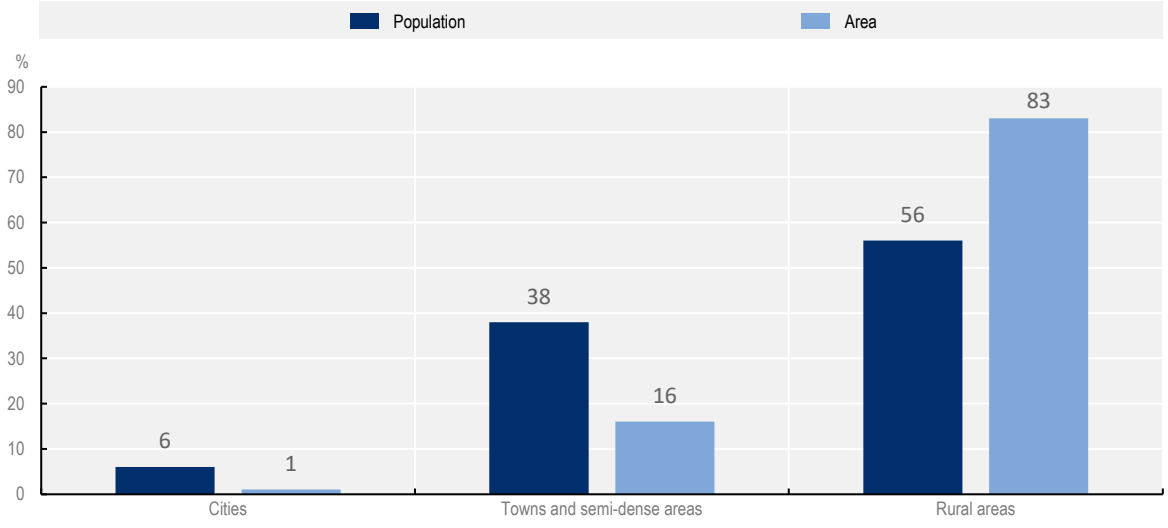
Figure 1.14. Share of area in FUAs and outside FUAs, by the Degree of Urbanisation, 2019



Source: Based on European Commission (n.d.[36]) Global Human Settlement Layer (GHSL), and data from the Ministry of Development Funds and Regional Policy of Poland.

The mix of urban and rural settlement types is particularly evident in the commuting zones within FUAs in Poland, where only 6% of the population lives in municipalities that can be classified as cities, while 56% lives in rural settlements, and 38% in towns and semi-dense areas (Figure 1.15). In such a spatial structure, more integration and linkages among municipalities within FUAs would be a key tool to achieve the benefits associated with urban agglomerations (Ahrend et al., 2017[42]). Outside Polish FUAs, while 53% of the population lives in municipalities classified as rural areas, the remaining 47% lives in towns and semi-dense areas. This shows the potential of towns to serve as focal points for rural development.

Figure 1.15. Share of population and surface area in the commuting zones of FUAs in Poland, by the Degree of Urbanisation, 2019



Note: Population refers to residents in municipalities.
Source: Based on European Commission (n.d.[36]) Global Human Settlement Layer (GHSL), and data from the Ministry of Development Funds and Regional Policy of Poland.

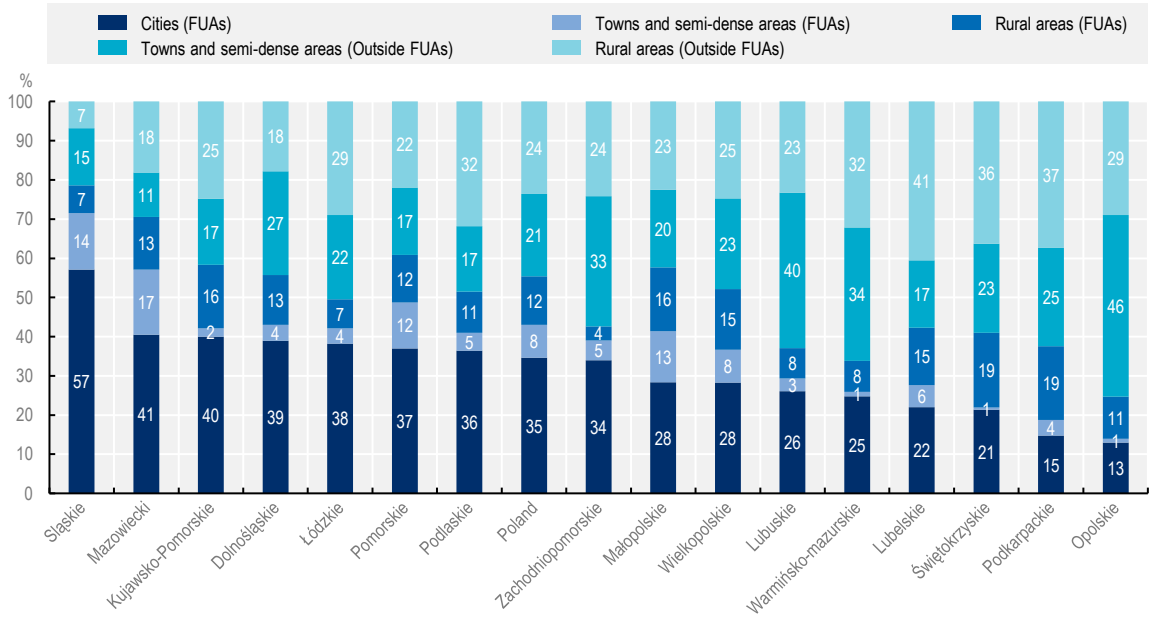
The settlement structure differs across regions and FUAs

The share of population living in urban and rural areas varies considerably across Poland. Śląskie is the most urbanised region in Poland, with 79% of its population living in FUAs, including 57% living in municipalities classified as cities. Mazowieckie region, which includes Warszawa, also has a large share of its population living in FUAs (71%), but its population is more dispersed, with 41% of FUA residents living in cities, 17% in towns and semi-dense areas, and 13% in rural municipalities. At the opposite end of the spectrum, the Opolskie region has just 25% of its population living in the region's only FUA, while most others live in towns and semi-dense areas (Figure 1.16).

This settlement pattern highlights the heterogeneity of Poland, which is likely to have differentiated impacts in terms of linkages between urban and rural areas. Conversely, existing linkages may shape future settlement patterns (Korcelli, 2018[43]). For example, metropolitan regions tend to have a higher concentration of people and economic activities, as well as closer integration of urban centres with their surrounding areas. As a result, they are likelier to face challenges related to congestion, and rural areas in those regions are likelier to show peri-urban features. More sparsely populated regions are likely to face different issues, such as limited access to public services. However, some smaller market-towns (equivalent to small towns) can have a relatively high level of integration with their surrounding rural areas (Mayfield et al., 2005[44]).

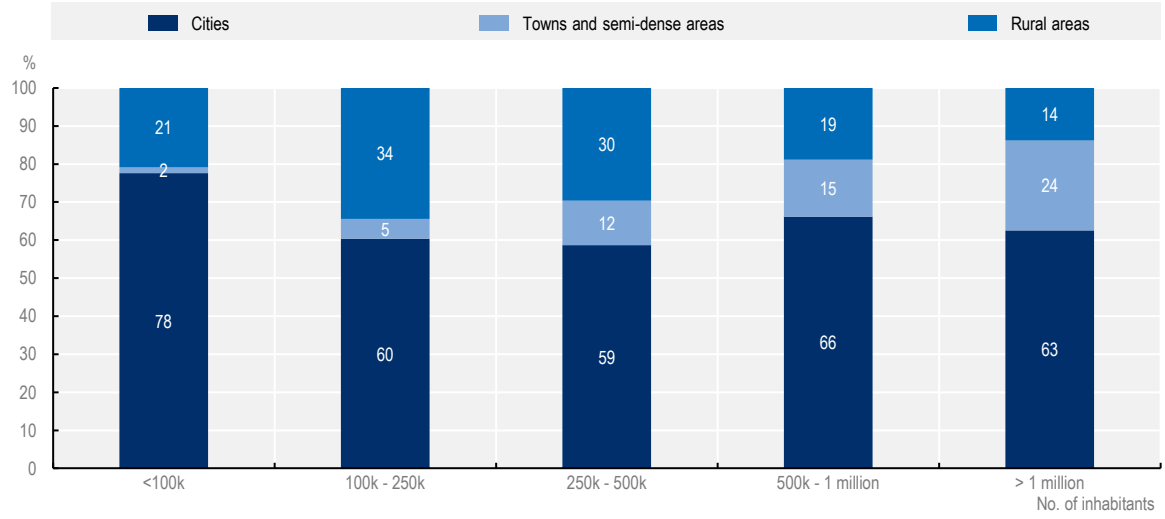
Poland's 58 FUAs are also heterogeneous in their size. The population size of the 58 FUAs ranges from 3.17 million (Warszawa) to 73 200 inhabitants (Ełk). With the exception of FUAs smaller than 100 000 inhabitants, the larger the size of the FUA, the larger the share of population living in towns and semi-dense areas.[9] The share of rural population, on the other hand, decreases with FUA size. This latter may imply potential challenges in terms of public service provision and accessibility for the rural settlements, which tend to be more dispersed than urban settlements (Figure 1.17).

Figure 1.16. Share of population in regions, by the Degree of Urbanisation, 2019



Note: population refers to residents in *gminas*. Regions are ranked from the largest to the lowest share of regional population living in FUAs.
Source: Based on Global Human Settlement Layer (GHSL) and data from the Ministry of Development Funds and Regional Policy of Poland.

Figure 1.17. Share of population in FUAs, by FUA size, 2019



Note: Population refers to residents in *gminas*.
Source: Based on Global Human Settlement Layer (GHSL) and data from the Ministry of Development Funds and Regional Policy of Poland.

Urban-rural labour market linkages

This section shows the main characteristics of urban-rural linkages emerging from commuting flows, which link places where the people work and live. With a high share of population living in commuting zones, Poland FUAs are rather dispersed as compared with OECD FUAs. Therefore, flows connecting places are rather dispersed as well and involve a high level of rural-to-urban interactions. Cities, especially the largest ones, are highly attractive for commuters, while rural areas have fewer jobs than residents. Additionally, many small and medium-size FUAs have negative commuting balances, indicating a low attractiveness. A deeper look on the internal spatial structure of FUAs shows that, in many (often large) FUAs, mid- and low-dense municipalities attract commuters, suggesting functional interdependencies within urban and rural areas in FUAs. Finally, FUAs show a high level of attractiveness for residents outside FUAs.

Commuting flows show a high level of rural-to-urban interactions in Poland

Polish FUAs are dispersed, with a higher share of population living in commuting zones than the OECD average, especially in large FUAs. As of 2020, 43% of Poland's FUA population lived in commuting zones, far above the 25% OECD average. Functional relationships are also likely to be dispersed across space. The most populated FUAs have even larger shares of people in commuting zones, indicating that urban growth in those areas involved spatial dispersion, or sprawl. The distribution of people within 50 FUAs remained relatively stable from 2000 to 2020, while the largest FUAs decentralised more. Almost all the FUAs with more than 500 000 inhabitants (except for Lublin and Rzeszów) have seen rising shares of population in commuting areas and decreasing shares in the core city (Table 1.1).

Table 1.1. Concentration in core cities of FUAs with more than 500 000 inhabitants

	Population (2020)	Concentration in core cities (%, 2020)	Var. % concentration in core cities (2000-20)
Warszawa	3 209 784	56	-3.32
Katowice	2 486 510	55	-0.50
Kraków	1 423 235	55	-2.27
Gdańsk	1 170 990	61	-5.82
Poznań	993 656	54	-8.18
Łódź	903 719	82	-2.46
Wrocław	883 468	73	-2.61
Lublin	670 856	50	0.13
Rzeszów	508 044	40	0.30

Note: Concentration is measured by the share of population of the core city over total FUA population.
Source: Based on OECD (2022[41]), "Metropolitan areas", https://doi.org/10.1787/data-00531-en (accessed on 7 March 2022).

Both the strength and the direction of commuting flows are indicative of functional relationships across territories. When population and jobs are evenly distributed, commuting flows are likely to be. People may be able to work closer to where they live, with shorter commutes that do not require going into urban areas, and commuting flows between urban and rural areas may be bi-directional. When jobs are spatially concentrated, however, commuters all tend to flow into the main (urban) hubs. It is particularly useful to assess commuting flows between municipalities within FUAs, between FUAs and their catchment areas, and among municipalities outside FUAs. The balance between in-commuting and out-commuting also helps to gauge the relative attractiveness of cities, towns and semi-dense areas, and rural areas as places to work. Some cities that are attractive are the core cities of FUAs, while others are part of their commuting zones.

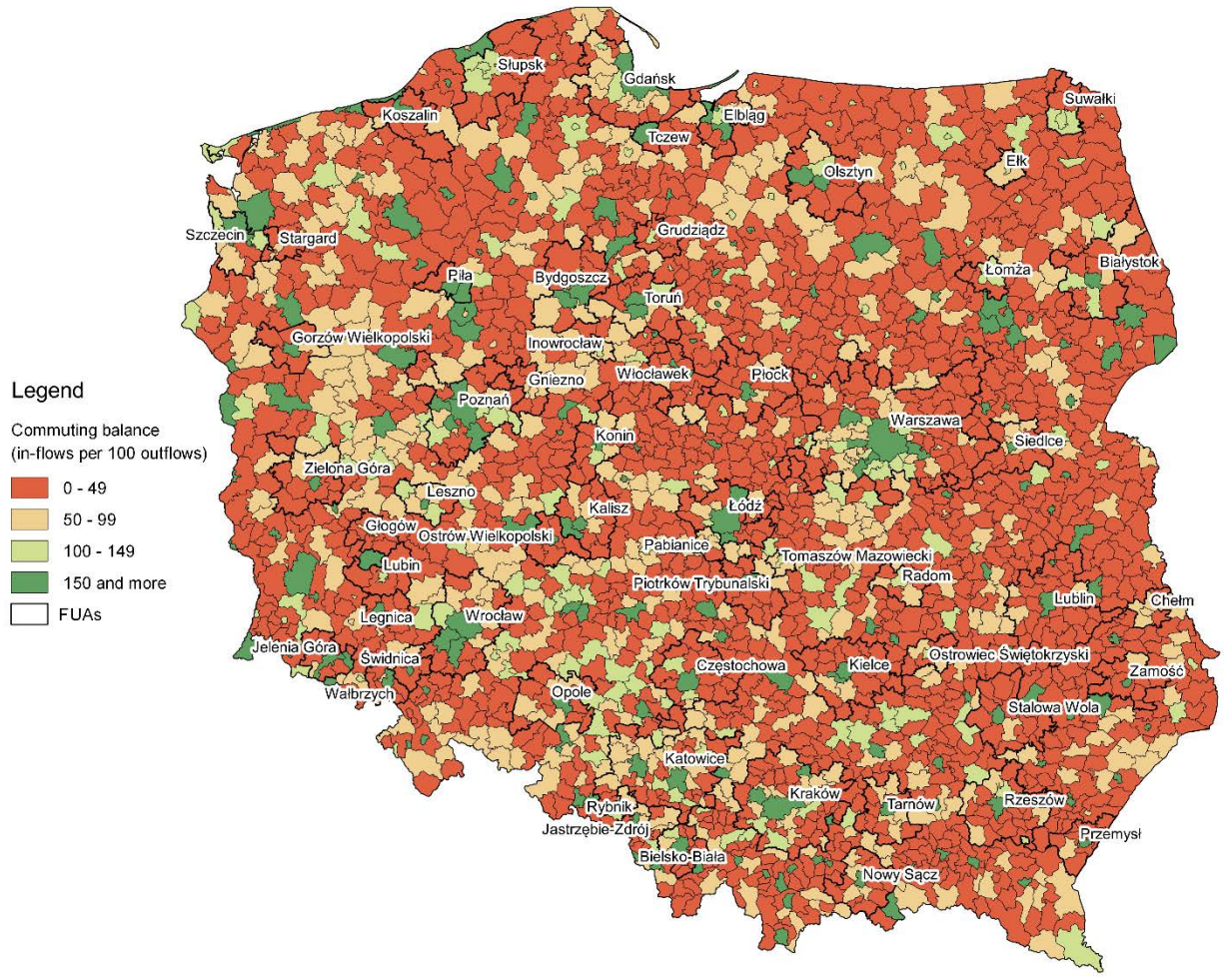
Commuting strongly differs between urban and rural areas. In Poland, only 19% of commuting originates from cities, while cities receive 46% of commuting flows (Table 1.2). Overall, for every 100 commutes out of municipalities classified as cities (according to the Degree of Urbanisation), there are 249 commutes into cities. Rural municipalities receive only 20% of commuting flows, but account for 46% of out-flows. For every 100 commuters leaving rural areas, only 44 come in. Towns and semi-dense areas originate 35% of flows and receive 34%. For every 95 commutes into towns and semi-dense areas, there are 100 commutes out, suggesting they have are relevant both for housing and for employment (Figure 1.18). It should be noted, however, that these data might underestimate actual commuting flows, as suggested for instance by a recent study analysing cell phone data (Office of Spatial Planning of the City of Gdynia, 2021[45]).

Table 1.2. Commuting flows by Degree of Urbanisation of municipalities of origin and destination, 2016

Urbanisation degree	Origin (residence) (%)	Destination (work) (%)	Balance (in-flows per 100 out-flows) (%)
Cities	19	46	249
Towns and semi-dense areas	35	34	95
Rural areas	46	20	44

Source: From data retrieved from Statistics Poland (2019[46]), *Employment-related Population Flows in 2016*, https://stat.gov.pl/obszary-tematyczne/rynek-pracy/opracowania/przeplywy-ludnosci-zwiazane-z-zatrudnieniem-w-2016-r-,20,1.html.

Figure 1.18. Commuting balances (in-flows per 100 out-flows) of Polish municipalities, 2016



Source: From data retrieved from Statistics Poland (2019[46]), *Employment-related Population Flows in 2016*, https://stat.gov.pl/obszary-tematyczne/rynek-pracy/opracowania/przeplywy-ludnosci-zwiazane-z-zatrudnieniem-w-2016-r-,20,1.html.

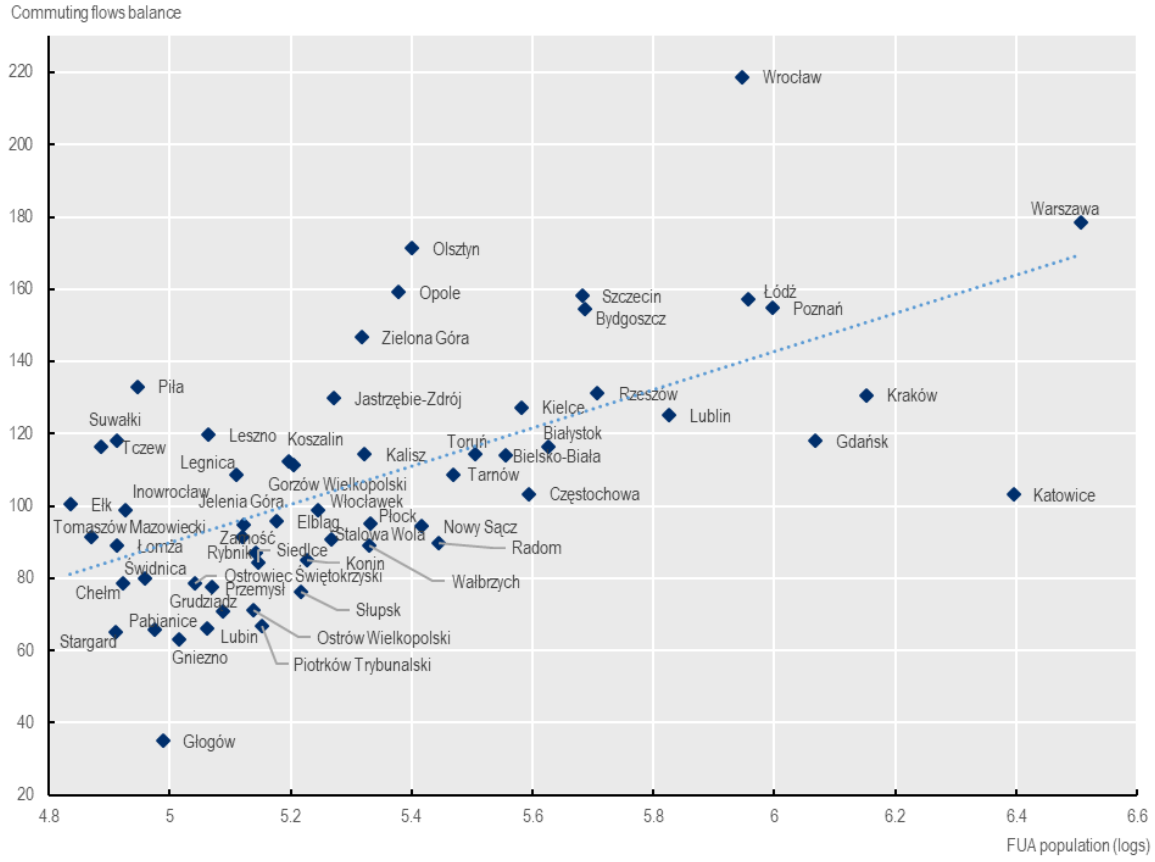
While settlements are dispersed across urban and rural areas, jobs opportunities are still mainly in urban areas. The ability to commute means that residents of rural areas can access job opportunities in cities (which are linked with their agglomeration benefits) while maintaining a rural lifestyle. In fact, urban areas host most of the economic functions and workplaces. Rural areas host a variety of non-residential functions (e.g. agriculture, forestry, tourism), but they have far fewer jobs than residents. This can increase traffic flows and put pressure on transport infrastructure, with implications for greenhouse gas emissions and air pollution.

Most large FUAs are attractive to commuters, but many small and medium-size FUAs have negative commuting balances

The most recent data available, for 2016,[10] indicate that 51% of flows originate from FUAs (so 49% originate outside FUAs), and 65% of total commuting flows are to destinations within FUAs (reflecting both inbound commutes and commutes within FUAs). There are large differences in commuting balances among FUAs, with the main economic hubs standing out from the rest (Figure 1.19). While 90% of FUAs with more than 250 000 inhabitants have positive commuting balances, **about two thirds of FUAs with**

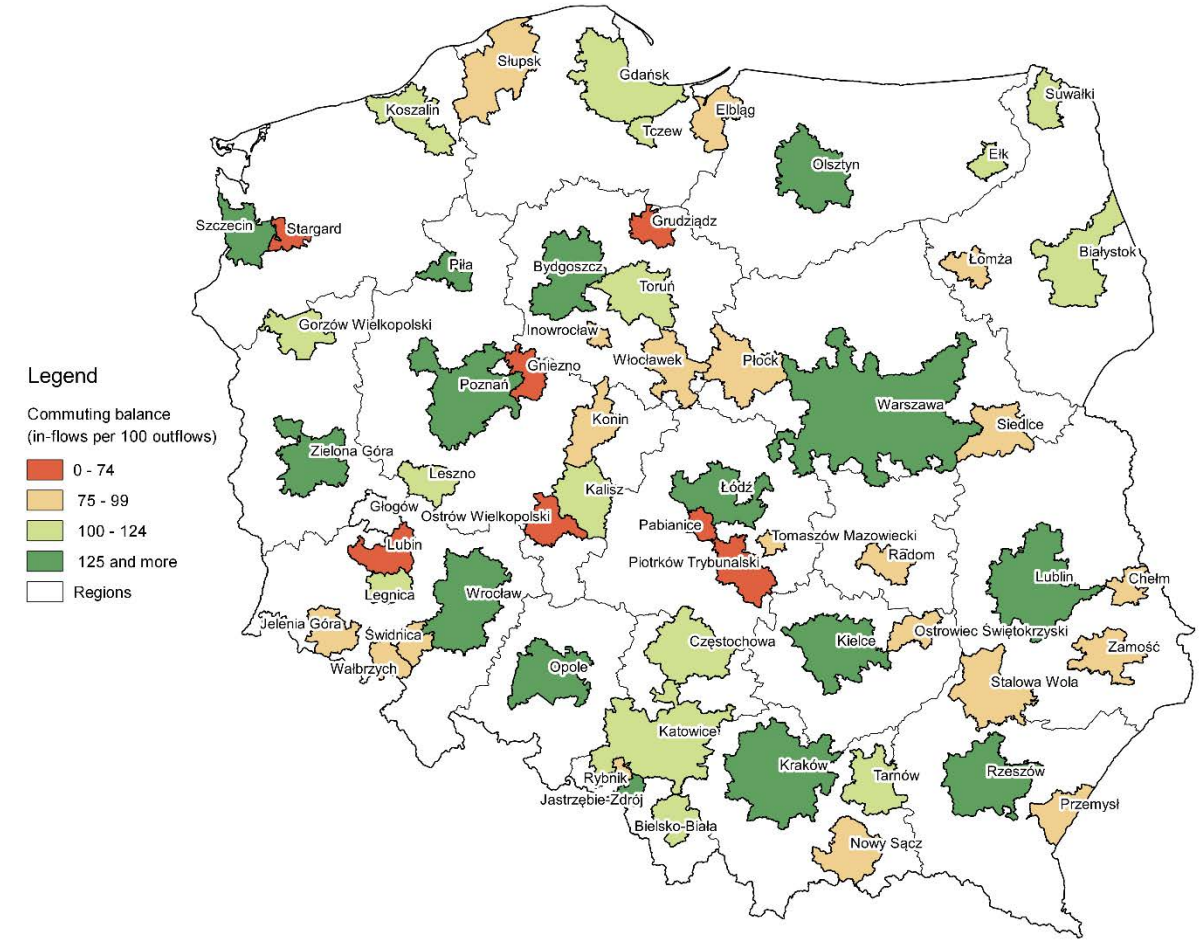
fewer than 250 000 inhabitants show a negative commuting balance. Proximity to a larger FUA is also relevant for the labour market linkages, since residents of smaller FUAs may commute to larger FUAs (Figure 1.20). Urban-rural linkages may provide opportunities to strengthen the attractiveness of (mainly smaller) FUAs that have negative commuting balances.

Figure 1.19. Commuting balances (in-flows per 100 out-flows) and FUA population size, 2016



Note: Population size is expressed in logarithms.
Source: From data retrieved from Statistics Poland (2019[46]), *Employment-related Population Flows in 2016*, https://stat.gov.pl/obszary-tematyczne/rynek-pracy/opracowania/przeplywy-ludnosci-zwiazane-z-zatrudnieniem-w-2016-r-,20,1.html.

Figure 1.20. Commuting balances (in-flows per 100 out-flows) of Polish FUAs, 2016



Note: Values over 100 indicates that the in-commuting towards a FUA exceeds out-commuting from the FUA.
Source: From data retrieved from Statistics Poland (2019[46]), *Employment-related Population Flows in 2016*, https://stat.gov.pl/obszary-tematyczne/rynek-pracy/opracowania/przeplywy-ludnosci-zwiazane-z-zatrudnieniem-w-2016-r-,20,1.html.

In many FUAs, peri-urban and rural areas attract commuters

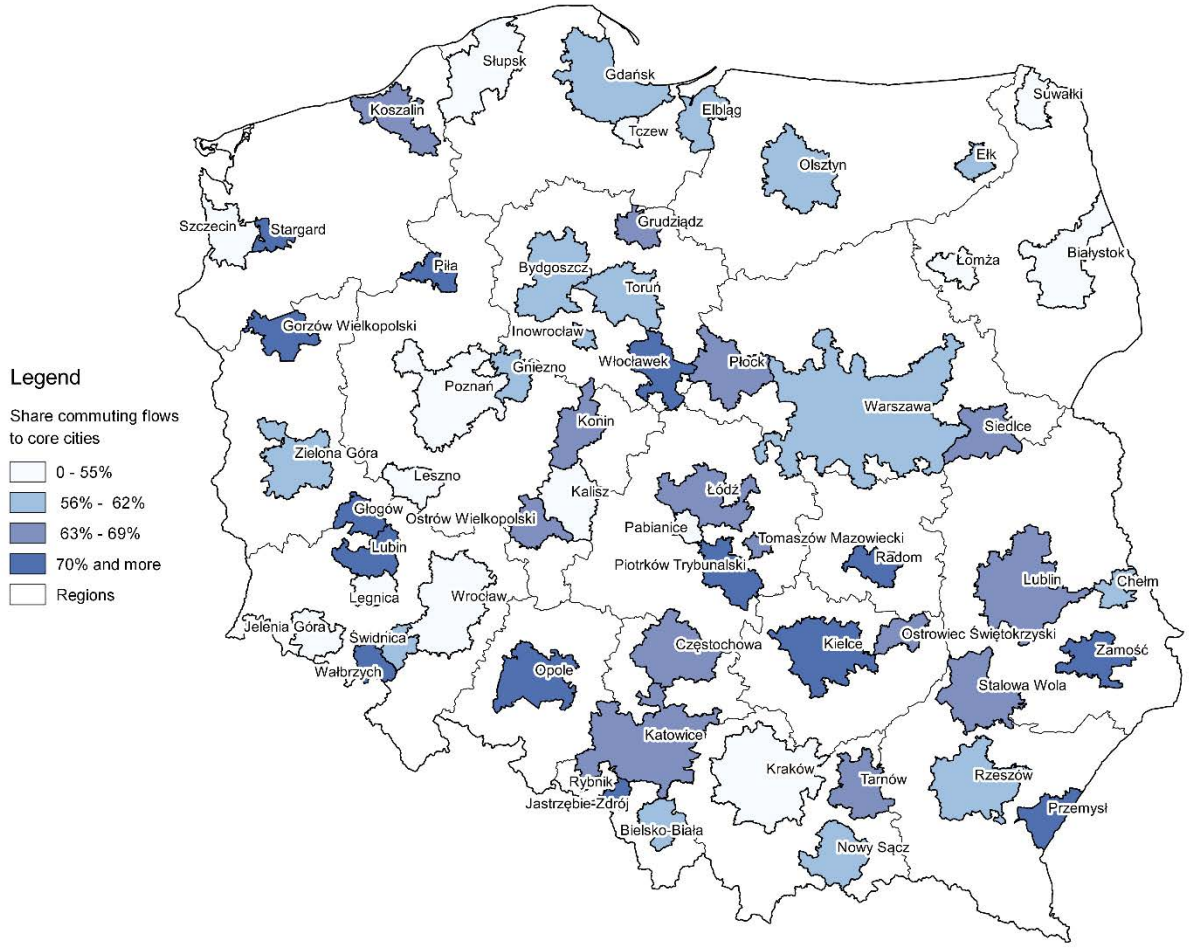
Commuting data show that within FUAs, 61% of flows are directed into the core cities from the commuting zones. This still leaves a large share of commutes (39%) directed out of the core cities, indicating considerable dispersion within FUAs. Municipalities in commuting zones, including rural municipalities, have jobs that attract people living outside the municipalities. This suggests that some FUAs are integrated and interdependent in terms of functions – especially the larger FUAs. Other FUAs with a higher concentration index are strongly based on their core cities and might exploit the potential of urban-rural linkages to leverage development across all municipalities within the FUAs (Figure 1.21).

FUAs attract commuters from wider catchment areas

Commuting flows can also be used to measure linkages between FUAs and their surrounding areas, better reflecting functional relationships than distance or travel times can. The data show FUAs are attracting commuting flows from nearby municipalities. These “catchment” areas are clusters of (mainly rural) municipalities outside FUAs that can effectively “borrow” the opportunities and amenities of urban areas. Figure 1.22 shows the catchment areas of FUAs in Poland, which were home to about 9.20 million people

in 2020. Combined with the 21.25 million living in FUAs, this means that **across Poland, about 30.4 million people, almost 80% of the population, lived either in an FUA or in a catchment area in 2020**. Catchment areas are more urbanised than other territories outside FUAs. In catchment areas, 52% of the population lived in municipalities classified as towns and semi-dense areas in 2020, and the rest in rural areas, while areas outside FUAs that are not catchment areas, 59% of the population was in rural areas.

Figure 1.21. Share of commuting flows within FUAs going into core cities, 2016



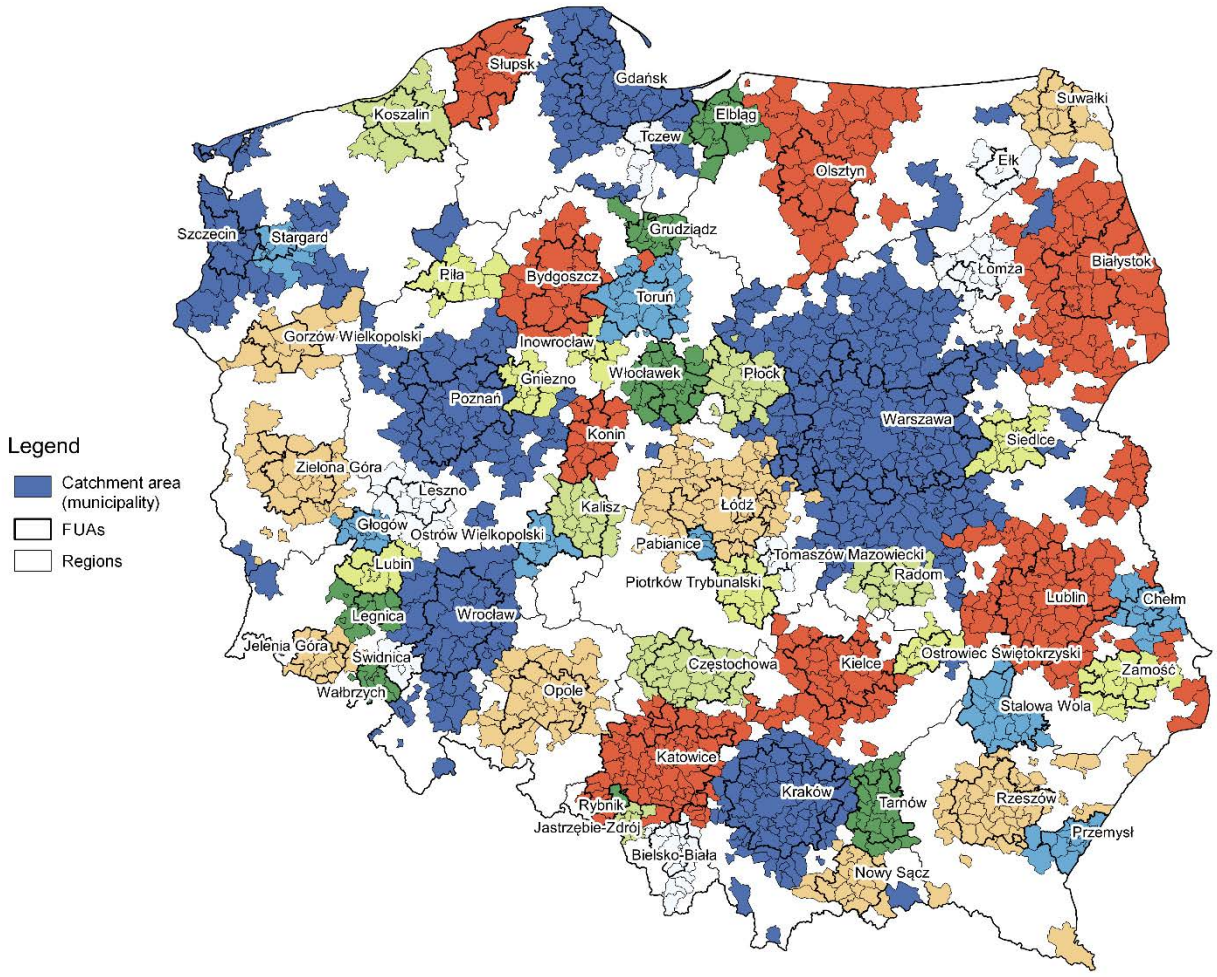
Note: The figure only reflects internal flows within FUAs (i.e. flows coming from outside the FUAs are excluded)
Source: From data retrieved from Statistics Poland (2019[46]), *Employment-related Population Flows in 2016*, https://stat.gov.pl/obszary-tematyczne/rynek-pracy/opracowania/przeplywy-ludnosci-zwiazane-z-zatrudnieniem-w-2016-r-,20,1.html.

Almost all FUAs in Poland have catchment areas. The only exceptions are Pabianice and Rybńik, which are small and close to larger FUAs (Łódź for Pabianice FUA and Katowice for Rybńik FUA). The larger the FUA, the wider the catchment area (Figure 1.23).

As Figure 1.24 shows, some catchment areas host considerable populations. The catchment areas of the Opole, Olsztyn and Tczew FUAs have more residents than the FUA themselves. **Populated catchment areas can exploit mutual beneficial relationships with their FUAs.** People hosted in catchment areas benefit from the urban labour markets and urban services and amenities. Moreover, FUAs have local

markets they can serve. Leveraging the potential win-win outcomes for urban and rural territories in FUAs and their catchment areas passes through adequate service accessibility and quality. To this extent, infrastructures and connectivity are crucial factors.

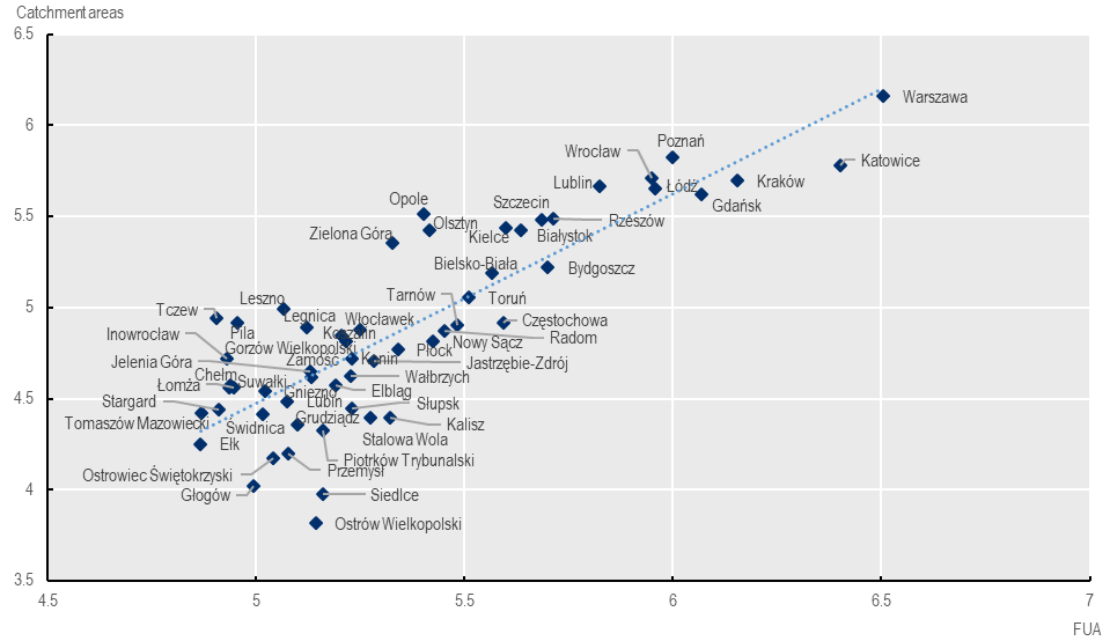
Figure 1.22. FUAs and their catchment areas in Poland



Note: Each colour shows a different catchment area. The catchment areas were identified by OECD analysing data from the 2016 municipalities-to-municipalities commuting matrix, assigning each municipality outside FUAs to the FUA that is the top commuting destination for its residents, and then applying a minimum threshold: a municipality was deemed to be a catchment area of an FUA if at least 20% of its total commuting flows went into that FUA.

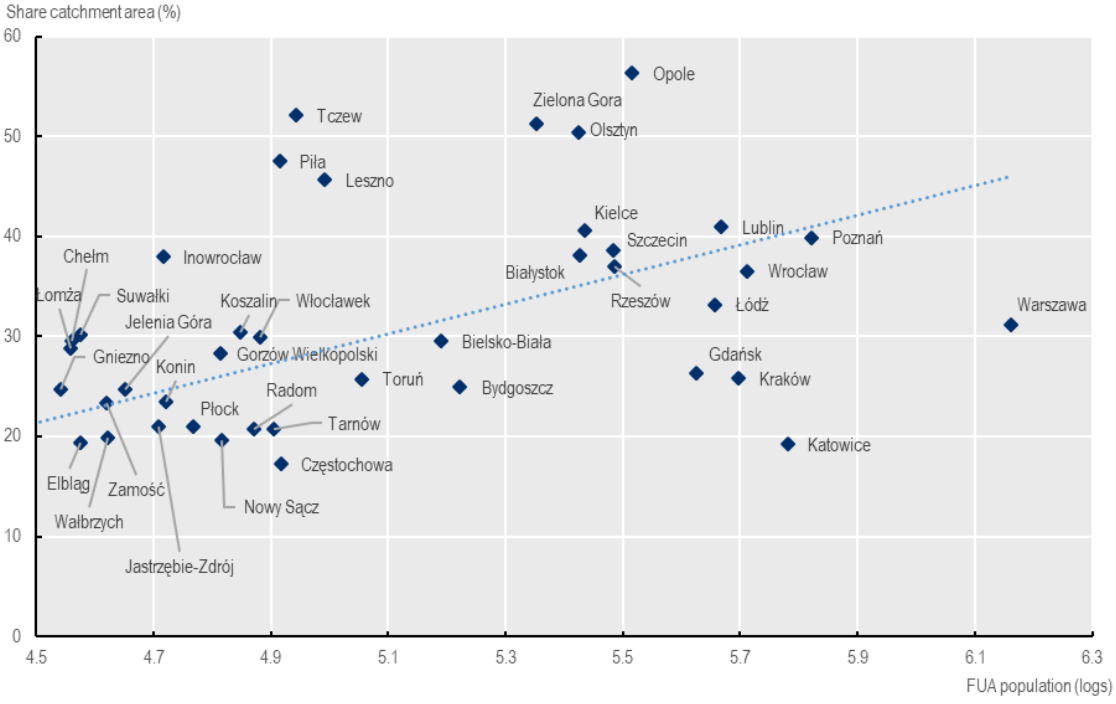
Source: Based on data retrieved from Statistics Poland (2019[46]), *Employment-related Population Flows in 2016*, https://stat.gov.pl/obszary-tematyczne/rynek-pracy/opracowania/przeplywy-ludnosci-zwiazane-z-zatrudnieniem-w-2016-r-,20,1.html.

Figure 1.23. Population in FUAs and in FUAs catchment areas.



Note: Population expressed in logarithms.
Source: From data retrieved from Statistics Poland (2019[46]), *Employment-related Population Flows in 2016*, https://stat.gov.pl/obszary-tematyczne/rynek-pracy/opracowania/przeplywy-ludnosci-zwiazane-z-zatrudnieniem-w-2016-r-,20,1.html.

Figure 1.24. Share of population in FUA catchment areas and FUA population, 2016



Note: Population expressed in logarithms.
Source: From data retrieved from Statistics Poland (2019[46]), *Employment-related Population Flows in 2016*, https://stat.gov.pl/obszary-tematyczne/rynek-pracy/opracowania/przeplywy-ludnosci-zwiazane-z-zatrudnieniem-w-2016-r-,20,1.html.

Main trends affecting urban-rural linkages in Poland

This section summarises key demographic trends in Poland with implications for urban-rural linkages, as well as changes in physical and digital accessibility.

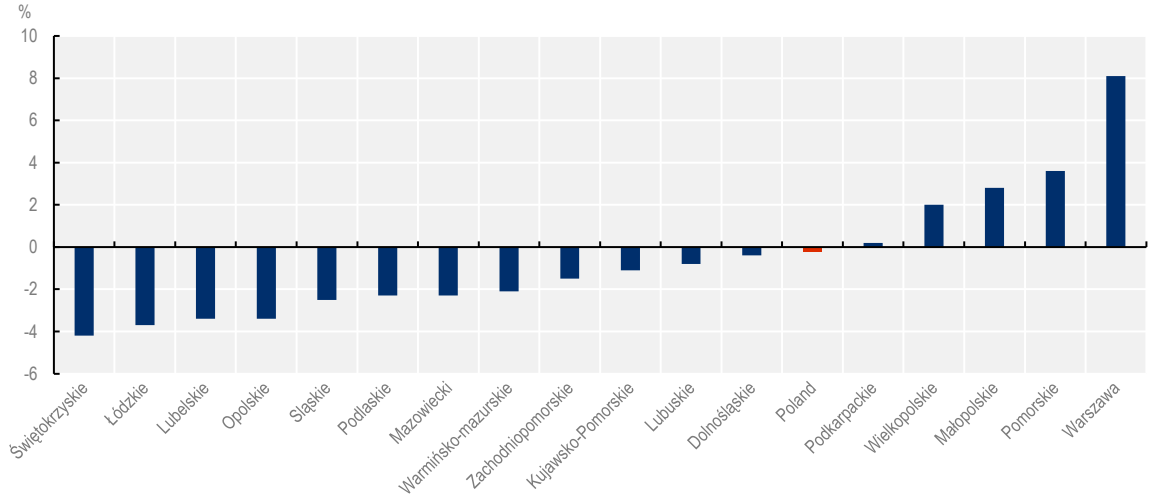
Poland's population is declining overall, but there are large territorial differences

Poland's population declined by 0.4% from 2010 to 2010, while on average, OECD countries saw a 5.8% population increase (OECD, 2022[47]). Projections to 2060 show Poland's population shrinking by another 14.4%, while OECD countries are projected to see gains averaging 9.3%. Among OECD countries, only Greece, Korea, Japan, Lithuania and Latvia are expected to faster population declines than Poland.

Depopulation in Poland shows striking territorial differences. First, the dynamics of depopulation highly differentiate across Polish regions: from 2010 to 2020, Warszawa's population grew by 8.1%, while on the opposite end, Świętokrzyskie's population declined by -4.2% (Figure 1.25).

The population of Poland's FUAs has grown, albeit slowly, while areas outside FUAs saw declines – but three-quarters of FUAs are also shrinking. Between 2010 and 2020, the population outside FUAs in Poland declined by 1.9% (about 331 000 people), while within FUAs, it grew by 0.8% (about 170 000 people). Still, that was one of the lowest growth rates for FUAs in the OECD; on average, the population in FUAs across the OECD grew by 8.1%.[11] Moreover, 44 of the 58 Polish FUAs saw population declines (Figure 1.26). This continues a trend, as between 2000 and 2010, 34 FUAs had lost population, and only three of them reversed their trajectory in the last decade (Białystok, Stargard, and Wrocław).

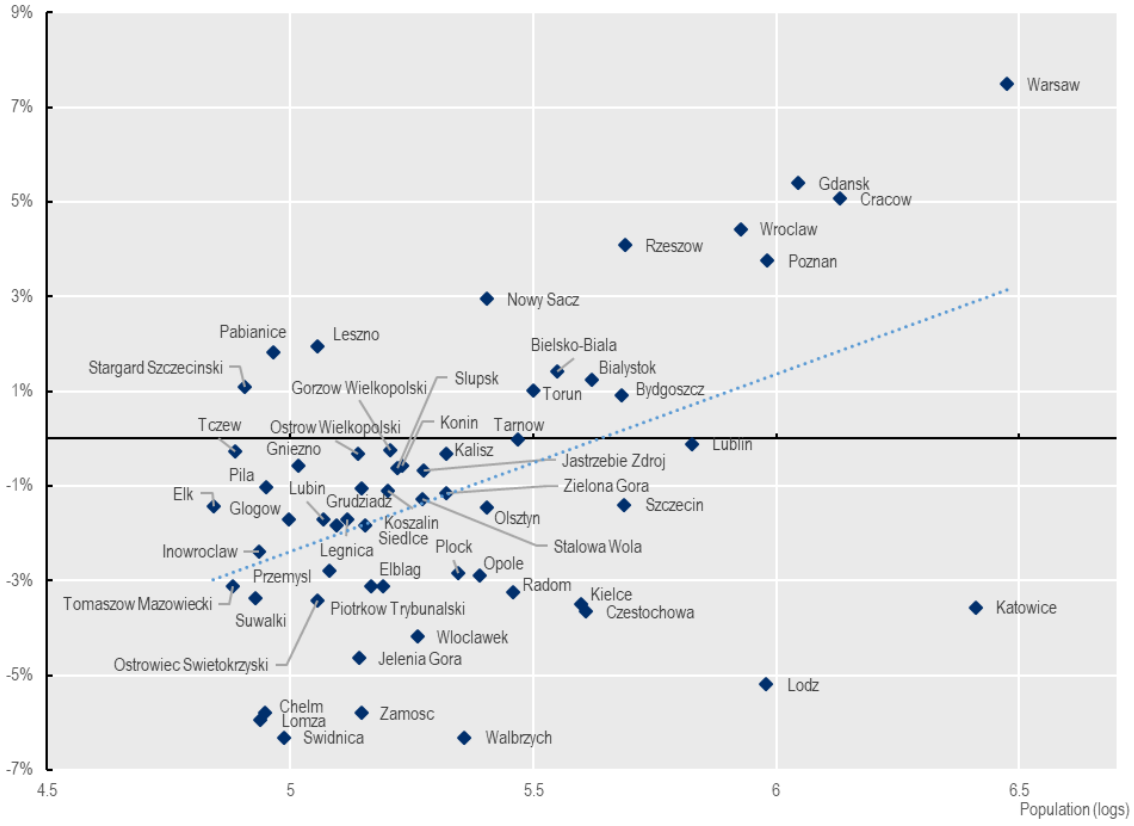
Figure 1.25. Population growth rates in Polish TL2 regions, 2010-20



Note: data refer to OECD TL2 regions (or "large regions"), which are equivalent to the Eurostat NUTS 2016 (OECD, 2021[22]; Statistics Poland, 2021[23]).
Source: Based on OECD (2022[48]), "Regional economy", https://doi.org/10.1787/6b288ab8-en (accessed on 4 March 2022).

Figure 1.26. Population size and growth rates in Polish FUAs, 2010-20

Population is expressed in logarithms (year 2010)



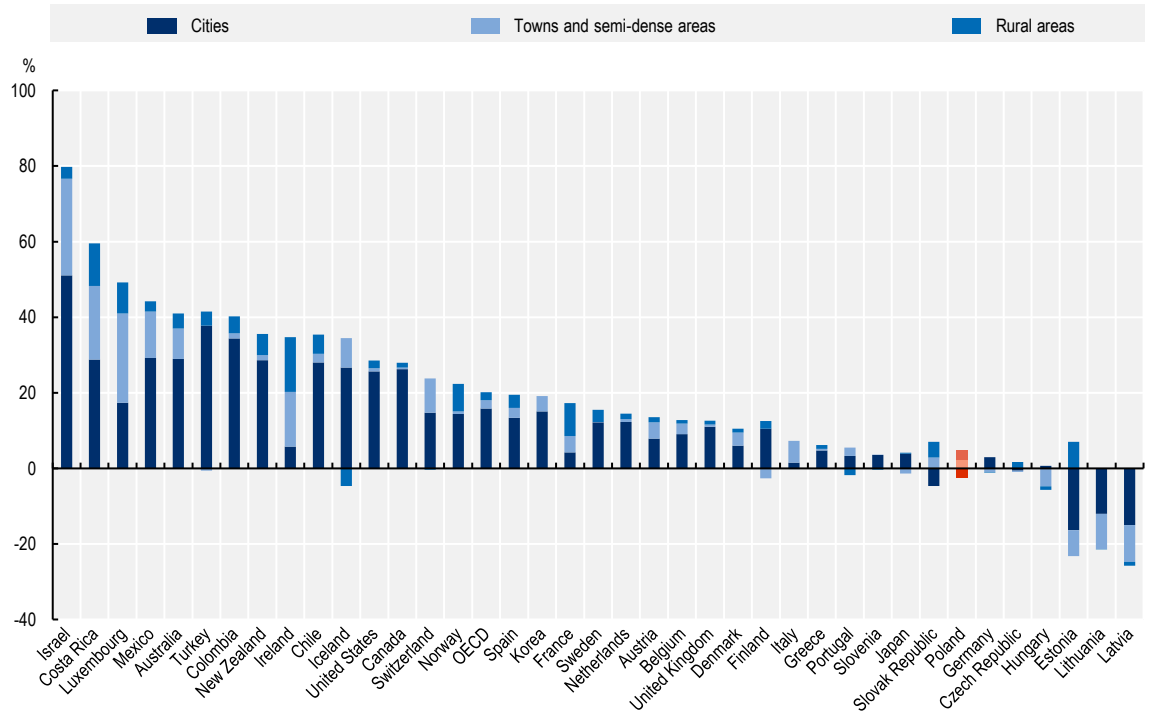
Source: Based on data from OECD (2022[41]), "Metropolitan areas", https://doi.org/10.1787/data-00531-en (accessed on 7 March 2022).

The largest FUAs are still gaining population, but most others are shrinking.[12] Between 2010 and 2020, most FUAs with more than 500 000 inhabitants gained population, except in a few places experiencing large industrial declines (e.g. Katowice, Łódź).[13] In contrast, 35 over 38 FUAs with fewer than 250 000 inhabitants lost population. Notably, official statistics – which are based on registered population in municipalities – can understate population decline, as highlighted by a recent report (Office of Spatial Planning of the City of Gdynia, 2021[45]). If these trends continue, they will put pressure on service provision in both urban and rural areas, making it important to develop mechanisms to guarantee efficient and equitable access to services.

While the rural population outside FUAs is decreasing, commuting zones in FUAs are gaining residents. Estimates based on the Degree of Urbanisation show that in the period 1990-2015, the population of cities declined by 8.6%, while towns and semi-dense areas saw 5.2% growth, and rural areas, 5.4%. This pattern strongly differs from most OECD countries, where cities led national population growth. Actually, in the same period, population growth across the OECD countries averaged 36% in cities, 7.6% in towns and semi-dense areas, and 7.7% in rural areas. Figure 1.27 shows the effects on aggregate national growth of OECD countries provided by the settlement types: while the aggregate population in Poland grew by 2.13% (vs. the OECD average 20.09%), cities gave a negative net contribution by 2.69% (vs. the OECD average 15.82%), towns and semi-dense areas contributed by 2.37% (vs. the OECD average 2.22%) and rural areas contributed by 2.45% (vs. the OECD average 2.08%). As Figure 1.28 shows, the population grew in rural municipalities closer to urban areas (highlighted in red in the figure), while in areas far from cities, the population mostly declined between 1989 and 2018 (Stanny and Strzelecki, 2020[49]). This means the focus

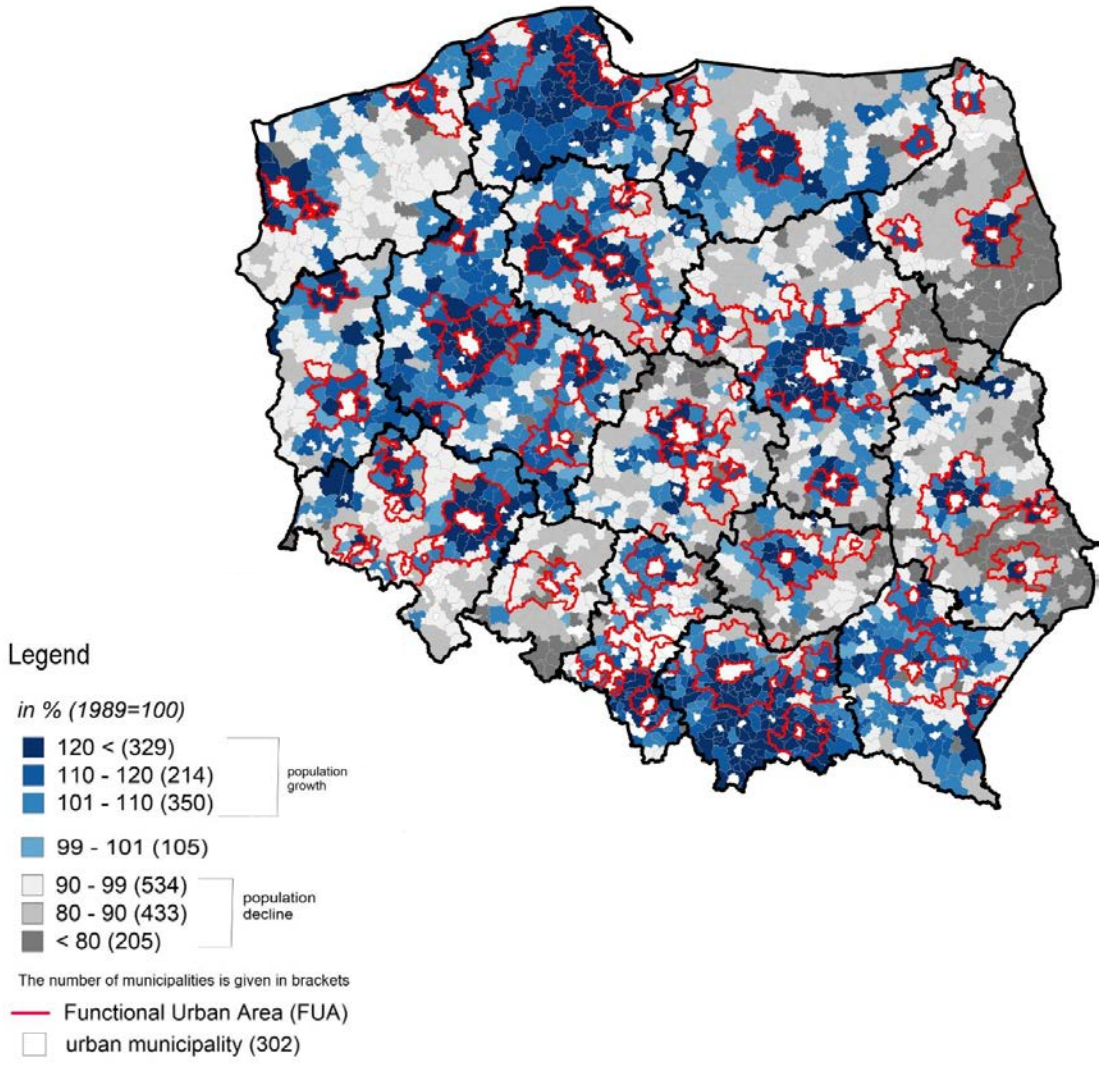
of efforts to strengthen urban-rural linkages will have different priorities in different areas. Where rural areas are closer to cities, the focus may be on pressures on land use and resources and on traffic congestion, while for more isolated rural areas, the priority may be to increase rural residents' access to jobs, infrastructure and services in the FUAs.

Figure 1.27. Contribution to national population growth rate by Degree of Urbanisation, 1990-2015



Source: Using population data estimates based on the European Comission (n.d.[36]) Global Human Settlement Layer (GHSL) grid and OECD (2022[28]), *Functional Urban Areas by Country*, https://www.oecd.org/regional/regional-statistics/functional-urban-areas.htm.

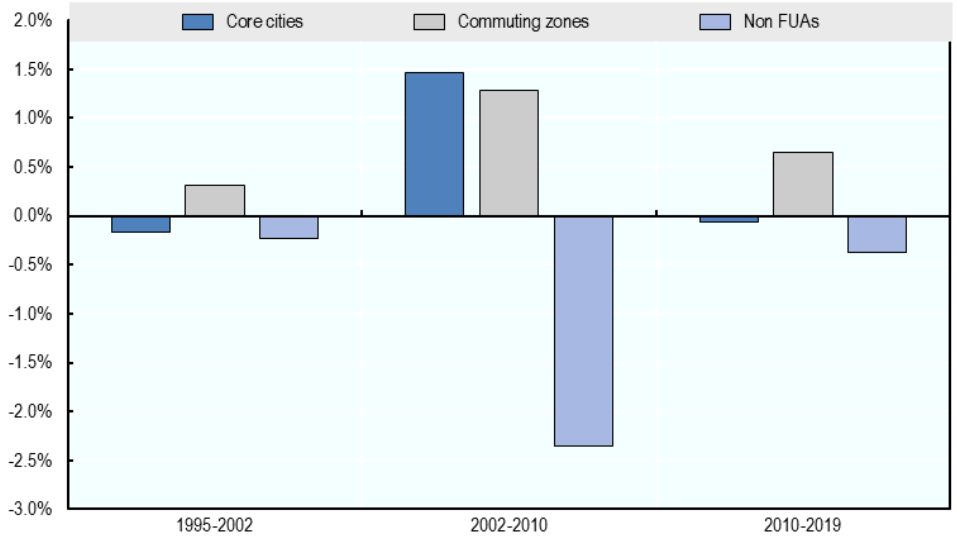
Figure 1.28. Changes in rural population, 1989-2018



Source: Stanny, M. and P. Strzelecki (2020[49]), "Ludność wiejska", in Wilkin, J. and A. Halasiewicz (eds.), *Polska wieś 2020. Raport o stanie wsi*, Wydawnictwo naukowe Scholar, FDPA, Warszawa.

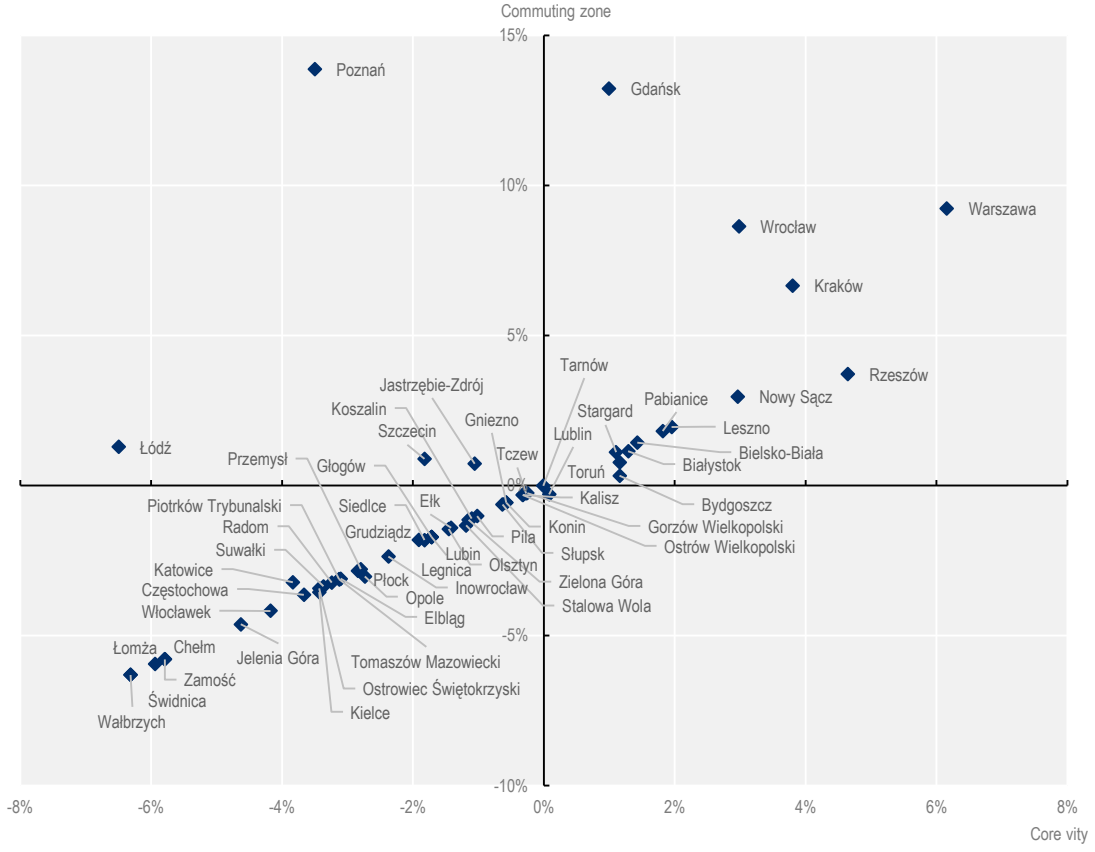
Altogether, from 1995 to 2019, the population in FUAs grew by 2.36 million (12%), while outside FUAs, it decreased 4.32 million (almost 20%). Poland's total population dropped by 1.86 million (0.5%). Population growth in FUAs has been led by the commuting zones, which grew by 17% from 1995 to 2019 while the population of core cities grew by 10% (Figure 1.29). Suburbanisation in Poland goes beyond shifts in population from large cities to suburbs; people re-settled both from core cities to suburbs and from peripheral areas to suburbs. This includes shifts from rural areas to suburban areas and other mid-density settlements, such as towns (Spórna and Krzysztofik, 2020[50]). However, the above-mentioned patterns differentiate across FUAs. Despite overall population in FUAs increased, over the last decade most FUAs have been characterised by a decrease of population, and in most cases, both core cities and commuting zones registered a population decrease (Figure 1.30).

Figure 1.29. Annual growth rates of population in Poland: FUA core cities, commuting zones and outside FUAs, 1995-2019



Source: Based on OECD (2022[41]), "Metropolitan areas", https://doi.org/10.1787/data-00531-en (accessed on 7 March 2022) and data on received from the Ministry of Development Funds and Regional Policy of Poland.

Figure 1.30. Population growth in core cities and commuting zones of the FUAs, 2010-20

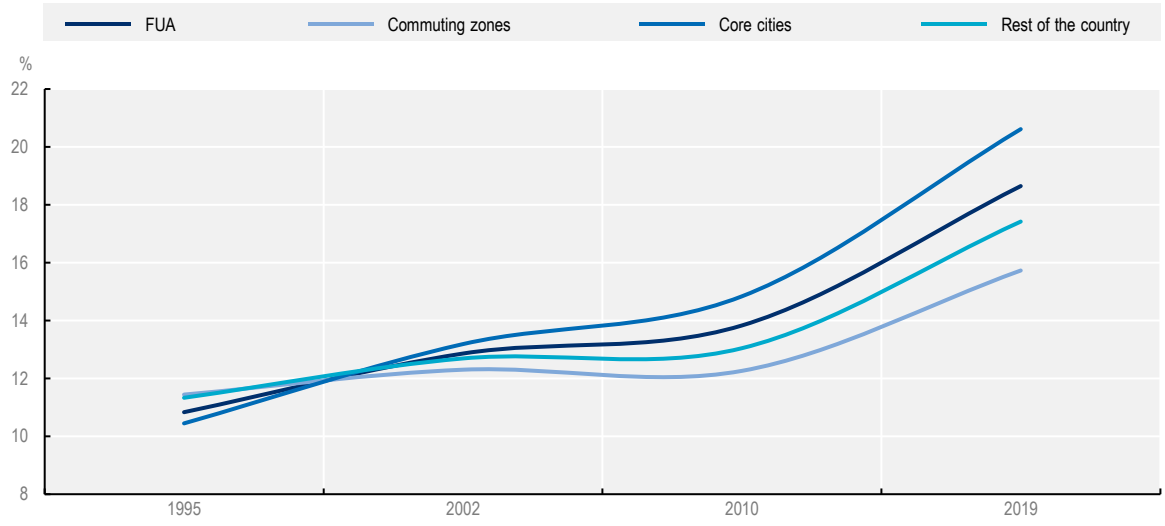


Source: Based on data from OECD (2022[41]), "Metropolitan areas", https://doi.org/10.1787/data-00531-en (accessed on 7 March 2022).

Poland's population is also ageing, with elders increasingly concentrated in metropolitan regions and core cities

Ageing will lead to changing needs for services in different types of municipalities. Poland's population is ageing overall, but the uneven distribution of older and younger people has implications for the labour supply and for the financing and provision of public services (e.g. health, education, social protection, housing, transport, culture) across territories. Metropolitan regions have a higher elderly dependency ratio than other types of regions. The age structure is also different within FUAs, with larger shares of elders in the core cities than in commuting zones (Figure 1.31), which differentiates Poland from the general trend in other OECD countries. Different population structures across the urban-rural continuum imply different needs of services. A younger age structure in suburban areas, for instance, entails more demand for education and more commuting to work.

Figure 1.31. Share of population aged 65 years and more in FUAs, commuting zones core cities, rest of Poland, 1995-2019



Note: Population refers to residents in *gminas*.
Source: Based on European Commission (n.d.[36]) Global Human Settlement Layer (GHSL) grid, and data from the Ministry of Development Funds and Regional Policy of Poland.

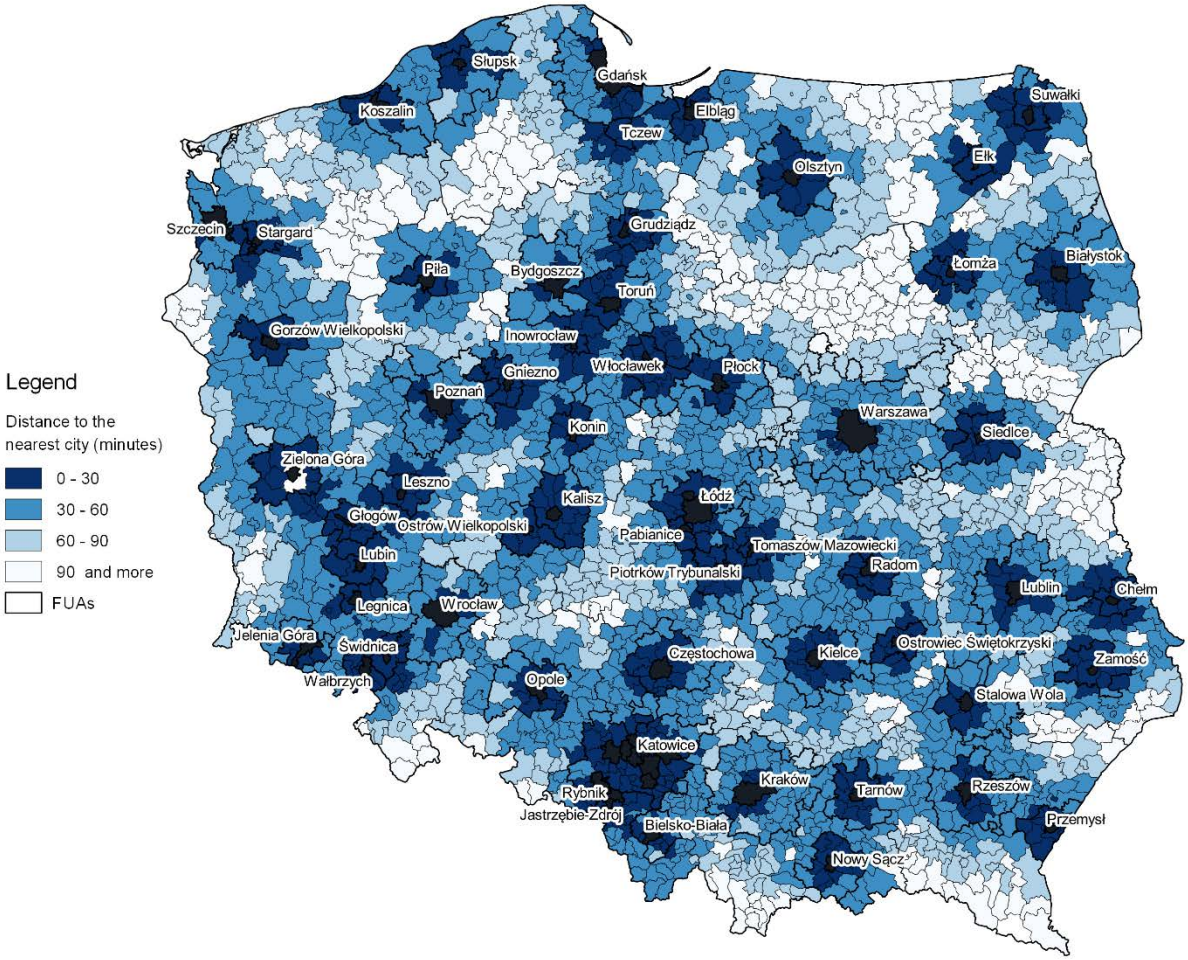
Physical and digital accessibility are generally good in Poland, but there is a notable urban-rural divide

The physical accessibility of opportunities and services in Poland is good overall. One commonly used measure is how well people in different places can access essential public services such as transport infrastructure, education and health, based on average travel time by car (OECD, 2018[31]). In providing public services, governments often have to make trade-offs between minimising the distance between people and services, regardless of where they live, and the need to achieve economies of scale. This is why many services are concentrated in larger cities. All else being equal, proximity to a large city is associated with better access to services and more opportunities such as jobs, education and leisure activities. Overall, 11.65 million people in Poland (about 31%) live within 30 minutes' drive of an FUA.

As previous OECD research had shown, accessibility is highly differentiated across space, with a large urban-rural divide, which in turn can drive spatial social and economic disparities. The distance to the core city of an FUA is another proxy of accessibility, and by that measure, urban-rural differences in Poland

become more evident (Figure 1.32). The issue of accessibility is particularly relevant for supra-local services such as universities, which tend to be concentrated in larger cities. Another important gap to note is that accessibility is typically measured on the basis of the distance travelled by car, but not everyone can drive. Public transport outside Polish FUAs is very limited, and only 30% of residents have access to municipality-funded public transport, whereas 77% of people within FUAs have that access (Komorowski and Stanny, 2017[51]). A quarter of villages outside FUAs are not connected to the public transport network at all (Stanny, Rosner and Komorowski, 2018[52]). Ongoing research also shows that accessibility to public services is particularly low in places far from regional cities (MROW, 2022[53]). This evidence points to the need for development policies to strengthen connections across urban and rural areas to improve accessibility.

Figure 1.32. Travel time (in minutes, by private car) from municipalities to the nearest core city

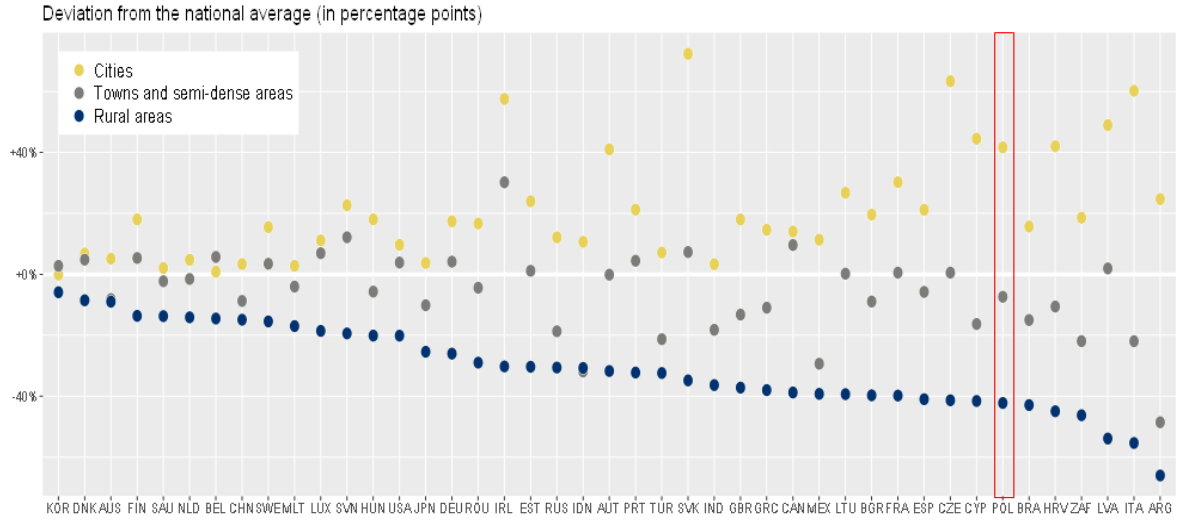


Source: Based on data from Statistics Poland, https://stat.gov.pl/en/.

Digital accessibility – ensured by high-quality broadband Internet connectivity – is one of the key factors for territorial development and well-being, and it is improving across Poland. COVID-19 and the rise of remote working further amplified the relevance to get fast and stable access to digital infrastructure and services, both in urban and rural areas (Komorowski and Stanny, 2020[54]). Peak download speeds improved across all types of settlements in Poland between 2019 and 2021 (by an average of 86%). At the same time, there is a marked urban-rural digital divide. For instance, fixed download peak speed in

cities (as defined by the Degree of Urbanisation) is 40% faster than the national average, while in rural areas it is 40% slower than the national average (Figure 1.33). A similar divide is evident within FUAs. Poor digital accessibility limits the ability of territories to attract residents, especially to the most remote areas, as it is more difficult to work remotely. That, in turn, has implications for incomes and overall well-being. Improved digital urban-rural linkages can help correct that imbalance.

Figure 1.33. Gaps in fixed download peak speeds experienced by users, by degree of urbanisation



Source: OECD calculations based on Speedtest® by Ookla® Global Fixed and Mobile Network Performance Maps. Based on analysis by Ookla of Speedtest Intelligence® data for 2020 Q4). Ookla trademarks used under license and reprinted with permission.

Urban-rural linkages and territorial development in Poland

This section explores the implications of the patterns and urban-rural linkages discussed in the preceding sections. In particular, it focuses on where and how urban-rural linkages may act as place-based tools to realise the development potential of cities, towns and surrounding areas and to reverse others' decline.

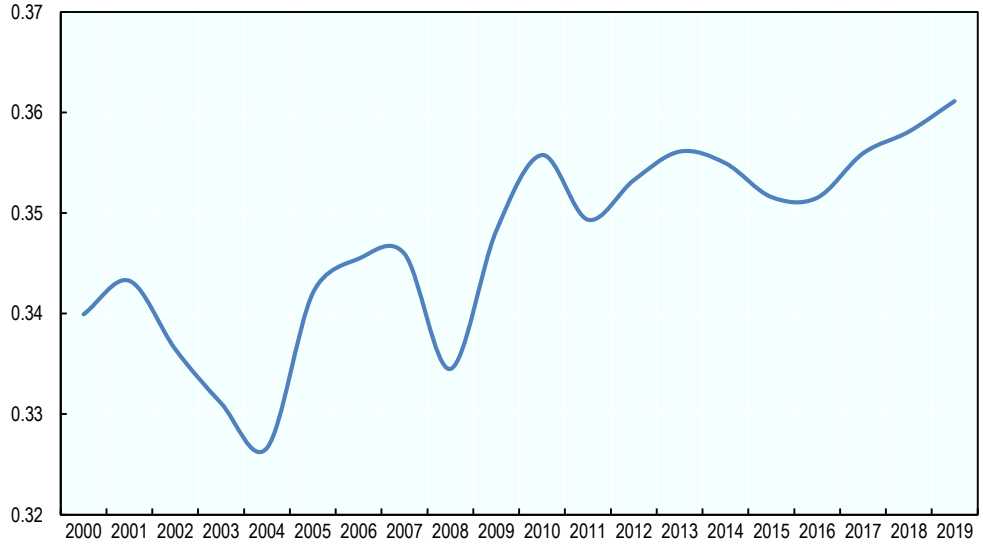
Poland has experienced sustained growth overall, but there are marked territorial differences and urban-rural divides

Poland's economy has grown steadily over the past two decades, narrowing the gap with other OECD countries (OECD, 2020[16]). Poland's GDP per capita[14] was 44% of the OECD average in 2001, 60% in 2010 and 75% in 2020. However, economic growth has been spatially uneven, as became evident in the 2000s (OECD, 2011[2]; OECD, 2008[55]) and has continued in the last decade. Regional data show that the variation of GDP per capita in Polish TL2 regions has been increasing over time, especially in the last decade (Figure 1.34).

FUAs grew more than rest of Poland in the last decade. The imbalance of development in Poland is also evidenced by a growing urban-rural gap. While in early 2000s, FUAs and the areas outside them had a similar GDPs growth rate, growth in FUAs has increasingly outpaced the rest of Poland, especially since 2008-2009, so that by 2017, the GDP in FUAs was 87% higher than in 2000, while outside FUAs, it was 77% higher (Figure 1.35).

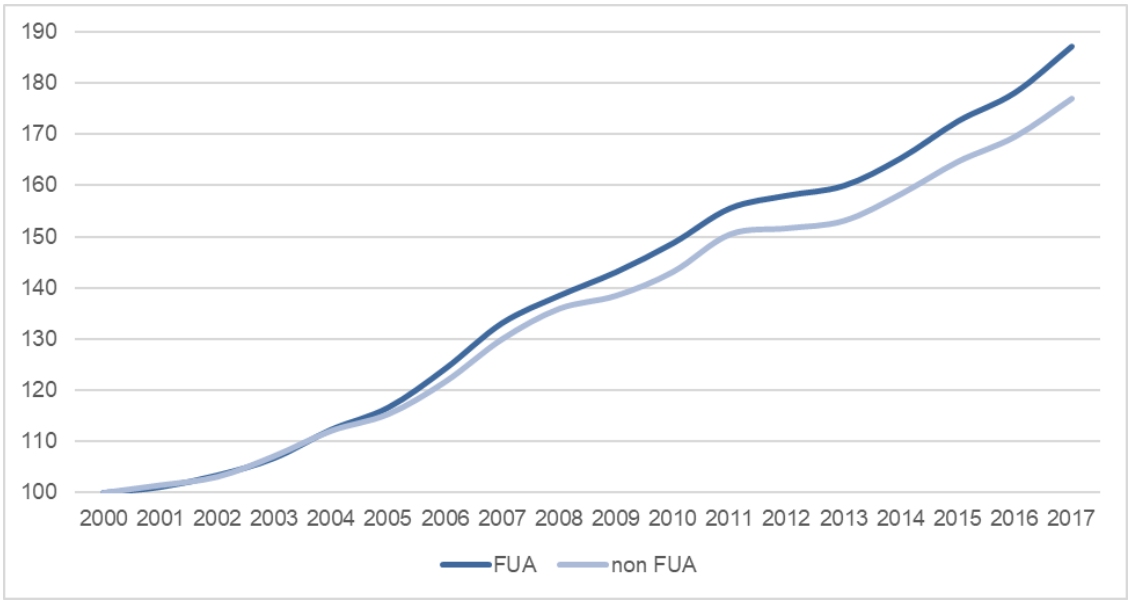
FUAs differ in terms of economic growth. Some smaller urban centres have experienced weak economic performance, and the Polish government found that 139 medium-sized cities have lost their socio-economic functions (Ministry of Development Funds and Regional Policy, n.d.[56]). Figure 1.36 shows the distribution of such cities across Polish regions. With few exceptions, most medium-sized cities and towns losing their economic functions are outside FUAs, suggesting that being more isolated from large urban centres amplifies their economic and social fragility. Some were previously regional capitals, and the loss of their status may have precipitated their decline (Kurniewicz and Swianiewicz, 2016[57]; Kisiała, 2017[58]). In general, although there are few exceptions, larger FUAs (in terms of GDP) have higher GDP growth rates, suggesting that they are benefiting from agglomeration effects, while smaller cities, towns and rural areas lag behind (Figure 1.37).

Figure 1.34. Coefficient of variation of GDP per capita in TL2 regions in Poland, 2000-19



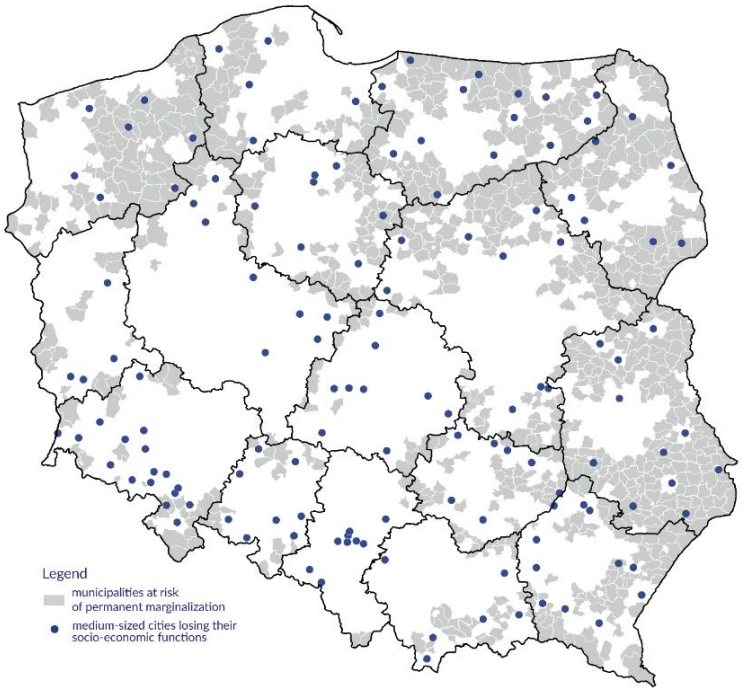
Note: The coefficient of variation is computed as the share between the regional standard deviations and the average values of GDP per capita (in purchasing power parity terms). The higher the coefficient, the higher the variability of GDP per capita between TL2 regions.
Source: Author's own elaboration based on data from OECD (n.d.[39]), *OECD Regional Statistics*, https://doi.org/10.1787/region-data-en.

Figure 1.35. GDP growth in FUAs and rest of Poland, 2000-17



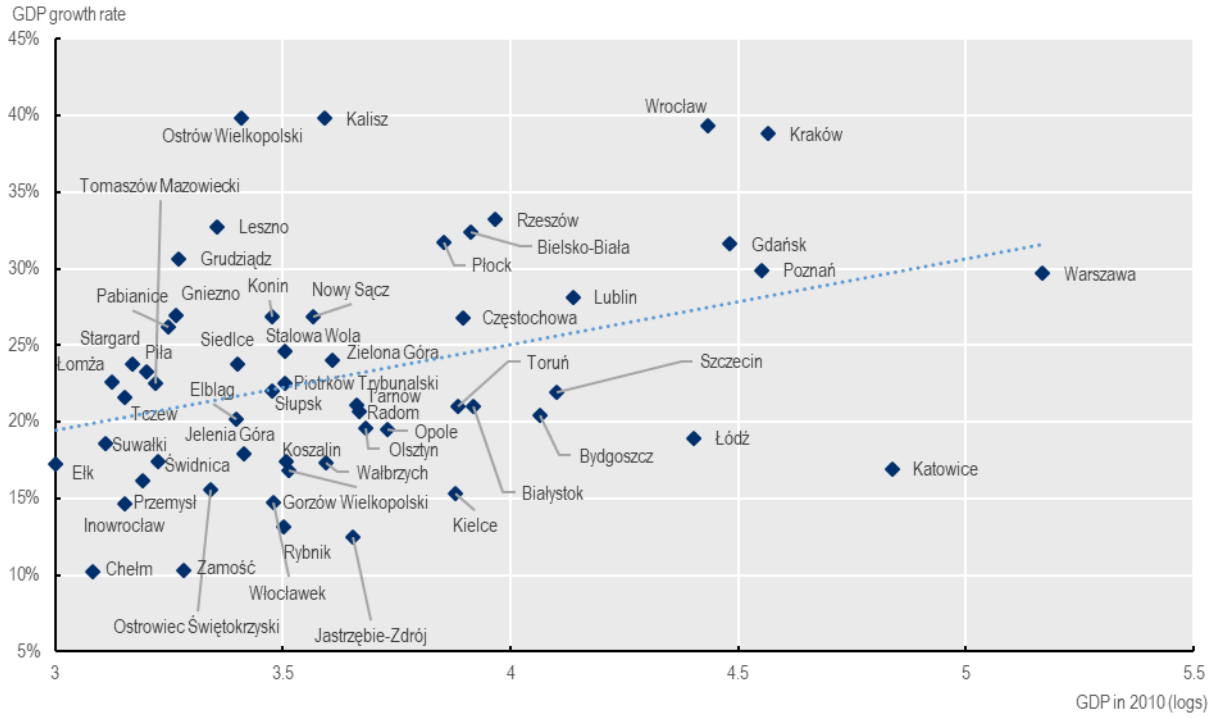
Note: Real GDP in PPP, USD (the reference year 2015). Index numbers: 2000=100.
Source: Based on OECD estimates.

Figure 1.36. Medium-sized cities losing their socio-economic functions



Source: Based on Ministry of Development Funds and Regional Policy (n.d.[56]), *Imienna lista 139 miast średnich tracących funkcje społeczno-gospodarcze*.

Figure 1.37. FUA size (in total GDP) and GDP growth, 2010-17



Note: Real GDP in PPP, USD (the reference year 2015). FUA size is expressed in the logarithms of total GDP.
Source: Based on OECD estimates.

Urban-rural linkages are connected with demographic growth trends in Polish municipalities

Results from a regression analysis on the determinants of population growth in Polish municipalities between 1995 and 2019 (Annex 1.A provides the details of the analysis), show that higher population growth occurred in less populated and less densely populated municipalities within the country (Table 1.3). While being part of a core city is associated with the lower growth rate, a commuting zone of a FUA is a determinant of higher municipal population growth. There is no clear impact of catchment areas on population growth. Additionally, the time distance to core cities had a negative (although low) impact on population growth. Therefore, while rural areas have shown potential to grow, as highlighted by the positive sign of the Degree of Urbanisation variable (Rural), proximity to (large) functional urban areas still matter. These results suggest that improving urban-rural connections is a possible direction for territorial policy. The commuting balance has a positive effect, indicating that more attractive locations have been characterised by higher population growth. However, it also has a very low marginal effect on population growth, once controlled for all other factors.

Finally, demographic, economic and social factors determined growth. Demographic growth was higher where the share of population below 14 years old was higher and the share of population over 65 years was lower. The higher the unemployment, the lower the population growth. Human capital also affected growth, since a higher share of population with tertiary (or similar) educational level has been associated with higher population growth.

Table 1.3. Determinants of population growth in municipalities, 1995-2019

	Determinant	Magnitude effect
Determinants with a positive effect	Commuting zone	0.144 ***
	Degree of Urbanisation (Rural)	0.024 *
Determinants with a negative effect	Population size	-0.027 ***
	Population density	-0.037 ***
	Core city	-0.165 ***
	Time distance to core cities	-0.001 ***
Determinants with no effect	Catchment area	-0.014
Socio-economic and demographic controls	Share of population <14 years old	2.136 ***
	Human capital	2.406 ***
	Share of population > 65 years old	-2.157 ***
	Unemployment rate	-0.940 ***
	Economic functions	-0.065 ***

Note: Detailed results are provided in Annex 1.A.
*** p<0.01, ** p<0.05, * p<0.1.
Source: From data provided by Ministry of Development Funds and Regional Policy of Poland, data retrieved from Statistics Poland (2019[46]), *Employment-related Population Flows in 2016*, https://stat.gov.pl/obszary-tematyczne/rynek-pracy/opracowania/przeplywy-ludnosci-zwiazane-z-zatrudnieniem-w-2016-r-,20,1.html, OECD statistics and estimates.

It is interesting to note that, while effects are generally consistent when considering the sub-periods 1995-2010 and 2010-2019, results suggest some changes in the dynamics of urbanisation and on the urban-rural linkages (Table 1.4):

- In the period 2010-2019, as compared to the previous one, the (negative) effect of population was lower and slightly positive, and the effect of the density was no more significant, suggesting that dispersed municipalities were no longer leading to higher municipal population growth.
- In the period 2010-2019, the effect of being part of a core city of a FUA was still negative, and the effect of being part of a commuting zone of a FUA, despite still positive, was lower. Being part of a FUA catchment area turned to have a negative (yet weak) effect.

Those changes suggest that, over the last decade, urbanisation trends and outcomes have become more complex and dependent on a variety of determinants (demographic, economic, geographic, etc.), and calls for an integrated view of urban and rural areas to promote territorial development.

Table 1.4. Determinants of population growth in municipalities, 1995-2010, 2010-19

	Determinant	Magnitude effect	
		1995-2010	2010-2019
Determinants with a positive effect	Commuting zone	0.080	0.037
	Degree of Urbanisation (Rural)	0.011	0.017***
Determinants with a negative effect	Population density	-0.021***	-0.002
	Core city	-0.071***	-0.079***
Determinants with a varying or null effect	Population size	-0.024***	0.014***
	Catchment area	-0.008	-0.005*
Socio-economic and demographic controls	Share of population <14 years old	1.480***	1.161***
	Human capital	1.640***	0.338***

	Share of population > 65 years old	-1.351***	-0.789***
	Unemployment rate	-0.463***	-0.393***
	Economic functions	-0.040***	-0.023***

Note: Detailed results are provided in Annex 1.A.
*** p<0.01, ** p<0.05, * p<0.1.
Source: Ffrom data provided by Ministry of Development Funds and Regional Policy, data retrieved from Statistics Poland (2019[46]), *Employment-related Population Flows in 2016*, https://stat.gov.pl/obszary-tematyczne/rynek-pracy/opracowania/przeplywy-ludnosci-zwiazane-z-zatrudnieniem-w-2016-r-,20,1.html, OECD statistics and estimates.

Conclusion and directions for further research

This chapter examined urban-rural linkages in Poland by taking into account where people live, where they commute for work, and how demographic and economic growth patterns are distributed across the urban-rural continuum. The analysis was based on a conceptual framework on urban-rural linkages that highlights their relevance for territorial development and well-being, as well as policy areas through which urban-rural linkages could be enhanced to promote a smart, inclusive and sustainable development. The conceptual framework highlighted the crucial role of the governance structure to foster effective urban-rural partnerships, and in particular the inter-municipal co-operation.

The analysis required the use of analytical tools to examine the urban-rural continuum: namely, the Degree of Urbanisation and the FUAs. The former provides a novel approach to characterise areas based on population, population density and built-up areas, while the latter allows to take into account the functional relationships between places as emerging from commuting flows. The analysis based on the Degree of Urbanisation revealed that, compared with other OECD countries, Poland has larger shares of its territory, population and municipalities in low- and medium-density areas – that is, rural and peri-urban areas, and a lower share of population in cities. Outside FUAs, almost half of the population lives in medium-density areas such towns: this result shows the potential of towns to serve as focal points for rural development. The analysis of the FUAs in Poland showed a smaller share of residents in FUAs than across OECD countries. Additionally, FUAs are characterised by low-density development and they are composed by high shares of residents in commuting zones and in rural municipalities. The fact that Poland has rather dispersed settlements across urban and rural areas and within FUAs highlights the potential benefits of strengthening connections and synergies. Poland also shows large differences across regions, pointing to the need for targeted initiatives by regions and counties.

The analysis of urban-rural labour market linkages revealed a high amount of rural-to-urban interactions. Although residents are dispersed all along the urban-rural continuum, job opportunities are still mainly in urban areas, suggesting there is untapped potential in more rural areas. Within FUAs, suburban areas receive a high share of commuting flows (about a third of commuters). This suggests that, in many FUAs, municipalities outside core cities, including rural municipalities, are not only residential areas, but also host jobs and consequently attract commuters, indicating that urban-rural linkages are at work within FUAs. However, while FUAs are attractive for commutes, Poland also shows that many small and medium-sized FUAs show negative commuting balances, indicating a lack of employment opportunities. Reinforcing urban-rural linkages between small and medium-sized cities and their surrounding rural areas could provide the opportunity to increase their attractiveness. Another critical finding is the fact that the social and economic scope of FUAs also extend beyond their boundaries into wider catchment areas, which are clusters of prevalently rural municipalities with strong interactions with FUAs. If, on the one hand, catchment areas can exploit the amenities provided by urban areas, they may lack their own job opportunities and a good level of accessibility and quality of services. Therefore, dedicated policies are advisable to strengthen urban-rural linkages both within FUAs and at a broader spatial scale, such as infrastructure and connectivity for rural municipalities in FUAs catchment areas.

While Polish urban and rural areas have a strong basis to enhance the potential of urban-rural linkages, they also face some key challenges in terms of population trends, spatial accessibility to services and economic patterns. There are also increasing territorial disparities and urban-rural divides, further stressing how urban-rural linkages can play a role to tackle key challenges related to urban shrinking, ageing, access to services and opportunities across the urban-rural continuum. Strengthening urban-rural linkages could also help reverse the decline of cities and towns, mainly outside FUAs, that are losing their social and economic functions. Urban-rural linkages are also connected with demographic trends in municipalities. Results from regression analysis on the determinants of population growth (or decline) in Polish municipalities confirmed that, in the last two decades, municipalities that are part of FUAs, namely in the commuting zones, have been more dynamic than both rural areas and cities, suggesting dispersion of population in FUAs as a driver for local growth. However, while core cities lost population, the time distance to them had a negative impact on population growth, highlighting the role of cities and urban areas as drivers for development. The evidence reinforces the rationale of improving urban-rural connections as direction for territorial policy and calls for a place-based approach to tackle territorial specificities, rather than a one-size-fits-all approach.

The analysis presented in this chapter has some limitations that should be noted. First, the research focused heavily on FUAs, which are home to almost 56% of the population and play pivotal roles in wider territorial and national development. As a result, municipalities outside FUAs have not received much attention, except as catchment areas of FUAs. Further analysis of municipalities outside FUAs may be valuable. Second, data constraints limited to the quantitative analysis of urban-rural linkages to commuting flows, which are a good proxy of functional relationships, but fail to capture environmental, social and other types of linkages. Additionally, the data used for analysing commuting, from official statistics, might underestimate the phenomenon. In general, collecting and analysing more granular data along a broader range of dimensions would provide a more complete picture of urban-rural linkages and their impacts on territorial well-being.

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Notes

[1] For a comprehensive review of the evolution of urban-rural relationships in the world, see, e.g. Westlund (2018[62]).

[2] Some territorial structures, such as metropolitan areas, are nested in policies and regulations.

[3] Within OECD countries, TL2 regions (or "large regions") represent the first administrative tier of subnational government. For European countries, this classification is largely consistent with the Eurostat NUTS 2016 (OECD, 2021[22]).

[4] Due to the lack of commuting data, FUAs have not been defined for Costa Rica, Israel, New Zealand, Turkey.

[5] The questionnaire was structured in three parts, covering 1) units of analysis, data and figures on socio-economic trends and features, urbanisation patterns, provision and accessibility of public services; 2) strengths and challenges of urban-rural linkages with reference to public services, economic linkages and environmental linkages; and 3) governance of urban-rural linkages: incentives, mechanisms and obstacles to inter-municipal coordination, provision of public services, and spatial and land use planning.

[6] The types of municipalities and urban and rural areas are classified according to a territorial division of the country using TERYT identifiers (Statistics Poland, 2022[38]). Previous OECD research provides an in-depth analysis of Polish local government units (OECD, 2021[30]).

[7] A city or a town is a locality endowed with a status (cities and towns in Poland are localities with city rights or city/town status granted by the relevant regulations), which depends on several criteria related to: spatial planning (e.g. suitable technical infrastructure, presence of a local spatial development plan, presence of specific urban attributes and of a distinct centre), historical and administrative reasons (e.g. presence of a number of public institutions with supra-local roles), demographic and employment characteristics (e.g. a minimum threshold of population and a minimum share of population working in non-agricultural activities), political support (e.g. the support of the majority of residents) (OECD, 2018, pp. 116-117[31]). The administrative status can vary over time: it is often the case that villages can acquire the status of town.

[8] This indicator is currently not available for other OECD countries.

[9] The correlation coefficient between FUA population and share of population in towns and semi-dense areas is 0.59.

[10] The data, from (Statistics Poland, 2019[46]), count commutes to work outside the municipality of residence, recording pairs of municipalities (place of residence/place of work) that have at least an average of 10 employees commuting each day. Commutes within municipal boundaries are not reflected in the data.

[11] Excluding Iceland, Korea and Japan.

[12] The correlation coefficients between FUA population (at year 2010, values in logarithms) and growth rate (2010-2020) is 0.48. The correlation between FUA size and growth rate keeps positive also when excluding Warszawa, but it is slightly lower, passing to 0.39.

[13] Katowice is specialised in industry linked to coal and metallurgy, and Łódź used to be a textile industry centre.

[14] Values expressed in purchasing power parity (PPP) terms, which equalise the purchasing power of different currencies by eliminating the differences in price levels between countries.

Annex 1.A. Estimating the effects of urban-rural linkages on municipal growth

The determinants of growth in municipalities in Poland have been estimated by using a model where economic growth is proxied by the demographic growth and it is explained by a series of factors related to the population, population density, demography, economic conditions, human capital, urbanisation and urban-rural linkages as follows:

$$growth = f(population\ size, population\ density, demographic, economic, human\ capital,$$
$$urbanisation\ and\ urban - rural\ linkages)$$

In the case of Polish municipalities, available data allow using *growth* of resident population. Population growth represents the most straightforward measure for the attractiveness of a location: this is confirmed in Poland also by the patterns of urbanisation and suburbanisation that characterised the country in the last decades. This is also consistent with the empirical literature on urban growth (Glaeser, Scheinkman and Shleifer, 1995[59]) and urban-rural linkages (Veneri and Ruiz, 2015[60]; Partridge et al., 2007[61]).

As for the explaining factors, *size* and *density* refer to the resident population and the population density at the initial years of the estimation. The demographic conditions have been measured by taking into account the shares of population below 14 year (*young*) and over 65 years (*elderly*), at the initial years of the estimations. Economic conditions at the municipal level have been identified by the unemployment rate (*unemployment*) at the initial years of the estimations and also by controlling for the cities that lost economic functions (*econ functions*), following the list provided by (Ministry of Development Funds and Regional Policy, n.d.[56]). Human capital has also been considered by using the share of population with a tertiary or a post-secondary educational degree at the initial years of the estimations (*human capital)*.

As for the variables more directly linked with urbanisation and urban-rural linkages, a first set of explanatory variables takes into account whether the municipality is a core city of an FUA (*core city*), a commuting zone (*commuting zone*) or a catchment area of an FUA (catchment area), with the boundaries assumed to be fixed over time. The Degree of Urbanisation (*degree of urbanisation*), with data referring to the year 2015, has also been taken into account, indicating whether a municipality is classified as rural. The road distance to the nearest urban core (*distance to core cities*), with data referring to the year 2015, has been taken into account as indicator of accessibility to urban services. The balance between in-commuters and out-commuters in municipalities (*commuting* balance), with data referring to the year 2016, has been considered as a measure of the direction of commuting linkages of the municipality, independently from being urban or rural.

The model has been estimated by linear regressions for the period 1995-2019 (Annex Table 1.A.1) and for the sub-periods 1995-2010 (Annex Table 1.A.2) and 2010-2019 (Annex Table 1.A.3), which allows it to account for structural changes.

Annex Table 1.A.1. Regression results: Municipal population growth, 1995-2019

	Coefficient.	Standard Error	t-value	p-value	95% Confidence Interval		Significance
Population size	-.027	.008	-3.22	.001	-.043	-.011	***
Population density	-.037	.006	-5.93	0	-.049	-.025	***
Share of population <14 years old	2.136	.219	9.75	0	1.706	2.565	***
Share of population > 65 years old	-2.157	.163	-13.20	0	-2.478	-1.837	***
Unemployment rate	-.94	.091	-10.36	0	-1.118	-.762	***
Economic functions	-.065	.019	-3.45	.001	-.103	-.028	***
Human capital	2.406	.172	14.01	0	2.069	2.743	***
Core city	-.165	.029	-5.59	0	-.223	-.107	***
Commuting zone	.144	.011	13.14	0	.122	.165	***
Catchment area	-.014	.009	-1.54	.124	-.032	.004	
Degree of Urbanisation (Rural)	.024	.014	1.76	.079	-.003	.051	*
Distance to core cities	-.001	0	-4.74	0	-.001	0	***
Commuting balance	0	0	4.13	0	0	0	***
Constant	.441	.141	3.13	.002	.164	.717	***
Mean dependent variable	0.011		SD dependent variable		0.231		
R-squared	0.399		Number of observations		2436		
F-test	123.940		Prob > F		0.000		
Akaike crit. (AIC)	-1436.563		Bayesian crit. (BIC)		-1355.389		

Note: *** p<0.01, ** p<0.05, * p<0.1.
Source: From data provided by Ministry of Development Funds and Regional Policy of Poland, data retrieved from Statistics Poland (2019[46]), *Employment-related Population Flows in 2016*, https://stat.gov.pl/obszary-tematyczne/rynek-pracy/opracowania/przeplywy-ludnosci-zwiazane-z-zatrudnieniem-w-2016-r-,20,1.html, OECD statistics and estimates.

Annex Table 1.A.2. Regression results: Municipal population growth, 1995-2010

	Coefficient.	Standard Error	t-value	p-value	95% Confidence Interval		Significance
Population size	-.024	.005	-4.91	0	-.033	-.014	***
Population density	-.021	.004	-5.95	0	-.028	-.014	***
Share of population <14 years old	1.48	.126	11.77	0	1.234	1.727	***
Share of population > 65 years old	-1.351	.094	-14.39	0	-1.535	-1.166	***
Unemployment rate	-.463	.052	-8.88	0	-.565	-.36	***
Economic functions	-.04	.011	-3.64	0	-.061	-.018	***
Human capital	1.64	.099	16.62	0	1.447	1.834	***
Core city	-.071	.017	-4.20	0	-.104	-.038	***
Commuting zone	.08	.006	12.80	0	.068	.093	***
Catchment area	-.008	.005	-1.51	.132	-.018	.002	
Degree of Urbanisation (Rural)	.011	.008	1.35	.178	-.005	.026	
Distance to core cities	0	0	-4.54	0	-.001	0	***
Commuting balance	0	0	2.81	.005	0	0	***
Constant	.27	.081	3.33	.001	.111	.428	***
Mean dependent variable	0.011		SD dependent variable		0.136		
R-squared	0.430		Number of observations		2436		
F-test	140.571		Prob > F		0.000		
Akaike crit. (AIC)	-4137.578		Bayesian crit. (BIC)		-4056.404		

Note: *** p<0.01, ** p<0.05, * p<0.1.
Source: From data provided by Ministry of Development Funds and Regional Policy, data retrieved from Statistics Poland (2019[46]), *Employment-related Population Flows in 2016*, https://stat.gov.pl/obszary-tematyczne/rynek-pracy/opracowania/przeplywy-ludnosci-zwiazane-z-zatrudnieniem-w-2016-r-,20,1.html, OECD statistics and estimates.

Annex Table 1.A.3. Regression results: municipal population growth, 2010-19

	Coefficient.	Standard Error	t-value	p-value	95% Confidence Interval		Significance
Population size	.014	.003	5.39	0	.009	.019	***
Population density	-.002	.002	-1.13	.26	-.006	.002	
Share of population <14 years old	1.161	.085	13.61	0	.994	1.328	***
Share of population > 65 years old	-.789	.061	-12.89	0	-.909	-.669	***
Unemployment rate	-.393	.03	-13.03	0	-.452	-.334	***
Economic functions	-.023	.006	-3.80	0	-.035	-.011	***
Human capital	.338	.055	6.16	0	.23	.445	***
Core city	-.079	.009	-8.39	0	-.097	-.06	***
Commuting zone	.037	.004	10.58	0	.03	.044	***
Catchment area	-.005	.003	-1.69	.091	-.011	.001	*
Degree of Urbanisation (Rural)	.017	.004	3.81	0	.008	.025	***
Distance to core cities	0	0	-4.76	0	0	0	***
Commuting balance	0	0	4.97	0	0	0	***
Constant	-.213	.043	-4.92	0	-.297	-.128	***
Mean dependent variable	-0.008		SD dependent variable		0.079		
R-squared	0.470		Number of observations		2442		
F-test	165.633		Prob > F		0.000		
Akaike crit. (AIC)	-7001.804		Bayesian crit. (BIC)		-6920.596		

Note: *** p<0.01, ** p<0.05, * p<0.1.

Source: Author's own elaboration from data provided by Ministry of Development Funds and Regional Policy of Poland, data retrieved from Statistics Poland (2019[46]), *Employment-related Population Flows in 2016*, https://stat.gov.pl/obszary-tematyczne/rynek-pracy/opracowania/przeplywy-ludnosci-zwiazane-z-zatrudnieniem-w-2016-r-,20,1.html, OECD statistics and estimates.

2 Making the most of urban-rural partnerships in Poland

This chapter explores the mechanisms and partnerships to make the most of urban-rural linkages, with a focus on improving sustainability and well-being in Poland. It begins with an overview of the relevance of urban-rural partnerships for regional well-being in Poland, then examines how the current national and subnational policy framework in Poland fosters urban-rural partnerships. The largest section examines how urban-rural partnerships can improve economic, social and environmental dimensions of well-being in Poland, with case studies from across the country as well as international examples. Recommendations are provided at the end for a more strategic approach to urban-rural partnerships in Poland.

Key messages

- Urban and rural municipalities can best address key challenges, such as demographic decline, by forming partnerships to actively manage existing linkages between them, attain economies of scale and unlock synergies between their respective strengths.
- Poland's policy frameworks already include several elements that could foster more urban-rural partnerships. The national regional development policy framework offers guidelines and strategic support to conduct inter-municipal co-operation, complemented by laws and regulations that allow for different kinds of associations. Ongoing updates of key policies, such as the National Urban Policy 2030, provide opportunities to further incentivise partnerships.
- EU policy instruments such as Integrated Territorial Investments (ITIs) and Community-Led Local Development (CLLD) are the main tools driving urban-rural partnerships. The funded projects are providing valuable experience and showing the benefits of co-operation. However, they are often narrowly focused on securing EU funds, hampering long-term co-operation. The administrative burdens can also be substantial, especially for smaller municipalities.
- Regional governments (voivodeships) play a strategic role in identifying functional links in their regional development strategies and encouraging a culture of co-operation among urban and rural municipalities. At the local level, counties (powiats) can undertake actions to reduce disparities between urban and rural municipalities and promote joint actions for the benefit of the region. Local development strategies also provide tools for inter-municipal co-ordination.
- Existing urban-rural partnerships in Poland cover a wide range of activities that promote well-being, and often involve businesses and non-governmental organisations. Relevant projects from existing partnerships supported by EU funds include transport, tourism and business attraction. Some partnerships have emerged from bottom-up initiatives, such as on waste and water management. There has been less mobilisation around building business capacity, labour market efficiency, education, housing, or the circular economy.
- Further actions are needed to ensure that policies and strategies at the national, regional and local levels incentivise and facilitate urban-rural partnerships. A key first step is gather and share better information on urban-rural linkages in Poland, as well as best practices from existing partnerships. National financial and institutional incentives are also needed to promote co-operation, including between FUAs and rural municipalities outside FUAs.
- To be effective, urban-rural partnerships in Poland should start by agreeing on a common goal and specifically identifying how the partnership can help attain it. Effective leadership can mobilise other municipalities to join and help establish a long-term vision. It is also crucial to build trust by ensuring that all voices are heard and planning for some quick wins. For long-term sustainability, it is crucial to plan for future trends, such as increased digitalisation. Partnerships should also be evaluated not only on their outputs, but also on their impact on well-being.

Introduction

Poland's urban and rural areas are linked together in many different ways: through commuting flows, the provision of services, shared natural resources, social and cultural connections and, increasingly, digital connections. As laid out in Chapter 1, Poland is highly suburbanised, with only 28% of people living in cities, compared with an OECD average of 50%. As of 2020, 55.8% of the population lived in Poland's 58 functional urban areas (FUAs) – urban cores and their commuting zones – but more than one-third of FUA residents live in municipalities that can be classified as towns and semi-dense areas or rural areas. A key

take-away of Chapter 1 was that Poland's polycentric structure offers untapped potential to use urban-rural linkages to foster inclusive, sustainable development across Poland, improving well-being across entire regions.

Urban and rural areas have complementary strengths, and they already benefit, at least to some extent, from existing linkages. Without active co-ordination and partnerships, however, beneficial interactions may not be sustained over time, and resources may not be used as efficiently as they could be. Moreover, while some municipalities are closely linked and interdependent, such as through commuting flows and exchanged services, and can identify and pursue common goals, others may only be loosely connected.

This chapter examines how urban-rural partnerships can be used to manage urban-rural linkages more effectively to achieve shared objectives, improve well-being, and ensure sustainable relationships. Urban-rural partnerships are formal mechanisms for co-operation, either for a single purpose (e.g. management of shared water resources), or across multiple sectors and initiatives (e.g. a package of economic policies), which can be linked to broader regional or local strategies (OECD, 2013[1]). A distinctive characteristic of partnerships is that stakeholders from both urban and rural places are directly involved in the process to define the common set of objectives.

Urban-rural partnerships start from existing linkages between urban and rural areas, but can reveal existing and potential complementarities that had not yet been recognised. This can enable the partners to achieve more together than they could have in isolation. In order to succeed, partnerships need a structure or organisation, which can take different forms – from new institutions, to more informal groupings. The actors involved can all be in the public or the private sector, or include a mix of public, private and other actors.

As discussed in Chapter 1, Poland faces several important challenges, including demographic decline, the impact of the COVID-19 pandemic, the need for a just transition to a decarbonised economy and, due to Russia's war on Ukraine, a massive influx of refugees which, by late May 2022, had effectively increased Poland's population by 10% (UNHCR, 2022[2]), straining cities in particular. Urban-rural partnerships can help municipalities develop joint solutions that reduce the cost of interventions and increase their impact. Some partnerships are already bringing benefits, but overall, across Poland, there is far less co-operation among subnational governments than there could be.

The chapter delves deeper into why it is important to move from urban-rural linkages to partnerships across Poland. Then, it then examines the role of national and subnational policy frameworks in fostering urban-rural partnerships – including gaps that need to be addressed. The chapter also analyses the strengths and challenges of existing urban-rural partnerships in Poland across economic, social and environmental dimensions. Finally, it concludes with recommendations for a more strategic approach to urban-rural partnerships in Poland.

From urban-rural linkages to partnerships in Poland

The analysis in Chapter 1 showed that Poland's population is more dispersed than in most OECD countries, andthat large numbers of workers commute into Polish cities not only from within the 58 FUAs, but also from surrounding areas that are overwhelmingly rural. Workers also commute within suburban areas and, to a small extent, into rural areas.

However, there are large differences in the attractiveness of FUAs to commuters. While 90% of larger FUAs have positive commuting balances, two-thirds of Poland's 37 FUAs with fewer than 250 000 residents have negative commuting balances. The Polish government has also identified 139 medium-sized cities, mainly outside of FUAs, that are losing their socio-economic functions (Ministry of Development Funds and Regional Policy, n.d.[3]). In 2018, Poland ranked fifth in the OECD for the level of income disparities across regions (OECD, 2021[4]).

Urban-rural partnerships can help reduce regional disparities and boost overall well-being. Promoting them could have broad benefits for Poland, as about 80% of the population lives either in an FUA or in an FUA catchment area. The large commuting flows across urban and rural areas and the many other interactions that already occur – such as the exchange or shared provision of services – provide a natural foundation for deeper and more organised co-operation that leverages the strengths of different municipalities.

Urban-rural partnerships are essential to help Polish communities grapple with major trends, such as climate change, digitalisation, globalisation, and the ageing and decline of the country's population. In an increasingly interconnected world, actions in isolation rarely succeed in overcoming structural challenges, as those challenges transcend administrative boundaries. Collaboration across territories is therefore crucial, in order to co-ordinate policy actions, achieve cost-effective solutions and help implement national and supranational development agendas. For example, accelerating the transition to a net-zero carbon economy is only possible through co-operation between the rural municipalities that have the bulk of natural resources and the urban municipalities process and consume a majority of those resources.

Partnerships can lead to greater income and well-being, so they can help local governments attain desirable futures (OECD, 2013[1]). In general, places where rural and urban areas are integrated, such as through good transport services, and where institutions are more cohesive, perform better than others in terms of population growth and gross domestic product (GDP) per capita. Urban and rural municipalities that co-ordinate their labour markets can improve the matching between labour supply and demand and create exchanges of information, which boost innovation processes and unlock new job opportunities.

In Poland, however, urban-rural partnerships are still a relatively new phenomenon, and their uptake remains slow. Jańczuk (2020[5]) analysed a sample of 147 municipalities (81 rural and 66 urban) in 2019 and found that collaborations or partnerships among them were not common. Less than half the municipalities surveyed shared tasks to avoid overlap or achieve efficiencies. Partnering with the private sector to provide public services was even rarer (just 8 out 147). Two-thirds of the municipalities that did report co-operating did so around transport and/or water and sewage management projects.

Similarly, a European Investment Bank study on infrastructure investment found that only 7 of 30 Polish municipalities surveyed (23%) co-ordinated their investment projects with neighbouring municipalities (compared with 37% on average in the EU), and only 17% co-ordinated with a network of municipalities – the smallest share among EU countries covered by the study (EIB, 2017[6]).

Nevertheless, many Polish counties and municipalities surveyed for this report already see urban-rural partnerships as key to boosting development and quality of life around a wide range of areas (Table 2.1). The most common reason to form urban-rural partnerships reported by local governments is to address specific problems through joint actions that help attain economies of scale and cost-effective solutions. Most common targets for co-operation are transport connectivity, provision of high-quality services, increasing attractiveness for tourism and business, and managing environmental amenities.

Table 2.1. Targets of urban-rural partnerships for selected local governments in Poland

Dimension of well-being	Key purpose of co-operation and examples of interdependencies	Local-governments that mentioned the topic as important
Economic development	Tourism	Jelenia Góra, Zamość,
	Functional transport infrastructure	Lublin, Bydgoszcz, Wrocław, Wałbrzych Agglomeration, Nakielski county
	Food production and consumption	Zamość,
	Entrepreneurship and the labour market	Bydgoszcz, Wrocław
	Boost regional attractiveness and reduce territorial inequalities	Zamość, Grudziadz, Lublin

Dimension of well-being	Key purpose of co-operation and examples of interdependencies	Local-governments that mentioned the topic as important
Service provision and social dimension	Social assistance and exclusion	Grudziadz- Kujawsko-Pomorskie voivodeship
	Culture (support for cultural institutions and strengthening the offer of activities)	Zamość, Grudziadz
	Education (support for pre-school, general and vocational education)	Wrocław, Wałbrzych Agglomeration, Nakielski county, Wałbrzych agglomeration
	Health care provision	Grudziadz
Environmental management	Spatial planning to manage urban sprawl	Wałbrzych Agglomeration, Lublin, Bydgoszcz, Wrocław
	Environmental protection	Wrocław, Wałbrzych agglomeration, Nakielski county.
	Waste and water management	Wrocław, Wałbrzych agglomeration, Nakielski county, Bydgoszcz

Note: Based on interviews with Jelenia Góra agglomeration, Lublin, Bydgoszcz Functional Area, Zamość, Grudziądz Functional Area, Wrocław, Wałbrzych agglomeration, Nakło country.
Source: Answers from Poland to the OECD questionnaire on urban-rural linkages.

Some expected benefits from urban-rural partnerships identified during OECD interviews and questionnaires to local governments in Poland include:

- Increasing growth opportunities thanks to better co-ordination among economic agents and efficiencies from a greater scale.
- Enhancing well-being of local communities thanks to better access to quality services.
- Improving regional governance and social cohesion.
- Building regional resilience.
- Boosting access to national and international funding.

Moving away from an isolated territorial policy approach – one that pursues urban or rural policies without taking into account interlinkages – is not an easy task. In Poland, as in other OECD countries, it requires political will, a clear framework for action, and time, human and financial resources. This, in turn, is only possible if local stakeholders understand the benefits of co-operation. Local actors in Poland can benefit from the fact that urban-rural partnerships are drawing growing attention on global agendas and from international organisations and governments at different levels (Box 2.1). The insights and guidance that they are generating can facilitate the development of urban-rural partnerships in Poland.

Box 2.1. Urban-rural partnerships on global agendas

Both the 2030 Agenda for Sustainable Development and the United Nations' New Urban Agenda (NUA) highlighted the importance of enhanced synergies between urban and rural communities to attain the Sustainable Development Goals. SDG 11, "Sustainable Cities and Communities", emphasises the relevance of the National Urban Policies and Regional Development Plans to achieve positive economic, social, and environmental links between urban, peri-urban, and rural areas.

UN-Habitat has also produced 10 Guiding Principles for Urban-Rural Linkages to guide governments in building an enabling environment for more inclusive and functional urban-rural partnerships. Many countries have also recognised the relevance of this area for development. A survey of 64 countries found that 54 had paid extensive or moderate attention in their National Urban Policies to the theme Recognise urban-rural interdependency and promote connectivity between urban and rural areas".

Source: UN-Habitat (2019[7]), *Urban-Rural Linkages: Guiding Principles*, https://unhabitat.org/sites/default/files/2020/03/url-gp-1.pdf; OECD/UN-Habitat/UNOPS (2021[8]), *Global State of National Urban Policy 2021: Achieving Sustainable Development Goals and Delivering Climate Action*, https://dx.doi.org/10.1787/96eee083-en.

How national and subnational policy frameworks can foster urban-rural partnerships

Urban-rural partnerships are likelier to happen – and to be successful – if they are incentivised and supported by national and regional policy frameworks. Across the European Union, supranational policies and incentives play a major role in shaping regional development policies (OECD, 2018[9]). That is true in Poland as well, where a combination of strategic documents at the EU, national, regional (voivodeship) and municipal levels guides the implementation of development plans. This means that there are four entry points for incentivising urban-rural partnerships: i) supranational (EU) policies, ii) national urban and rural strategies, iii) regional development plans and iv) municipal development plans.

Europe and Poland's regional policy frameworks both envision integrated regional development that goes beyond the urban-rural dichotomy and favours a functional approach to investment and development. This means recognising that communities across the urban-rural continuum are interlinked, each playing different, complementary roles: residential, employment hubs, public service hubs, food producers, providers of environmental services, recreational areas, etc. Both EU and national policies also include targeted support to mobilise local assets and boost growth in lagging regions or marginalised areas.

Urban-rural partnerships in Poland have mainly been triggered by the EU Cohesion Policy 2014-2020 and its place-based approach. As discussed further in Chapter 3, this EU policy – particularly its implementing instruments, such as the Integrated Territorial Investments (ITIs) and Community-Led Local Development (CLLD) – is recognised as the strongest driver of integrated planning and management in Poland's FUAs. It has also led to joint projects across urban and rural municipalities in Poland. ITIs have played a particularly large role due, because they offer important financial support to joint projects.

Poland's policy framework recognises the importance of inter-municipal co-operation

Poland's national policy framework on regional development recognises local co-operation as a necessary mechanism to implement and achieve national policy objectives, though it does not explicitly mention urban-rural partnerships. All the key national policies in Poland that support regional development include a goal on local co-operation or integrated local development to mobilise development strategies. Moreover, most of these policies identify horizontal co-operation among local actors (e.g. local self-governments and associations) as a relevant action to improve efficiency and achieve economies of scale, as well as to improve the performance of public services (Table 2.2).

Table 2.2. How key strategies on regional development in Poland address urban-rural partnerships

Strategy	Lead ministry	Description and objective	Urban-rural partnerships in strategy	Support provided (selected)
Strategy for Responsible Development for the period up to 2020 (including the perspective up to 2030)	Ministry of Funds and Regional Development	Sets basic conditions, objectives and directions for development in social, economic, environmental and spatial terms. Main objective: To create conditions for boosting Polish citizens' incomes and increase cohesion in the social, economic, environmental and territorial dimensions.	• Supports development through integrated sets of interventions financed from public and private sources, appropriately tailored to individual territories. • Sets a special role for local authorities to lead development processes, with co-operation as a vital axis. • Outlines a package for medium-sized cities losing economic functions, focused on improving functional economic linkages.	• Enhancing competences of the administration of the local government • Enhancing the effectiveness of public fund spending • Creating social capital and a feeling of ownership for the development of each territory • Regional Social Dialogue Councils

Strategy	Lead ministry	Description and objective	Urban-rural partnerships in strategy	Support provided (selected)
National Regional Development Strategy (NRDS) 2030*	Ministry of Development Funds and Regional Policy	Main document shaping regional policy in Poland until 2030, identifying regional development challenges, policy objectives and actions. Main goal: To promote effective use of territories' endogenous potential and specialisations to achieve sustainable development.	• Emphasizes the importance of better co-ordination of projects implemented in urban centres and areas functionally related to them. • Sets urban-rural municipal co-operation as a tool to strengthen regional competitive advantages. • Defines urban-rural municipal co-operation as instrumental to improving the quality of management and implementation of regionally oriented policies. • Indicates the need to support functional connections between small towns and rural municipalities as local growth centres.	• Supporting functional connections through integrated infrastructure projects • Supporting the development and modernisation of information and communication technology (ICT) infrastructure • Strengthening co-operation and integrated approach to development at the local, regional and supraregional levels • Building capacity of local governments to implement policies and embrace co-operation (e.g. the Advisory Support Centre)
National Urban Policy 2030**	Ministry of Development Funds and Regional Policy	Lays out actions to address development challenges in cities and functional urban areas and strengthen capacities for sustainable development and quality-of-life improvements.	• Defines the need for urban areas to unlock the benefits of co-operation with neighbouring and functionally related municipalities. • Adopts an integrated territorial approach, where urban policy affects cities with county rights, urban municipalities, and the urban-rural and rural municipalities that interact with them. • Designs optimal mechanisms of co-operation between and within local governments in urban functional areas.	• Introduction of flexible mechanisms of co-operation within FUAs, following basic principles (e.g. voluntary co-operation) • Disseminate existing instruments of supralocal co-operation. • Strengthen the co-ordinating role of voivodeship self-governments and the competences of regional assemblies and voivodeship boards • Develop systematic regulation of metropolitan areas (including rules for creating a metropolitan area)
Strategy for Sustainable Development of Rural Areas, Agriculture and Fisheries 2030	Ministry of Agriculture and Rural Development	The basic document shaping agricultural policy and rural development	• One of the objectives until 2030 is the dynamic development of rural areas in co-operation with cities, which will result in stable and balanced economic growth. • Sets community-led local development as an important tool for increasing social capital • Emphasizes the need for co-operation among local governments when planning and implementing investment projects, as well as territorial co-operation and integrated planning.	• Adapting agro-food products to changing consumption patterns, including those in urban areas. • Promoting of community-led local development as an instrument for co-operation. • Supporting capacity-building of local governments.

Note:
* A new National Strategic Framework until 2050 is under development, and no documents by the present government refer to the 2030 strategy.
** This policy will replace the National Urban Policy 2023; information was obtained from a draft provided by the Ministry of Funds and Regional Policy.

The different national development strategies adopt an integrated approach for regional development that recognises the relevance of inter-municipal collaboration as a means to attaining greater well-being. In line with the OECD Principles on Urban and Rural Policy, Poland's national policy framework recognises the need to leverage the spatial continuity and functional relationships between rural and urban areas to adapt public investment and programme design. These sets of policies have a number of factors that could facilitate the formation of urban-rural partnerships.

National policies also recognise the value of co-operation at the local level. For example, principle 3 of the the Strategy for Responsible Development for the period up to 2020 was "Poland's strength to be based on co-operation" – among government entities, with businesses, as well as with citizens (Ministry of Development Funds and Regional Policy, 2017[10]). Poland's government has also recognised the relevance of co-operation for improving the management capacities of local governments. For instance, the National Regional Development Strategy 2030 emphasised local co-operation for that purpose, as well as for implementing regionally oriented policies. This policy called for taking into account the functional links across administrative boundaries of local governments in planning processes and improving instruments that enable the policy territorialisation to support an efficient policy management in local governments.

The Strategy for Sustainable Rural Development, Agriculture and Fisheries 2030, meanwhile, aims to foster stable and balanced economic growth by, among other things, promoting dynamic development of rural areas in co-operation with cities.

The proposed National Urban Policy 2030, set to be published in 2022, calling for an integrated territorial approach (Box 2.2). It stresses the relevance of inter-municipal co-ordination as a necessary condition to increase development potential, build competitive advantages and minimise costs through economies of scale and a more efficient use of available resources (Ministry of Development Funds and Regional Policy, 2022[11]).

The new urban policy also find that lack of co-operation within FUAs hinders the ability to deal with development issues. This problem is partly due to local governments' limited experience with intergovernmental co-operation. Legal instruments to support such co-operation are also weak, and there is little trust both in social relations and between citizens and public institutions. The policy further notes that lack of clarity on systems for co-operation within FUAs, even with regard to the implementation of the ITIs, is another barrier.

The National Urban Policy 2030 proposes four solutions to address those issues: First, leveraging the co-ordinating role of regional governments and regional assemblies to raise awareness among local governments. Second, creating systemic solutions for areas requiring close co-operation, in particular metropolitan areas – for example, with a statutory systemic regulation for metropolitan area. Third, developing legal solutions adjusted to the specifics of smaller urban areas, outside metropolitan areas. Fourth, clarifying the role of the county in creating joint development strategies.

Box 2.2. The updated National Urban Policy 2030

Poland has drafted a new National Urban Policy to guide sectoral policies related to cities and their functional areas, integrating actions across different levels of government. It lays out a vision for Polish cities with six traits, which can be summarised as:

- **Compact:** Striving for urban areas to be structurally compact, developed sustainably and responsibly, with rational use of space and other available resources.
- **Green:** Mitigating and adapting to climate change and restoring ecosystems in and around urban areas.

- **Productive:** Building a diversified economy that provides residents with jobs, creating a solid investment basis for sustainable urban development.
- **Smart:** Using digital technologies to strengthen relations between urban area managers, residents and entrepreneurs in order to effectively manage urban development.
- **Accessible:** Guaranteeing equal opportunities to all residents and their full participation in the life of the community and in access to public services, regardless of the size and location in the settlement structure.
- **City**: Ensuring that cities are well managed and use their own resources effectively, while fostering co-operation among all participants in urban development processes (partnership co-operation between institutions, social and economic organisations, residents, etc. – not only within cities, but also across FUAs).

Co-operation and partnerships are seen as key to effective and efficient urban operations. Working in partnership gives a greater chance of success in achieving development goals. Partnerships can be created in various configurations, including different levels of government, non-governmental organisations, and a variety of private, social and economic partners. The policy also emphasises the benefits of co-operation with surrounding municipalities (neighbouring and functionally related) to increase the overall competitiveness of urban areas.

Source: Ministry of Development Funds and Regional Policy (2022[12]), "Draft proposal of the National Urban Policy of Poland 2030".

Poland's policy framework also acknowledges that co-operation outside large FUAs is the area that requires more attention. The Strategy for Responsible Development (SRD) highlights that deficits in supporting development policies through the involvement of various public and private actors *"are revealed both at the national and local level, but are especially present in rural areas and small towns"* (Ministry of Development Funds and Regional Policy, 2017[10]). This deficit is associated with several factors, including limited budgets that are largely dependent on EU funds, insufficient complementarity across policies, low social participation in the creation of a strategic vision, as well as shortages of specialised staff. Improving co-operation in these areas is particularly needed to revitalise the areas at risk of marginalisation, which are of particular importance among the actions for the rural development and small cities.

The different national policies propose a number of actions to promote inter-municipal co-operation, which could lead to urban-rural partnerships. The SDR highlights the need to reinforce co-ordination mechanisms between levels of government to foster inter-municipal partnerships, through, for instance, territorial contracts, Regional Social Dialogue Councils, or a Joint Committee of National Government and Local Self-Government. The NSDR promotes the inclusion of local governments' in decision-making processes at the regional level as a way to foster co-operation. It also proposes the use of an advisory project to support local governments' in implementing their tasks (e.g. the Advisory Support Centre), as well as the revision of the municipal tasks to adjust responsibilities for income generation.

Overall, these policies include several points that are aligned with the OECD framework:

- Clear identification of the potential of inter-municipal co-operation for national goals and different dimensions of well-being, including greater economies of scale, efficiency in service delivery and environmental management.
- Identification of factors that hinder inter-municipal co-operation, including financial incentives, human and organisational capacity, and lack of complementarities among local strategies.
- Recognition of the relevance of partnerships for efficient interdependencies within FUAs.

Institutional and organisational barriers still hinder urban-rural partnerships.

National strategies related to regional development refer to municipal co-operation in general terms, without explicitly mentioning urban-rural partnerships. A clearer recognition of the barriers to and benefits of unlocking synergies between urban and rural areas could promote more co-operation and help solve regional challenges.

Moreover, Poland's regional policy framework does not map or identify urban-rural linkages at the local level across the different dimensions of well-being (economic, social and environmental). National policies related to regional development have scope to improve the understanding of urban-rural linkages across the country. Identifying urban-rural linkages and how municipalities complement one another can help adapt support policies to mobilise partnerships. The main indicator of functionality remains commuting flows, but other interactions are less explored (e.g. business interactions, management of natural resources). On top of this, linkages among FUAs and municipalities within their catchment area seem under-explored. A better identification of the interactions of these municipalities with functional areas can lead to potential partnerships – for instance, in service delivery or environmental management.

Other OECD countries, such as Spain, have explicitly set urban-rural partnerships as one of the main guiding objectives to attain national goals (Box 2.3). Japan explicitly identifies urban-rural linkages as a tool to achieve the objectives of its national environmental plan (Mitra et al., 2021[13]).

Box 2.3. Rural-urban partnerships an objective in the Spain's Recovery, Transformation and Resilience national strategy

Spain's Recovery, Transformation and Resilience national strategy, designed to guide the recovery from COVID-19 and address demographic challenges over the period 2021-2023, includes strengthening urban-rural linkages as one of its five main objectives. It sees those linkages as key to improving territorial cohesion and includes several relevant actions.

For example, in the strategic axis number 6 "Promotion of entrepreneurship and business activity", action 6.5 seeks to support investors located in peripheral areas, both private and public, and through a small but strategic participation that provides them knowledge of the ecosystem. The overall objective is to take advantage of nearby agglomeration economies to help attract venture capital, as a necessary element for the creation and growth of business in both urban and rural areas.

Source: MITECO (2021[14]), *Plan de Recuperación: 130 Medidas frente al reto demográfico*, www.miteco.gob.es/es/reto-demografico/temas/medidas-reto-demografico/plan_recuperacion_130_medidas_tcm30-524369.pdf.

Turkey has sought to better identify and understand urban-rural linkages. The 2021 project "Linkages of Rural and Urban Economies in Turkey" aimed to develop a conceptual framework on rural-urban linkages to facilitate identification and incentives to move from urban-rural interactions to partnerships (Box 2.4). Poland, too, could benefit from a deeper understanding of urban-rural linkages. A key need in this regard is to produce better data at the appropriate spatial level to map different urban-rural dynamics and the extent of their interdependencies. Presenting a country map of urban-rural linkages can also help increase awareness of territorial opportunities and the potential benefits of co-operation.

Box 2.4. Urban-rural partnerships framework in Turkey's national development policy

Turkey's Sustainable and Integrated Development strategy recognises that the lines between rural and urban areas are increasingly blurred due to the effects of globalisation. The demography, labour market, goods and services markets, public services, and environmental externalities of rural and urban areas reveal mutual dependencies. The strategy considers those linkages from the perspective of geography or functional region, independent of administrative boundaries. It envisages development that starts by recognising the interdependence of rural and urban areas and moves towards partnerships and, ultimately, rural-urban integration.

Along these lines, Turkey's Urban and Rural Settlement Systems Research Project revealed an important finding when the structure of integrated rural service centres is evaluated together with the structure of integrated urban service centres. In areas where there is a high degree of agglomeration of urban settlements, there are also numerous rural settlements. In other words, strong urban systems are usually supported by strong rural systems, and vice-versa. In terms of settlements, this indicates that rural and urban areas are not rivals or alternatives to each other, but rather complement each other.

The project identified five main categories of interactions: demography (commuting); economy (labour, goods and service markets); delivery of public services; access to natural resources and environmental externalities (climate change, landscape, etc.), and governance (multilevel).

Good governance means promoting rural and urban development by bringing together different actors, such as central, provincial and local governments, regional institutions, civil society organisations and the private sector. Instead of focusing only on cities, this aspect requires accepting that all settlements have potential, without distinguishing between villages, towns, districts and such.

Source: Information provided by the delegate of the government of Turkey to the OECD Working Party on Rural Policy.

At the same time, Poland would benefit from delving deeper into the barriers to co-operation (see also Chapter 3). In response to an OECD questionnaire for this report, some local policy makers in Poland said that meeting administrative standards imposes high transaction costs on partnerships. Lack of trust among municipalities has been identified as a particular obstacle to co-operation in Poland (Potkanski, 2016[15]), especially between small rural governments and cities. With little history of co-operation, rural governments tend to fear being dominated by city governments, which have greater staff capacity, resources and political weight. As noted, this is an issue recognised by the proposed new National Urban Policy 2030.

Given the growing depopulation trend in Poland, it is understandable that competition among municipalities to attract or retain people also becomes an obstacle when entering into partnerships that might encourage greater commuting and sharing provision of key public services. The national government thus needs to actively focus on building trust. The experience of other OECD countries, such as Portugal and Austria, indicates that promoting partnerships among municipalities of different capacities (rural and urban) can itself help build a culture of co-operation and trust (OECD, 2013[1]).

Other strategies to build trust include (OECD, 2013[1]):

- Developing formal spaces for dialogue to agree on short term win-win strategies that show the benefits of partnerships.
- Building partnership structures with equal voice and vote among all partners, regardless of size and financial capacity. For example, partnerships in the Metropolitan Region of Nuremberg, Germany, and Geelong, Australia, implemented "one voice, one vote" schemes, giving each

municipality an equal vote, no matter what its contribution. While most of the funding was provided by the core city, the scheme helped allay other partners' concerns.

- Promoting a local leader (e.g. a local government or agency) to focus on building trust and co-operation. For example, in Metropolitan Region of Nuremberg, Germany, the leader leveraged relationships to persuade municipalities to join the partnership (Box 2.5).

Box 2.5. Building trust for urban-rural partnerships: the case of the Metropolitan Region of Nuremberg, Germany

The Nuremberg Metropolitan Region (NRM) covers a wide territory that includes urban and rural areas located in different labour markets, but with common functions. The main challenges of the region have been demographic decline and the need to retain young and skilled workers after educating them.

The partnership in the NRM is a voluntary municipal alliance legally defined as a "statutory body sui generis under public law". It was formally set up in 2005 under an agreement between 60 politicians and various stakeholders. It grew out of a combination of top-down (the "Supra-Regional Partnership" project, a national initiative for urban-rural co-operation) and bottom-up processes (the Lord Mayor of Nuremberg's vision of fighting the pressures of globalisation through more structured, formal co-operation efforts).

A big challenge was the low level of trust among municipalities. Three factors helped to overcome this:

- **Top-down support:** The Federal Ministry of Transport, Building and Urban Affairs launched a three-year pilot project on spatial development through the Demonstration Projects of Spatial Planning (MORO) initiative to engage urban and rural areas in project-oriented co-operation.
- **Leadership:** The Lord Mayor of Nuremberg sought to capitalise on the local clusters to build a region better equipped to compete in a globalised economy, in both the domestic and international markets. He helped create a common vision of fighting the pressures of globalisation through more structured, formal co-operation efforts. Shared identity in response to globalisation was the essence of the approach to the partnership.
- **The principle of "one voice, one vote":** The partnership agreed that all members would have equal standing, regardless of population size or economic strength. This principle helped build trust and overcome partners' suspicions of the big city.

Source: OECD (2013[1]), *Rural-Urban Partnerships: An Integrated Approach to Economic Development*, https://dx.doi.org/10.1787/9789264204812-en.

Polish national strategies related to regional development could also do more to improve municipal staff capacity to enter into local partnerships – need that most already recognise. Organisational and advisory incentives across the different policies need to be aligned to support capacity-building and networking across urban and rural municipalities. For example, the strategic project Advisory Support Centre (Centrum Wsparcia Doradczego), implemented by the Ministry of Funds and Regional Policy, could aim to increase awareness among local decision-makers of the benefits of urban-rural partnerships and support interactions to better co-ordinate service delivery. A project called Advisory Support Centre Plus aims to expand the geographic coverage (e.g. additional municipalities) to deliver capacity-building support.

While EU funds has triggered different partnership around the country and thus revealed the potential of local co-operation, high reliance on these funds can undermine the formation of future partnerships. Currently, European programmes and funds are the main source of founding and incentive for urban-rural partnerships, in particular ITIs and CLLD. But these funds promote partnerships to only those regions

eligible for the funds, and currently mostly focus in partnerships within FUAs. As Chapter 3 will explain, the government of Poland could develop additional financial incentives for urban-rural partnerships, and thus complement EU support programmes. Financial incentives from the government could focus in those areas that do not access EU funds, for example partnerships between small and medium size functional urban areas and rural areas outside of FUAs and promote co-operation on strategic or priority areas to accelerate development.

Looking beyond the boundaries of FUAs

Poland's development policy framework does not fully recognise the potential for partnerships among municipalities outside FUAs. The SRD does mention the importance of collaboration across municipalities outside FUAs – for example, by linking rural areas to the highway network – but it does not explicitly recognise the potential benefits of partnerships among such municipalities.

The identification of the potential of these partnerships is relevant to provide the right support or eliminate barriers. Even if municipalities are not physically close to one another, digitalisation may connect them. Strengthening partnerships outside FUAs could help regions mobilise the workforce potential of catchment areas, for example, and thus increase their attractiveness. It can also support marginalised areas or rural municipalities to benefit from economic opportunities from overall regional attractiveness (e.g. increased demand of agricultural products or tourism) and access health or education.

The SRD in the next programming period 2021-2027 will increase the focus on providing municipalities outside FUAs with the basic conditions to increase attractiveness and ensure well-being. The Ministry of Funds and Regional Development should benefit from this updating process to improve the identification of linkages among these two types of municipalities and include a clear mechanism to promote urban-rural partnerships with municipalities outside FUAs.

Incentivising local partnerships

Co-operation culture and incentives for urban-rural collaboration can also come from a better integration of national urban and rural policies in Poland. The Strategy for Sustainable Rural Development, Agriculture and Fisheries 2030 and the forthcoming National Urban Policy 2030 could build further complementarities by developing common or integrated goals and strategies. This can also help reduce the fragmentation of policy responsibilities that emerges when different ministries deal with specific competences for urban and rural areas – such as spatial planning and public transport on the urban side, and agriculture and natural parks on the rural side (OECD, 2013[1]).

The updated NUP is a unique opportunity to reinforce the role of urban-rural partnerships in territorial development, by clearly identifying common projects along with the Strategy for Sustainable Rural Development, Agriculture and Fisheries 2030. Together, the two strategies can promote collaboration between the respective ministries to set joint objectives and implementation mechanisms that support the development of rural areas within FUAs and around them.

Digitalisation to unlock new partnerships

Finally, Polish national policies can also increase the promotion of ICT to encourage greater integration between urban and rural areas – especially remote ones – through better access to services, jobs and amenities. The COVID-19 pandemic has accelerated the adoption of digitalisation to work and access services. This aspect opens up new possibilities for collaboration among rural and urban municipalities, which includes working remotely from rural areas and rural residents virtually accessing education or health services provided by cities. This has the potential to revitalise rural economies and improving quality of life in rural municipalities that suffer from low access to services (OECD, 2020[16]).

Virtual interlinkages among rural and urban communities and economies are a recent phenomenon that still receives little attention in Poland's policy framework, as in many OECD countries that are adapting to this new trend. The updating process of national development strategies in Poland can further explore mechanisms to promote remote working in marginalised areas or rural municipalities, as well as incentivise virtual access to services for rural population. For example, national policies could provide special support to facilitate partnerships where rural municipalities can provide places for remote working to private and public employees. The rural national rural policy of Ireland offers a good example to integrate incentives to remote working in national strategies (Box 2.6).

Box 2.6. Our Rural Future – Ireland's rural development plan 2021-2025

Our Rural Future represents the Irish Government's blueprint for COVID-19 recovery and development of rural areas over the next five years. Its stated objectives are optimising digital connectivity; supporting employment and careers in rural areas; revitalising rural towns and villages through enhanced participation, public services and resilience; and fostering the transition to a climate-neutral society.

The plan places particular importance on telework, noting that it has contributed to reducing transport emissions, provided a boost for small local businesses across the country, and offered possibilities for young people to build a career without leaving their communities, regardless of where their employer is based. Planned actions specifically related to telework include:

- Invest significantly in digital infrastructure to provide an opportunity for people to pursue their career ambitions while continuing to live in rural communities.
- Provide financial support to local authorities to bring vacant properties in town centres back into use as teleworking hubs and develop an integrated network of over 400 teleworking facilities throughout the country, with shared back-office services and a single booking platform.
- Pilot co-working and hot-desking hubs for civil servants in a number of regional towns, and move to 20% home or teleworking in the public sector in 2021, with further annual increases over the lifetime of this policy.
- Examine the potential to introduce specific incentives to encourage teleworkers to relocate to rural towns and provide funding to local authorities to run innovative marketing campaigns targeted at attracting teleworkers and mobile talent to their county.

Source: OECD (2021[17]), "The future of remote work: Opportunities and policy options for Trentino", https://dx.doi.org/10.1787/35f78ced-en.

Subnational development strategies recognise the relevance of inter-municipal co-operation and can further support urban-rural partnerships.

A combination of strategic development documents at the regional and local levels operationalise national strategies for development in Poland (OECD, 2021[4]). Poland's different levels of subnational government – regions, counties and municipalities – set strategies that are aligned vertically and with the principles and goals of the national policy framework. Some policy strategies require actions across all three levels of subnational government, including socio-economic development strategy, a long-term investment programme, a waste management plan, and an environment protection plan (OECD, 2021[4])

Polish subnational governments have a number of key responsibilities that they can deliver individually or jointly (Table 2.3). Regions (voivodeships) play a more strategic role and are in charge of important regional dimensions for well-being, including regional transport, environmental management, labour

market policies and more specialised health services and post-secondary schools, among others. Since 2007, regions have been fully responsible for a big share of European cohesion funds (25%).

At the intermediate level, counties (powiats) are responsible for some specific local issues, including secondary education, social welfare, economic activity and job creation. under the Self-Government Act of 1990, municipalities are responsible for ensuring the well-being of their communities and are in charge of spatial planning, infrastructure development, utilities, municipal housing, social services, education, transport, environmental protection, basic health care, recreation and culture.

Table 2.3. Responsibilities of subnational governments in Poland by sector

Sector	Regions	Counties	Municipalities
General public services	Internal administration, management of EU funds	Administrative services	Internal administration, real estate management, civil registration status, support and disseminate the idea of self-government; promotion of the municipality; co-operation with local and regional communities of other states
Public order and safety	Defence, public order	Civil protection, flood and fire protection	Public order and security, emergency responses
Economic affairs and transport	Regional economic development, employment and labour market policy, regional roads, public transport including regional rail transport, consumer rights protection	Economic development, job creation (employment offices), county roads (maintenance and construction)	Local roads (maintenance and construction), local public transport, telecommunications
Environmental protection	Environmental protection, waste management	Environmental protection	Zoning and local environmental protection, waste management, sewage, landfills
Housing and community amenities	Spatial development, water management, land improvement, hydropower facilities, modernisation of rural areas	No relevant role	Spatial planning, water supply, public areas (including cemeteries), electricity, gas and heat supply, housing
Health	Health promotion, regional hospitals (specialised services, secondary referral level hospitals), medical emergency and ambulance services	Health promotion, county hospitals (first referral level hospitals)	Health promotion, primary health care services
Recreation, culture and religion	Regional cultural institutions	Sports and tourism, support to cultural institutions	Market places, municipal libraries, support to cultural institutions, monument protection, promotion of sports
Education	Some secondary schools and vocational schools, post-secondary schools, teacher training colleges	Secondary education	Pre-primary and primary education
Social protection	Regional social policy centres, social welfare and family policy, social exclusion, disabled, childcare, elderly care	Social welfare (beyond territorial municipal boundaries), support to the disabled through county family centres.	Social services, including family benefits through municipal social assistance centres

Source: OECD/UCLG (2019[18]), *2019 Report World Observatory on Subnational Government Finance and Investment: Key Findings*, www.sng-wofi.org/publications/2019_SNG-WOFI_REPORT_Key_Findings.pdf.

The key role of regional governments

The Regional Development Strategies (RDS) created by regional governments identify the mission, development vision and strategic objectives for the development of the region, closely following the objectives and goals set by national regional policies. They also identify the functional areas in the region and thus the areas for strategic interventions.

These strategies recognise the relevance of local partnerships and networks. Some acknowledge the relevance of co-operation as a goal in itself to attain greater development in the region and as tool for sustainable implementation. For example, the Regional Development Strategy of the Lubelskie Voivodeship emphasises that multi-level co-operation is important for building lasting partnerships with regional impact (Box 2.7). Some RDS also see intraregional co-operation as a way to better distribute wealth across the region and reduce differences between the areas of dynamic development and those with less favourable conditions (e.g. the Regional Development Strategy of the Lubelskie Voivodeship 2030 and the 2020 Regional Development Strategy of Dolnośląskie Voivodeship). Podlaskie Voivodeship's RDS includes the aim to become a partnership-based region, to make "better use of existing and often dispersed resources through co-operation" (Podlaskie Voivodeship, 2020[19]).

Box 2.7. Lubelskie Voivodeship's approach to promoting urban-rural partnerships

One of the four objectives of the Lubelskie Voivodeship's 2014-2020 Regional Development Strategy was to promote the functional, spatial social and cultural integration for the region. To this end, the strategy aimed to:

- Design educational programmes on the region's history and traditions.
- Support joint economic, social, educational and cultural projects by local communities.
- Develop joint touristic routes.
- Establish a regional territorial forum.

Through these actions, the region expected to create a stronger sense of regional community, stimulate social activity, improve local government operations, and foster co-operation, thus improving well-being.

The strategy also identifies six guiding principles, two of which relate to co-operation and partnerships:

- **Multi-level governance and integrated projects** – aiming to undertake co-ordinated activities and pro-development investment projects among various entities and funded from various sources to ensure complementarity and greater benefits for the region.
- **Partnerships and co-operation** – aiming to promote close co-operation between public institutions and other entities in charge of implementing the strategy, in order to unlock the endogenous resources of the region.

A system of support for urban-rural partnerships was built in the financial perspective 2014–2020 based on territorial instruments, ITIs (voivodeship centre, the Lublin Functional Area) and the Strategic Territorial Investments, or SITs (four subregional centres of Puławy, Chełm, Biała Podlaska and Zamość). Based on these instruments, partnerships of territorial self-government units and functionally related areas (a city and self-governments within its influence) implemented joint projects combining measures financed from the European Regional Development Fund and the European Social Fund.

As part of the update of the Regional Development of the Lubelskie Voivodeship (SDLP) to 2030, a multi-criteria analysis was conducted to develop a proposal for the delimitation of Functional Urban Areas (FUAs). As a result, 17 FUAs were created (the FUA of the voivodeship centre Lublin Metropolitan Area, FUAs of subregional centres and UFAs of local centres). The FUAs indicated in the

SDLP will open up opportunities for partnerships in developing supralocal strategies and, as a result, for using the ITI.

Source: Lubelskie Voivodeship (n.d.[20]), *Information for Foreigners on the website of the Lubelskie Province Governor's Office in Lublin*, www.lublin.uw.gov.pl/information-foreigners-website-lubelskie-province-governor%E2%80%99s-office-lublin; EURE (2020[21]), "Lubelskie works on a regional development strategy", https://projects2014-2020.interregeurope.eu/eure/news/news-article/9045/lubelskie-works-on-a-regional-development-strategy/; Lubelskie Voivodeship (2014[22]), *Regional Innovation Strategy for the Lubelskie Voivodeship 2020*, www.onlines3.eu/wp-content/uploads/RIS3_strategy_repository/PL_Regional_Innovation_Strategy_of_Lubelskie_Voivodeship_2020.pdf.

Regional governments have a strategic role in promoting urban-rural partnerships by designating strategic priorities and improving local governments' competencies to build partnerships. This includes providing advice to navigate regulatory frameworks and identifying support instruments at the national and regional levels. They can also offer training and consultation services (e.g. in interpreting EU and national regulations) to help identify proposals for integrated operations and joint action plans. In addition, they can present a dedicated system of preferences for co-operation to the European Funds, including to improve urban-rural functional links in the region.

Regional government could also play a more active role in matching municipalities of different types to make the most of their respective assets. They can serve as facilitators, supporting initiatives and projects that foster the exchange of good practices in building agreements. As part of this, they can raise awareness of the benefits of urban-rural partnerships, show how tasks can be optimised, and point to particular areas where these partnerships can help address common challenges. Regions also have a unique role to play in helping overcome distrust linked to differences in political power (OECD, 2021[4]).

Regional instruments of co-ordination, such as Regional Territorial Forums and Regional Territorial Observatories, can be used to identify common challenges and share examples of successful partnerships. Regional Territorial Forums can also serve as institutional platforms to build partnerships for the implementation of initiatives of supralocal importance. Regional Territorial Observatories, meanwhile, which are used by some regions (e.g. Lubelskie Voivodeship) as a unit to monitor and evaluate the implementation of the Regional Development Strategy, could serve as a repository of guidelines and information about the potential benefits of intraregional partnerships.

Regional governments have limited budgets for these kinds of activities. Many regional governments do not include any provisions on the possibility of entering into partnerships other than those provided in the law. This means they are likely to need to rely on EU funds as the main financial support for partnerships (OECD, 2021[23]). Helping co-finance urban-rural partnerships to complete short projects can be a concrete way to build an enabling environment for partnerships.

Local governments can further embed and operationalise inter-municipal co-operation

Counties (powiats) are in charge of ensuring the alignment of development strategies within the framework of the RDS. They can play a co-ordinating role in promoting urban-rural partnerships by participating in activities aimed at strengthening urban-rural connections – for example, through technical and organisational training assistance – as well as by involving non-governmental actors. In addition, they can serve as facilitators, highlighting the potential for collaboration among municipal governments.

As part of regional associations, counties could also undertake actions to level out differences among urban and rural municipalities, including creating strategic documents (e.g. a local development strategy), help obtaining common funds or taking joint actions for the benefit of the region. For example, they can directly be members of Local Action Groups, as the Nakielski County in the Local Action Group Association "Partnership for Krajny and Pałuki". However, in practice, counties do not yet play a significant role in the

creation and co-ordination of urban-rural partnerships (Ministry of Development Funds and Regional Policy, 2022[12]).

Municipalities, the lowest government level in Poland, have the right to develop their own local development strategy (LDS). According to the Act on the Principles of Implementing Development Policy (2020), the strategy can be developed by a single municipality or jointly by a group of municipalities that create a supralocal development strategy in order to improve co-ordination (see Chapter 3 for further analysis on supralocal strategies). The municipality is responsible for all public matters of local importance in its territory, including local public transport, waterworks, health, education, housing, etc. The municipal office is headed by the mayor or president, who is elected by citizens.

However, not all municipalities include in the LDS a reference to inter-municipal co-ordination across administrative units and policy sectors. In 2021, a survey conducted by the OECD (2021[4]) on better governance, planning and services across 47 municipalities in Poland found that 54% of responding municipalities did not have policy documents that focus on co-ordination in planning, service design and delivery across different policy sectors. The majority of municipalities that did have such policy co-ordination documents were located inside FUAs (OECD, 2021[4]).

Although there are positive examples of LDS explicitly stating the relevance of co-ordination to attain local goals (Box 2.8), acknowledging the mechanisms to partner with different local governments is not a common practice. Even less common is the explicit reference to urban-rural partnerships in LDS, as happens at the national and regional policy levels. Particular recognition of the potential and the instruments to facilitate urban-rural partnerships is scarce. Development strategies instead tend to focus on inter-municipal co-operation in general terms. Making mandatory the preparation of LDS and further clarifying Article 10a of the Act on the principles of development policy, with a minimum scope to conduct partnerships, would help create a common basis for co-operation and economies of scale.

Box 2.8. Local development strategies containing references to inter-municipal co-operation across different policy sectors

Poznań's City Development Strategy 2020+ adopts as one of its underlying principles an effective leadership that ensures "individual departments co-operate with each other in [the strategy's] implementation".

The strategy further stresses the importance of "co-ordination and communication within interdisciplinary teams that allows combining knowledge from different backgrounds […] and areas of the city's functioning to put together many – often different – points of view". It stresses that "a holistic and open view of the tasks that make their implementation part of more than one priority" can benefit the city.

The **Białystok** City Development Strategy 2020+, meanwhile, lists co-ordination of the "functioning of various institutions and organisations" as a fundamental priority, in particular in areas of activity towards people and families who need support and help.

Source: OECD (2021[4]), *Better Governance, Planning and Services in Local Self-Governments in Poland*, https://dx.doi.org/10.1787/550c3ff5-en.

Both regional and local governments could embed the benefits of urban-rural partnerships in the implementation principles of their development strategies. The success of those strategies depends in part on the level of commitment to the principles they have set to guide implementation by different administrative units. Including the principle of urban-rural co-operation or partnerships systemically could be the right approach to promote local partnerships.

The preparation of the LDS also requires substantial inter-governmental co-operation, but consultation among municipalities is voluntary and depends on the relationships among political leaders (OECD, 2021[4]). It also requires technical expertise, political commitment and funding, which represent important challenges for many Polish municipalities. To address this issue, some rural municipalities have partnered with universities or other entities, often based in cities, to develop the LDS. The possible involvement of universities or other partners in the development of LDS could be leveraged to promote co-ordination with neighbouring municipalities in the preparation of LDS (see Chapter 3 for a detailed discussion).

Finally, national and subnational policies facilitating inter-municipal co-operation are underpinned by laws and regulations (e.g. the Act on the Principles of Development Policy, the legal framework for urban-rural co-operation) that define various forms of association (e.g. inter-county associations, municipal associations, inter-municipal agreements). The different mechanisms for inter-municipal co-operation vary in terms of the objectives and the type of projects or services. Chapter 3 delves deeper into the strengths and challenges of these mechanisms in the context of urban-rural partnerships.

Mobilising urban-rural partnerships for territorial well-being in Poland

Partnerships to stimulate economic growth and unlock new opportunities

As discussed in Chapter 1, economic growth in Poland has mainly been concentrated in large FUAs, even though a majority of the population lives in small and mid-sized FUAs and rural areas. Urban-rural partnerships can be used to unlock growth opportunities around population hubs and to help spread the wealth of large FUAs. Local governments interviewed for this report saw potential for partnerships on transport, private investment, business support services, tourism and food value chains, among others.

Partnerships on transport can help achieve multiple development goals

In Poland, transport is a frequent thematic area of co-operation within FUAs. Transport is also one of the common areas of urban-rural co-operation across OECD countries (OECD, 2013[1]), as it is a pre-condition to access other services and foster urban-rural synergies. As cities in Poland draw commuters from large areas, including rural municipalities beyond the boundaries of their FUAs, co-ordination is increasingly important. While the most advanced integration in transport services is observed in the largest Polish FUAs (e.g. Warsaw), some small FUAs have also prioritised this sector and made progress in greater integration of public transport (e.g. Lublin, Bydgoszcz).

Most urban-rural partnerships in Poland that are implementing transport projects have done so through ITI instruments, targeting mobility across municipalities that are already linked by commuting flows. Common features of integrated transport systems in Poland include:

- Direct connections to the urban core.
- Integrated tariff schemes.
- Access to suburban railways.
- Integrated internet platforms.
- Access to the closest airport within the local transportation system.
- A metropolitan transport authority.

Improving infrastructure is a seminal and effective action to strengthen integration and unlock functionality in the region. Rather than size, urban infrastructure and institutional capacity are the most important determinants of an FUA's ability to generate economic growth (Camagni, Capello and Caragliu, 2014[24]; Frick and Rodríguez-Pose, 2017[25]). Improving transport infrastructure enhances access to jobs, education and health care. The efficient movement of people across municipalities allows for greater exchange of knowledge and ideas, which may lead to greater innovation, social cohesion and regional identity.

Local governments in Poland have used different mechanisms to establish partnerships in transport. They include bilateral agreements between the core municipalities and the surrounding ones (e.g. Lublin, Warsaw, Jelenia Góra and Bydgoszcz) or municipal associations to revitalise the public transport system (e.g. Oławskie Przewozy Gminno- Powiatowe in Wrocław FUA). For example, in Bydgoszcz, the metropolitan association created programmes and frameworks for inter-governmental co-operation, which required separate agreements with the city and the surrounding municipalities. Box 2.9 describes a partnership in Lublin that succeeded through dialogue, the involvement of citizens, and organisational capacity-building in partner municipalities.

Box 2.9. Partnerships to improve public transport in the Lublin Functional Area

The Lubelskie Voivodeship decided to include the Lublin Functional Area (LFA) in its ITI for 2014-2020, on the basis of identified functional links in the Regional Development Strategy. It includes the City of Lublin, three smaller cities and more than a dozen other municipalities. To enable the implementation of the projects, they all signed an inter-municipal agreement.

Common problem: Poorly developed transport infrastructure affects functionality of the area and growth in rural areas, this is currently one of the most important constraints for development.

The solution provided by the partnership: The main project of the ITI is supporting public transport and micro-mobility in the LFA. The City of Lublin owns the public transport system, which can provide public transport services on the territory of other municipalities only on the basis of individual agreements, as part of the ITI. Each municipality in where service is provided contributes to the cost of maintaining the lines within its administrative borders.

The Metropolitan Bus Station is the flagship project of the partnership. It integrates various means of transportation and enables faster connections between Lublin and other municipalities, as well as with the airport. The station integrates rail-buses as well as other types of public transportation.

Twenty-two municipalities and five counties are now working to establish a Lublin Municipal Area Association. As a transitional step, they have forged a new agreement laying out principles for co-operation until June 2030.

Factors that facilitated this partnership:

- Partners dedicated organizational resources for the proper implementation of the projects (qualified team, employees)
- Dialogue and mutual trust between partners
- Partnership decision making aimed at solving the diagnosed common problems
- Involvement of inhabitants allows to build durable solutions and to reduce conflicts arising from often divergent interests

Factors that hinder this partnership:

- "Individualistic" approach to solving common problems
- Narrow thinking on administrative boundaries without a broader perspective on the needs

Some solutions to address the barriers:

- Government administration of the City of Lublin took care of appropriate formal and legal regulations enabling the establishment of the partnership, which was prepared in consultation with stakeholders.
- Formal solutions should be implemented to supporting such partnerships with financial resources.

Source: Answers from ITI Lublin to OECD questionnaire on urban-rural linkages in Poland.

Often in these partnerships around transport in Poland, the core city takes the lead, handling the formal and legal regulations and co-ordinating dialogues with surrounding municipalities to enable the establishment of the partnership. While no single type of inter-municipal agreement is inherently better than others, those that involve the greatest number of municipalities that have commuting interdependencies and differentiates their financial and administrative capacity to create fair schemes of participation can attain more sustainable outcomes.

Urban-rural partnerships around transport can not only make commutes more efficient, but can also help reduction of air pollution, revitalise old infrastructure and build a stronger regional identity. For example, Wałbrzych Agglomeration implemented an ITI that included reducing greenhouse gas emissions from transport. Other example is the flagship project of the ITI of Wrocław, which involved the revitalisation of a railway route to make the most efficient use of existing assets and strengthen regional identity (Box 2.10).

Box 2.10. Revitalisation of the railway in Wrocław functional area

The Wrocław Functional Area is mainly urban, but about 22% the population lives in rural municipalities. One of the goals of the ITI Wrocław FUA Office is to provide more equitable opportunities and reduce travel times between urban municipalities (especially the core city) and rural ones.

Common problem: The ITI identified the misuse of a railway line as a barrier to integration in the FUA.

The solution provided by the partnership: One of the flagship projects from the ITI in Wrocław was thus the revitalisation of railway line No. 292 on the section between Wrocław Sołtysowice and Jelcz Miłoszyce, with new hybrid trains.

Three municipalities were involved and entered into an agreement to co-finance the project: urban Wrocław, rural Czernica, and urban-rural Jelcz-Laskowice. Local governments are not directly responsible for the railway, so the partner municipalities contributed financially to the public company, Polish Railway Company (PKP PLK S.A), which was responsible for modernising the railway line and building new stops. The supporting infrastructure (car parks, communication nodes within the station) was provided directly by the municipalities.

For rural residents, the project will make it easier to commute to study and work in Wrocław city. Since December 2021, trains service has run seven times per day in each direction, and the aim is to increase this number to 15. The regional government (Dolnośląskie voivodeship) will cover the largest share of the cost of maintaining the line, and the rest will be covered by the three municipal governments.

Factors that facilitated this partnership: Participants said two factors were key to enabling this project: political will and – especially – the availability of funding.

Source: Answers from ITI Wrocław to the OECD questionnaire on urban-rural linkages in Poland.

Urban-rural partnerships on transport projects in Poland also need to be forward-looking. For instance, they need to be able to anticipate the effects of an increase in telework and the potential emergence of new technologies, such as autonomous vehicles and drones, that could change how people commute and goods are transported (OECD, 2021[26]). Adopting a flexible planning approach to include new technologies and information systems in the design and implementation of transport projects could help align currents projects with future changes in mobility

Involving private actors can attract new businesses and help existing ones grow.

Attracting new businesses and supporting existing ones is a common concern for local governments. In Poland, municipalities outside FUAs report an average of 1.3% annual growth, while those within FUAs report, on average, 2.2% annual growth (OECD, 2021[4]).

Different factors can contribute to attracting business to a municipality, such as the cost and availability of land, access to quality services, the quality of the labour force, and connections to internal and external markets. In Poland, small and medium-size FUAs and rural municipalities can typically offer land for new investments at a lower price than large cities, which have limited undeveloped (greenfield) land. Respondents to the OECD questionnaire for this report also noted that investors are increasingly interested in redeveloping post-industrial areas, which tend to be located outside large cities.

To make the most of these assets, urban and rural municipalities would benefit from working together to promote their regions in a co-ordinated way – for example, by offering quality connectivity and labour. Alignment of new investments with local capacities and small and mid-size enterprises (SMEs) also requires co-operation among municipalities with different strengths.

Some urban-rural partnerships in Poland are already working to improve the business environment by hosting networking activities for local and foreign businesses and promoting local assets through a coherent territorial brand. For example, some FUAs, such as Wrocław and Bydgoszcz, have created agencies to co-ordinate with surrounding municipalities to promote their economic advantages and provide business support services (Box 2.11). Others are promoting the creation of privately run business associations that gather local firms and improve networking activities (e.g. FUA Grudziadz).

These type of co-ordination is relevant to actively involve the private sector and thus help improve the regional business environment. However, extra effort has to be made to ensure that business associations, which are normally based in cities, include rural businesses equitably. Sound co-operation among urban and rural private sector representatives can be the basis for lasting partnerships among urban and rural municipalities.

Box 2.11. Attracting investors through urban-rural partnerships in Wrocław and Bydgoszcz

The Wrocław Agglomeration Development Agency (ARAW)

The city of **Wrocław** created an agency to co-ordinate activities with the 13 rural and urban surrounding municipalities. The Wrocław Agglomeration Development Agency (ARAW) co-operates closely with local municipalities to accomplish its strategic responsibilities. Its work mainly involves connecting companies with opportunities to invest in the agglomeration.

The agency has set up partnerships with the aim to enhance the area's attractiveness and bring in new investors and companies. Examples of joint actions include participation in fairs and economic promotion, business events, and promotional campaigns within Poland and abroad.

The main tool used for presenting the functional areas as an excellent investment location is a dedicated website (www.invest-in-wroclaw.pl), which provides a range of information, such as available

investment areas, support for investors and incentives offered by special economic zones. There are also reports and publications, dedicated presentations and economic analyses.

ARAW actively participates in the organisation of investor visits, both in Wrocław and in neighbouring municipalities, and provides substantive, logistical and language support. ARAW's co-operation with local government units is also based on the implementation of investor service standards in accordance with the guidelines of the Polish Investment and Trade Agency.

Support for the internationalisation of SMEs and economic promotion in Bydgoszcz

In the **Bydgoszcz** metropolitan area, meanwhile, the Bydgoszcz Regional Development Agency is leading a project, in partnership with the Bydgoszcz Metropolis Association, to help SMEs connect with international markets and to promote the area to investors.

The programme provides financial assistance to help SMEs participate in international fairs and exhibitions, and helps them find partners in target markets. It also provides training and informational meetings on participation in foreign markets. In addition, the project has developed catalogues and promotional leaflets for all municipalities that are members of the Bydgoszcz Metropolis Association. A promotional campaign was developed, using both traditional and digital media, including a video and a website featuring investment opportunities in the participating municipalities (www.invest.barr.pl).

Factors that facilitated this partnership included mutual trust, the existence of a formal co-ordinating organisation, and the fact that small municipalities were given equal voice and the same opportunities to promote their potential as larger cities.

Source: Answers from ITI Bydgoszcz-Torun to the OECD questionnaire on urban-rural linkages in Poland.

Rural areas need more attention from local partnerships to attract business.

In Poland, innovation support bodies (business accelerators and public and private innovation/research centres) tend to be in cities, due to the agglomeration of firms and the location of other administrative centres. Many of the governments interviewed for this report stated that the city hall is the first information contact point for entrepreneurs who want to expand their business in neighbouring municipalities.

However, city halls often do not the knowledge or information needed to provide guidance about investing in rural municipalities. Businesses in rural municipalities tend to face more acute challenges to achieve economies of scale, reach external markets, and adjust to the digital transition and to a shrinking workforce. On the other hand, they have special knowledge in working with environmental assets and endogenous capacity of innovation. Therefore, such particularities require special attention in the way business support programmes are setting up networking activities and offering capacity building.

Urban-rural partnerships that aim to improve the business environment would benefit from greater exchange of business information, programmes to transfer knowledge and talent capacity from cities to rural municipalities, and networking activities to support businesses and entrepreneurship. To this end, development agencies or business associations could consolidate regional information on skills and business across rural and urban municipalities. Business Joensuu in North Karelia, Finland, offers an example of an inter-municipal co-operation within an agency that not only manages common data, but also promotes co-ordinated investments (Box 2.12).

Box 2.12. Inter-municipal business support agency in Finland

At the beginning of the 21st century, smaller municipalities in North Karelia decided to set up a joint development agency to address some pressing challenges in the local market, including scarcity of resources, lack of special knowledge to handle the business advisory services and competition between neighbouring municipalities. All municipalities around the capital of the region (Joensuu) negotiated at the City Board level the creation a functional body, called Josek, organised on the level of the region.

The partnership has not been without issues. In 2018, two municipalities decided to reduce the services acquired from Josek and started providing business advisory services in-house, while continuing to use project development and facilitation services. This led to a reform of the development agency and the creation of Business Joensuu.

The new Business Joensuu integrates common strategic municipal tasks under a single institution and has the resources to hire skilled staff and find synergies among municipal strategies through more efficient exchange of information (e.g. labour force skills). Urban and rural municipalities buy services to the agency according to a service agreement.

Business Joensuu provides services to start-ups, municipal growth, and foreign investors interested in the region and internationalisation support to local companies. In addition, it creates an enabling environment for different industries to operate in the region. It is governed by a board of directors that is selected by the City Council of Joensuu, the University of Eastern Finland, the Joensuu University Support Foundation and the North Karelia Educational Council Group Riveria.

Given its capacity to balance interests among partners, this agency could be a useful example for similar instruments in Poland, showing how to build trust among municipal actors (governments and private sector) and make them realise they can gain more from co-operation in business development than from competing with one another.

Overall, the agency has managed 25 programmes focused on different sectors, including export growth, the bioeconomy, business digitalisation and entrepreneurship. It is also involved in two active EU programmes to support the mining sector. The services are typically one- to three-year, customer-oriented development projects. They are initiated by industry experts who are responsible for creating a favourable environment for the sector in which they specialise.

Source: OECD (2021[27]), *Mining Regions and Cities Case of Västerbotten and Norrbotten, Sweden*, https://dx.doi.org/10.1787/802087e2-en.

Local governments can also leverage infrastructure for entrepreneurs to target co-ordinated support to urban and rural entrepreneurs and create synergies among business from different areas. For example, municipalities can benefit from the 80 techno-parks currently in place across Poland, which were created to support entrepreneurs with fully equipped infrastructure to create businesses and provide assistance with legal consulting, accounting, promotion and marketing services. Co-ordination with business environment institutions like this is an efficient tool to improve business conditions and support enterprise innovation locally.

However, in Poland, national and regional business support programmes do not yet differentiate between urban and rural settings. This means they tend to favour urban firms, which have a greater capacity to access programs and present projects for funding. Adapting national and regional programmes and instruments to allow equal access and participation of rural businesses can help identify and harness complementarities across urban and rural municipalities. The example of Southern Ontario's business

support policy can provide an example for Poland (Box 2.13) of how to better promote entrepreneurship and innovation all along the urban-rural continuum.

Box 2.13. Supporting entrepreneurship across the urban-rural continuum in Canada

In Canada, the cities of Ottawa and Waterloo have been at the heart of Southern Ontario's technology cluster for many years. The province of Ontario accounts for nearly half the country's business research and development spending, almost two-thirds of patent applications and over 40% of the science, technology, engineering, and mathematics (STEM) workforce. The city of Waterloo, about an hour west of Toronto, has the second-highest density of technology start-ups on the continent, while Ottawa, the national capital, five hours east of Toronto, has one of the highest concentrations of technology talent in North America.

In each city, the technology sector is supported by a strong business accelerator organisation, specifically the MaRS Discovery District, Communitech and Invest Ottawa. These organisations work closely with local universities, investors, business strategists and mentors, as well as with the government, to provide entrepreneurs and SMEs with the tools, advice and access to finance innovation, commercialise new ideas and technologies, and support companies' growth.

The problem to solve by the partnership: Outside these cities, however, the picture is very different. While Ontario created 865 000 net new jobs in the decade following the 2008 recession, 87% of this job growth was concentrated in Ottawa and Toronto, while rural communities lost 76 000 jobs over the same period.

Recognising this issue, the Federal Economic Development Agency for Southern Ontario, which provides funding to the three major business accelerators, included a provision to develop urban-rural linkages between the three major business accelerators and other innovation centres serving smaller communities and rural areas across the region. This resulted in the Southern Ontario Scale-Up Platform, which brings together MaRS, Communitech and Invest Ottawa into a new partnership.

Outcome: A goal of the new platform is to make the advisory services and other support offered by these organisations at their urban locations available to entrepreneurs and SMEs located outside the three major cities. To that end, Invest Ottawa has developed its Eastern Ontario Collaborator initiative and is signing partnership agreements with other organisations throughout Eastern Ontario. For example, Invest Ottawa provided funding support to Queens University, in Kingston (196 km from Ottawa) to develop the Launch Lab initiative, including a boot camp for early-stage start-ups, a pre-commercialisation pilot for intellectual property holders and a growth accelerator programme for SMEs. This boot camp has been offered in other rural areas.

Source: OECD (2021[28]), *Perspectives on Decentralisation and Rural-Urban Linkages in Korea,* https://dx.doi.org/10.1787/a3c685a7-en.

Urban-rural partnerships on tourism cover different economic and social dimensions

Tourism is an important economic activity in Poland that requires co-ordination among urban and rural settings to create greater value for visitors and local economies. In 2018, tourism contributed an estimated 6.0% to Poland's GDP, including direct and indirect benefits (OECD, 2020[29]). Rural areas provide different types of amenities, lodgings and attractions than urban ones, and tourism an important source of economic activity for them (OECD, 2013[1]).

Local governments interviewed for this report recognise the need for partnerships to better co-ordinate tourism, including accommodations, transport for touristic or gastronomic circuits across administrative

borders, and inter-municipal management of parks and natural attractions (OECD, 2013[1]). Tourism can also gather municipalities around a common goal to improve regional attractiveness (e.g. the Jelenia Góra FUA), as this sector often relies on the interconnection of different amenities within a region to offer both diverse and unique experiences to attract visitors.

In Poland, partnerships have already been created to develop sustainable circuits and co-ordinate the management of natural assets, sometimes as part of a regional tourism strategy (e.g. "Lower Silesia: Green Valley of Food and Health"). As in other sectors, ITIs have been an engine to promote joint urban-rural projects on tourism, which are increasingly aligned with environmental protection and sustainability. For example, the tourism projects in Agglomeration Jelenia Góra reveal the capacity for join projects among municipalities that shared a common environmental asset. This example also suggests that in some cases, partnerships through ITIs are mainly conducted to kick off the project, but maintenance is done individually, missing opportunities of resource efficiency and sustainability in the co-operation (Box 2.14).

Poland's Regional Tourism Organisations (RTOs) can be useful platforms to spark urban-rural partnerships. These are associations within which co-operation is conducted between subnational governments (particularly at the Voivodeship level) and the tourism industry, particularly in the field of consumer marketing and promotion. RTOs' role typically includes supporting the operation and development of tourist information systems, as well as initiating, assessing and supporting tourism infrastructure development. At the subnational level, there are more than 120 local tourism organisations, which conduct tasks including the classification of local hotel facilities or the supervision and registration of companies and entrepreneurs operating (OECD, 2020[29]). Regional governments should further leverage these organisations to produce joint projects among different types of municipalities, with special focus on marginalised areas and municipalities outside FUAs.

Box 2.14. Urban-rural partnerships to boost tourism: Mountain bike routes in the Karkonosze Mountains

Tourism is very important to the Agglomeration Jelenia Góra (AJ), a scenic and history-rich area in south western Poland. The city has partnered with other municipalities on three tourism projects:

- Closer to nature, protecting nature – construction of sustainable mountain-biking routes in the Karkonosze Mountains.
- Trail of tradition and regional production in the Polish-Czech region of the Jelenia Góra Valley, the Jizera Mountains and the Karkonosze Mountains.
- Tourism in the Borderlands of the Karkonosze, Jizera Mountains and Lusatia.

The nature project was developed jointly by the city of Jelenia Góra and Podgórzyn and Piechowice municipalities. They built 63 km of bike trails with a focus on protecting valuable flora and fauna while attracting cycling tourism. The project has contributed to the growth of tourism and increased the number of points providing related services, including dining and lodgings. The construction of bicycle paths was complemented by promotional and educational activities, including printed trail maps and information about naturally valuable areas. Bike tours are also offered that allow participants to learn about nature in protected areas.

The first formal step to support links between urban and rural areas of the Jelenia Góra Agglomeration municipalities was the signing in 2015 of an agreement on entrusting the City of Jelenia Góra with ITI management in the agglomeration. The agreement was signed by 19 municipalities, including the City of Jelenia Góra, six urban communes, six urban-rural communes and six rural communes.

To make this partnership happen, the Agglomeration emphasised the practical benefits to participating municipalities. The Regional Operational Programme for Dolnośląskie Voivodeship (RPO WD) selected projects for co-financing based on the principle of partnership and urban-rural co-operation.

In the nature project, the City of Jelenia Góra was the leader and co-ordinator, responsible for writing, managing and settling the grant application. The other municipalities contributed to financing and carried out promotional and educational activities.

Factors that facilitated this partnership included the participants' full commitment and the efficient management by the City.

However, the municipalities could not reach an agreement on how to maintain bike trails. Each municipality will therefore be in charge of maintaining its own part of the route, which is less efficient and could result in differences in the quality of different segments of the trail. This lack of agreement was mainly due to changes in political leadership and low interest to extent the partnership in the initial agreement beyond the initial investment.

Source: Answers from Jelenia Góra Agglomeration to the OECD questionnaire on urban-rural linkages in Poland.

Non-governmental organisations are key enablers of partnerships on food supply chains

The food supply is one of the most important links between urban and rural areas (OECD, 2013[1]). It is important to manage those connections well to avoid negative effects on food security and nutrition (Mitra et al., 2021[13]). Cities are the main consumers of food, and changes in urban food demand, such as through dietary trends, increasingly shape agricultural production (Bilewicz and Śpiewak, 2015[30]). At the same time, rural farms are key sources of food for people all along the urban-rural continuum.

Poland has different types of urban-rural linkages around food value chains that can be mobilised to ensure food security and also unlock new business opportunities in rural areas:

- The country benefits from a growing network of food co-operatives and buying groups,[1] which have established direct and regular contacts between consumers and food producers or local food processors. These co-operatives, which now exist in cities of all sizes (Bilewicz and Śpiewak, 2015[30]), reduce intermediation in the food chain, helping to lower the price of high-quality and organic food.
- Local farmers' markets also tighten linkages between urban and rural municipalities. For example, the Free Toruń Marketplace directly connects producers with urban consumers within a rather informal institutional structure across members (Goszczynski et al., 2019[31]). These interactions are also supported by EU strategic programmes, such as the Farm to Fork Strategy, which creates instruments supporting the formation of platforms of communication between rural and urban dwellers and local farmers' markets in municipalities surrounding cities.
- Food bank association gather different local actors – private and public – to save food from waste and distribute it the people who need it most. An example is the Grudziądzki Bank Żywności in the FUA of Grudziadz. This association was formed as the Union of Associations and Municipalities Grudziądzki Bank Żywności (in 1999), made up of non-governmental organisations and a number of urban and rural municipalities (e.g. Grudziądz, Wąpielsk, Książki and Wąpielsk, Mrocza, Brodnica and the Świecie). These type of urban-rural partnerships around food systems can be a good anchor to stimulate circular practices around food – for example, through short food chains and re-use of food waste (ROBUST, 2021[32]).

These partnerships are often bottom-up developed and led by non-governmental actors. Governments can provide organisational and promotional support to help them link with other economic activities and from

there build an environment of co-operation. Key challenges in implementing such approaches include the physical distance between farms, lack of trust, and issues around quality and certifications (Goszczynski et al., 2019[31]; Bilewicz and Śpiewak, 2015[30]). Co-operatives in Poland also tend to work independently, with little collaboration with one another or with other institutions.

Existing rural-urban collaborations around food could be mobilised to add greater value in local economies. This can be done by coming together around a single goal of increasing productivity of adding greater value to food production. It can entail formal collaboration platforms to gather relevant stakeholders such as rural growers, manufacturing (e.g. packaging) and communication services companies along with universities, and agree on projects around agro-industry. For example, in Forlì-Cesena, Italy, universities in urban areas partnered with farmers and food producers to improve innovation in food production and marketing. An important outcome was a shift from mainly growing crops to making food products (OECD, 2013[1]).

Partnerships to improve public services amid depopulation trends

As in most OECD countries, in Poland, delivering quality health, education and other basic services is a growing source of concern for urban and rural municipalities. Depopulation trends, rising public spending on both social services and health care due to ageing societies, and tight budgets in the aftermath of the 2008 financial crisis and the recent COVID-19 crisis all hinder public service delivery. This is particularly the case in rural municipalities across Poland (OECD, 2021[33]). As discussed in Chapter 1, demographic decline is in fact one of the main development challenges in Poland. Joint delivery of services (transport, social services and education) can help reduce costs.

The war in Ukraine, which drew more than 3.5 million refugees to Poland in its first three months (UNHCR, 2022[34]), makes those challenges even more urgent. Cities in particular are overwhelmed, so co-ordination among municipalities is crucial to meet the refugees' needs as efficiently as possible. Looking beyond the immediate situation, working together can also reduce the cost of services while improving their quality and accessibility.

In Poland, municipalities outside large FUAs are facing the greatest challenges in service provision. A self-assessment of local authorities in medium-sized cities in 2019 revealed that health care, technical infrastructure and public transport were seen as the lowest-quality services, whereas access to broadband (but no high-speed), culture and art were perceived to be of better quality (Ministry of Investments and Development, 2019[35]). Municipalities outside FUAs lag behind those within FUAs in terms of enrolment in primary and secondary schools and the share of workers with post-secondary education (7.6% vs 8.9%) (OECD, 2021[4]).

As depopulation is likely to continue in the coming years, particularly affecting smaller urban areas and rural municipalities, local governments need to work together to adapt. This may mean collaborating to ensure continued access to quality services. Digital technologies could also improve access to services such as secondary and tertiary education or primary health care, but it requires good broadband and some technical skills.

Partnerships to improve access to high-quality education

Poland faces a persistent gap between high- and low-density areas in terms of access to education. Kindergarten and primary schools are the responsibility of municipalities, while secondary education is handled by counties and regions. While there are generally enough kindergarten seats to meet demand across all types of municipalities, the number of primary schools has decreased in municipalities outside FUAs. The availability of secondary and higher education also falls short of demand, both outside FUAs and in small and medium-sized FUAs. Table 2.4 shows the trends across different types of municipalities.

Table 2.4. Evolution of access to education across types of municipalities, 2015-2019

Municipalities in:	Kindergarten	Primary	Secondary	Higher-Education
Large FUAs	Increased	Increased	Stable	Decreased
Small/medium-sized FUAs	Increased	Stable	Decreased	Decreased
Outside FUAs	Increased	Decreased	Decreased	Not applicable

Source: Based on answers from the government of Poland to the OECD questionnaire on urban-rural linkages.

Across Poland, there is scope for increasing co-operation on education. Education provision in Poland is increasingly concentrated in core municipalities, which play a key role in providing services to surrounding rural municipalities. For example, for kindergarten, the number of spots available for children aged 3-5 years old is much lower in municipalities outside core FUAs.

Competition among municipalities to retain population, concern about losing political power, and the lack of clear mechanisms to develop win-win projects all hinder the emergence of urban-rural partnerships around education. For example, although the existing legal framework allows municipalities to pay other municipalities to provide kindergarten to their children, respondents to the OECD questionnaire for this report said that a number of constrains make such partnerships rare in practice:

- Demand for kindergarten services in core municipalities is growing faster than their capacity to plan, which creates uncertainties to open possibilities to new students living in other municipalities.
- Financial requirements to compensate for the provision of services – for example, with the payment of taxes in the municipalities that provide the services. As municipalities have discretion to set their own criteria for enrolment in kindergartens, some request a proof of residency in the area, such as payment of income tax by one or both parents in the municipality.
- Low trust in national reimbursement processes and low capacity (time and staff) to handle it.

Municipalities could set up partnerships as needed to provide educational opportunities to their residents. However, municipalities interviewed for this project stressed that individual agreements require time and human resources due to the discretionary nature of the partner mechanism and the low use of national compensatory schemes.

Public-private co-operation is also a possible solution to provide education services, while reducing pressures on public budgets. This is especially the case for some educational services, nurseries, kindergartens, and primary schools. Sometimes, Polish municipalities entering into this type of partnerships offer incentives to private investors by increasing the share of municipal public funding (a practice mostly seen in private kindergartens).

At the tertiary and technical level there are no extended partnerships among urban and rural municipalities in Poland. In some European regions, for example, urban-rural partnerships have opted for focusing in improving skills and qualifications of the rural population by bringing branches of academic institutes to rural regions or facilitating the access of rural residents to high education or high-level training. A good example is the partnership between the urban district of Brandenburg an der Havel in Brandenburg and the rural county of Prignitz in Germany (Box 2.15).

Box 2.15. A partnership to boost tertiary education in Brandenburg, Germany

A sectoral urban-rural partnership between the urban district of Brandenburg an der Havel in Brandenburg and the rural county of Prignitz (in the northwestern part of Brandenburg, Germany) focused on improving the tertiary educational offer in the county.

Problem to solve by the partnership: the county of Prignitz, mostly formed by rural municipalities, has been losing population at a fast rate. The lack of tertiary education supply in the county drove many young people to continue their studies in other parts of the region. At the same time, the shrinking of the qualified working force was affecting the sustainability and competitiveness of local business and industries.

In this context, the region of Brandenburg and the Wachstumskern Autobahndreieck Wittstock/Dosse e.V. (WADWD eV) association, made up of 36 regional companies and five communities, promoted the agreement to bring the branch of the University of Applied Sciences of Brandenburg an der Havel into the county. The association financed the starting phase in 2006 with EUR 50 000 and has contributed EUR 10 600 per year since 2007. The State of Brandenburg covered the majority of the costs of the project, with EUR 31 800 from the European Social Fund.

Outcome: The university branch in Pritzwalk offers studies in business economics and consulting for business, with a focus on transfer of technology and knowledge, company foundations and successions. It also provides education to employed people by offering courses during weekends.

Now, as a co-operation partner of the WADWD eV association, the Prignitz presence point serves as a unit to enable an intensive exchange between schools, science and business in a county that is remote from the university. This unit provides access to the Brandenburg University of Technology and seven other universities in the state of Brandenburg

Source: BBSR (2011[36]) *Partnership for Sustainable Rural-urban Development: Existing Evidences*, https://www.bbsr.bund.de/BBSR/EN/research/programs/region-gestalten/region-gestalten-node.html; Wachstumskern Autobahndreieck Wittstock/Dosse (2021[37]), *Presence point Prignitz - Pritzwalk*, https://www.nordwestbrandenburg.de/kopie-von-landeplatz.

Enhancing the efficiency of health and social assistance through urban-rural partnerships

As in most OECD countries, urban centres in Poland concentrate a relatively greater proportion of health care services and facilities, including hospitals, ambulance services, specialist and pharmacies (OECD, 2018[9]). While 63% of people in urban municipalities can access both universities and hospitals in less than a 30-minute drive, only 32% of residents of rural municipalities can do the same (OECD, 2018[9]). Long commutes to access a hospital are mainly an issue in marginalised and peripheral areas, such as the eastern parts of the Podlaskie and Lublin regions and border areas between provinces, including Kujawsko-Pomorskie and Wielkopolskie, Kujawsko-Pomorskie and Pomorskie.

These issues of accessibility, along with the prohibitive cost of bringing specialised health centres or doctors to every rural municipality, make it important to forge urban-rural partnerships to improve the efficiency and quality of health care across regions. Partnerships among rural and urban areas can lead to greater economies of scale and ensure people that all people can access high-quality care, regardless of where they live.

Moreover, a strong local network of health supply may improve the efficiency of the resilience of the entire system, as it helps share resources and reduce pressure on hospitals by transferring patients to other ones in neighbouring municipalities. The need for collaboration was evident during the COVID-19 pandemic, as hospitals and health care centres coped with the crisis by sharing both resources and patients.

As described in Box 2.16, urban-rural partnerships in Poland help improve the efficiency of health and social assistance provision include nursing homes with spare capacity receiving elders and people with disabilities from other municipalities (e.g. Grudziądz FUA); urban municipalities providing financial aid or shelter to homeless people from another municipality; and Metropolitan Senior Cards that allow people aged 60+ from across the area to benefit from special offers (e.g. Grudziądz FUA, Bydgoszcz FUA).

These partnerships are generally addressing the right issue to attain economies of scale and can be further expanded to link them with other services, such as education. The card programme also involves local business, which benefit people going from one municipality to another. This system could also help with access to training programmes offered by private institutions (e.g second language or IT).

Box 2.16. Urban-rural partnerships on social affairs: The functional urban area of Grudziądz

The Kujawsko-Pomorskie Voivodeship classified the functional area of the city of Grudziądz as a Strategic Intervention Area under the Regional Operational Programme of 2014-2020. It identifies some areas of well-being requiring intervention, including culture, tourism, education and social. EU funds were allocated for the projects implemented under the Strategic Intervention Areas (agreements of the city acting as the leader and the neighbouring municipalities acting as partner).

As part of the inter-municipal co-operation, an agreement was made between the urban municipality of Grudziądz, the rural municipality of Grudziądz and the municipalities of Radzyń Chełmiński, Gruta, Rogóźno and Dragacz.

In December 2015, the city of Grudziądz and the rural municipality of Grudziądz entered into an agreement to allow residents of the Grudziądz municipality to use the rights resulting from the city's "Grudziądzka Large Family Card" Programme. The Large Family Card Programme is a system of discounts and additional rights granted to families by public institutions as well as private businesses. The discounts are offered for railway transportation, free admission to national parks, lower passport fees, as well as discounts on food, clothes, shoes, cosmetic products, books and petrol.

A Municipal Family Assistance Centre also co-operates with social welfare centres from other municipalities in solving social problems such as domestic violence, homelessness, poverty, disability and addiction, as well as meeting the needs of the elderly. The most common form of co-operation is conducting community interviews with people applying for social assistance.

Very often, the co-operation implies that the city of Grudziądz provides financial aid or shelter to homeless people residing in another municipality (and vice versa). Co-operation also takes place by referring elderly and disabled people to nursing homes to or from another municipality.

In addition, the city of Grudziądz collaborates in an Interdisciplinary Team in the case of conducting the "Blue Cards" procedure, when a person suspected of experiencing or using domestic violence resides in other municipality of the FUA. Co-operation takes the form of a working group of an Interdisciplinary Team that intervenes in the targeted family, exchanges information to provide effective help and searches for vacancies in foster families and care and educational facilities for children in both urban and rural municipalities, thus making full use of the resources across the functional urban area.

Children deprived of their parents' care are placed in foster families or care and educational institutions. The placement procedure is governed by the relevant regulations. If there is no free spot in the city, the child may be placed in an institution or a foster family in another municipality.

Source: Answers from FUA Grudziadz to the OECD questionnaire on urban-rural linkages in Poland.

Partnerships through Local Action Groups can help address social issues in strategic intervention areas and more remote muncipalities. For this, participation of non-govermental actors is essential; indeed, these structuers promote a diversity of partners and support for private local initiatives. Some have formed social enterprises to address pressing issues (Box 2.17).

Box 2.17. Social scope of the Local Action Group in Nakielski County

The Association "Partnership for Krajny and Pałuk" is a Local Action Group for the area of Nakielski County (Kujawsko-Pomorskie Voivodeship), covering five municipalities of the Nakielski county (including four urban-rural municipalities with up to 20,000 inhabitants and one rural municipality). It was registered in the National Court Register in autumn 2008, but the process of building the Partnership in Nakło county dates back to 2001, when an informal group of people professionally involved in rural matters proposed to local governments to launch a village renewal programme at the county scale.

This was the first initiative of this type in Poland, which aimed to meet pressing rural problems such as increasing poverty, the highest unemployment rate in the voivodeship, and local conflicts between Krajna and Pałuki. In the spring of 2002, residents' meetings were held in each municipality that resulted in simple, understandable plans. Parallel to the meetings with the residents, workshops were held for leaders from all municipalities in order to explain the process of rural renewal to them and teach them how to work on the development of projects.

In the period 2014-2020, the partnership implemented a multi-fund strategy under the CLLD mechanism, through which it continued the support from the previous perspective and included support for people at risk of poverty or social exclusion, including unemployed or economically inactive people, families using social assistance, people with disabilities and the elderly.

As a result of the partnership's activities, many local non-governmental organisations were created, the third sector developed, and its activity in shaping local development increased noticeably. Moreover, investments by local enterprises increased, accompanied by an increase in employment, thanks to subsidies for developing or starting business activities.

Currently, this Local Action Group has 61 members (11 representatives of public sector entities, 33 representatives of social sector entities and 17 representatives of the economic sector).

Source: Answers from Nakielski County to the OECD questionnaire on urban-rural linkages in Poland.

Urban-rural partnerships to accelerate the digitalisation of service provision

An important challenge for Poland is to accelerate digitalisation to provide equal quality services to all inhabitants. Greater uptake and adoption of new technologies to deliver health (telemedicine) or care to elderly people (medical drones or primary care robots) requires an enabling infrastructure in place, including high-quality screens and imaging devices, among others (OECD, forthcoming[38]). This type of ICT infrastructure and technology is very expensive for a single municipality. Instead, partnering with urban municipalities, where agglomeration economies facilitate the investment of technologies, can help meet the future health demand of rural residents.

The COVID-19 crisis accelerated the adoption of virtual modes of working and accessing services, but also revealed the substantial urban and rural gap in the degree of quality digitalisation and digital skills to access services and benefit from digitalisation. According to (OECD, 2020[39]), in Poland, only 29% of rural areas (a subset of areas with a population density lower than 100 inhabitants per km^2) have access to fast

broadband (>30 Mbps). This means Poland has the third-largest urban-rural gap in household access to fast broadband across 26 OECD countries.

Some ITIs in Poland have included joint municipal projects to allow and improve deployment of e-services, including government services. For example, Jelenia Góra Agglomeration has implemented a project to strengthen municipal capacity to deliver public e-services by improving access to information and communication technologies, working with three urban-rural municipalities. Thanks to the partnership, the municipalities could implement public services available online through integration of data from various sources. The data connection allows municipalities to go through the entire process of dealing with a given request remotely, to adopt a more interactive approach of responding people's requests and questions.

Accelerating technological adoption in Poland, beyond EU funds, could involve leveraging networks of service providers in urban settings to create partnerships that allow rural municipalities benefit from new technologies. This strategy has been used by other countries, for example in the case of Nuremberg, Germany, where municipalities join to not only improve quality of care service but also boost innovation and regional resilience (Box 2.18).

Box 2.18. A leading-edge cluster as an urban-rural network: The Medical Valley in the Metropolitan Region Nuremberg, Germany

The Medical Valley is an extensive and varied medical-related network in Nuremberg, Germany. It is composed of 65 hospitals that provide health care to more than 650,000 people per year, working on solutions with about 500 different companies and 80 institutions in universities.

The Medical Valley European Metropolitan Region Nuremberg (EMN) and the Nuremberg Metropolitan Region promoted the partnership between technology developers, users and local rural governments to adapt urban technologies for elderly care in rural areas. It connects the latest technical solutions in medical technology in the cluster with the needs of the housing industry and local networks in rural areas of the region. The Federal Ministry of Transport, Building and Urban Development (BMVBS) promoted the project under the framework of Demonstration Projects of Spatial Planning (MORO).

The project addresses a growing need in rural municipalities where the population is ageing rapidly. New technical developments such as assisted living systems can help elders stay in their own homes. These innovative technologies can be especially interesting for communities in rural areas, but must be adapted to local conditions.

Outcome: The direct dialogue between technology and project developers (companies and research institutions located in the Medical Valley) and users in rural municipalities (local authorities, housing associations and local networks in the Metropolitan Region Nuremberg) is fostered within the MORO project, through a broad knowledge and know-how transfer between cities and rural areas. During the project implementation phase, innovative solutions were developed together in dedicated workshops and symposia with selected pilot rural municipalities located in the Metropolitan Region Nuremberg.

Source: Medical Valley EMN (2020[40]), *Leading-edge Cluster Medical Valley EMN as Urban-rural Network*, https://en.medical-valley-emn.de/node/1771.

Partnerships to enhance environmental management

Meeting international climate goals and protecting the environment in Poland requires greater co-ordination at the local level. Local environmental actions have the capacity not only to improve local well-being in terms of the air that people breathe or the water they consume, but to affect national and global climate

outcomes. Adopting green growth strategies can also create new job opportunities locally in circular and bio-economy activities.

Poland's polycentric structure and industrial history explain many of the most acute environmental challenges that local communities outside large cities are facing. According to the information provided by government of Poland for this review, such challenges include:

- Pollution from transport, mainly due to persistent deficits in public transport and the high share of private transport modes.
- Pollution from industrial and residential activities, particularly in areas with coal power and heating plants; outside large cities, small/medium FUAs are rarely equipped with a complex central heating network, which leads to a relatively high number of deconcentrated emitters in relatively small areas; in some municipalities, private buildings use low-quality coal furnaces.
- Greater water use per capita than in large cities and relative to the existing water supply infrastructure.
- Degradation resulting in low quality of water.
- Waste management systems running with old technologies and little recycling.
- Deficiencies in land use management that have resulted in uncontrolled urbanisation, affecting protected natural areas and increasing impacts from natural risks (floods) on real estate projects.

Scaling up clean energy and improving energy efficiency requires urban-rural partnerships. Limited available space and the lack of natural resources in urban settings makes it difficult for cities alone to achieve their renewable energy targets (Mitra et al., 2021[13]). Second, accelerating the efficient use of energy in buildings requires co-ordinated actions to share resources and technologies to cover both urban and rural buildings. Some ITIs in Poland have piloted urban-rural partnerships to promote energy clusters with dedicated knowledge sharing events (e.g. Jeleniogorska Agglomeration), or to increase energy efficiency in housing, industry and the public sector (in the Lublin Functional Area)

Urban-rural partnerships in the management of water and waste collection have a long history in Poland, where often core municipalities end up serving as main providers of water and waste management, based on bilateral agreements with surrounding municipalities. This section focuses in these two angles of environmental linkages to understand the key drivers and barriers.

Inter-municipal companies are the backbone of urban-rural partnerships on water

Water is a flow resource that moves across rural and urban spaces and requires co-ordination to protect the resource and avoid negative externalities. Urban areas depend on rural areas for water supplies and to protecting their residents from floods and droughts, yet some rural areas lack access to improved water sources (OECD, 2016[41]). At the same time, in Poland as in other OECD countries, industrial pollution and storm water runoff from cities can pollute water bodies, while upstream pollution (e.g. from a mining or manufacturing sites) can affect the quality of urban water supplies.

In Poland, the management of water supply and sewage disposal is one of the basic tasks of the municipal government. Municipalities in Poland tend to co-ordinate their water management through the establishment of a dedicated inter-municipal company, funded by an inter-municipal association or union.

Such partnerships are not without challenges. For example, some past cases of collective water management in Poland have shown that collective agreements can fail if member municipalities feel disadvantaged in the distribution of investments (Box 2.19). Decisions to unify tariffs can be a cause of conflict among municipalities, as some (particularly urban) might feel that they subsidise other municipalities or lose municipal autonomy in investment and quality decisions.

Box 2.19. An attempt to improve water quality through municipal co-operation on the Raba River and Dobczycki Reservoir

The Union of the Upper Raba River Basin, comprising 15 urban and rural municipalities, with Kraków as the urban core, was established in 1994. It aimed to improve the water quality in the Raba River and Dobczycki Reservoir, the primary source of water for Kraków. In the beginning, the Union was effective in grant acquisition – the share of support was usually covering 80-90% of investment costs.

In 2000, the Union established a separate company to provide services related to water supply (as the Union was an investment vehicle). Over time, the success rate in grant acquisition decreased, and some member municipalities felt disadvantaged in the distribution of investments and had concerns about a potential unification of tariffs. Between 2007 and 2011, five municipalities decided to leave the Union. In 2011, the remaining member municipalities chose to liquidate the Union.

The reasons cited for the collapse of the union include the wide diversity of member municipalities (the biggest, Kraków, had 780 000 inhabitants, whereas several urban and rural municipalities had fewer than 10 000) with different needs, expectations and financial resources, and disagreements over the territorial distribution of investments. There was also a lack of readiness for integration of service operations due to concerns regarding the universal tariff and the potential negative impact on municipal autonomy.

Source: Based on the information provided by the government of Poland through the OECD questionnaire on urban-rural linkages in Poland.

Some positive examples of municipalities that have succeeded in sustaining their inter-municipal water company reveal the importance of management stability and willingness to benefit from economies of scale. This is the case of the inter-municipal company Aquanet in Poznań, whose growth was attributed to its rapid expansion and diversification of activities (e.g. testing water), which allowed it to gradually cover the entire metropolitan area (Box 2.20). Other companies at a lower scale in small/medium sized FUAs in Poland could benefit from this experience and partner with neighbouring municipalities to increase their scope and expand the type of services offered.

Box 2.20. Partnerships for collective water management in Poznań and Grudziądz

In 2005, the inter-municipal company Aquanet was established in the **Poznań** metropolitan area based on the former municipal company Poznańskie Wodociągi i Kanalizacja. It started as a water supplier, but over time its services expanded to other areas, such as sewage, water testing, and construction services. Aquanet is now a capital group that includes a main water company and seven smaller water companies, collectively serving more than 800 000 clients. The shareholders are 10 local governments, with Poznań having the largest share (77.38%), and 11 private stakeholders.

Aquanet's success is attributed to the rapidly expanding territorial scope and diversification of activities, allowing it to gradually cover the entire metropolitan area. The company is highly rated by its users thanks to the transparency of its operations and quick response to problems. The main managerial positions in the company are relatively stable and independent from electoral changes in the shareholder municipalities. Along with that stability, other factors in Aquanet's success include the competitiveness of its offer and its ambition to cover all municipalities in the metropolitan area.

A much smaller-scale, but also successful, partnership has been forged between the urban and rural municipalities of **Grudziądz,** in northern Poland. The rural municipality does not have its own

infrastructure for water intake and sewage disposal, but the urban municipality has enough infrastructure to meet both municipalities' needs.

Grudziądz city thus took over the implementation of water supply and sewage collection for both municipalities, aiming to provide a comprehensive solution to the issue of network operation and uniform water prices for all residents.

Source: OECD (2016[41]), *Water Governance in Cities*, https://dx.doi.org/10.1787/9789264251090-en; Answers from FUA Grudziądz to the OECD questionnaire on urban-rural linkages in Poland.

Strengthening existing partnerships for water management and promoting new ones in Poland is crucial to ensuring water security in the future. The most common response to meet the growing urban water demand is water reallocation from rural to urban regions (OECD, 2016[41]). However, this might lead to growing conflicts between cities and their surrounding rural areas. Across the OECD, positive examples of urban-rural partnerships highlight that good governance is key (Box 2.21). Many of these examples show how compensation for water conservation from urban areas to farmers or water users in rural settings can create win-win situations for both type of municipalities.

Box 2.21. International examples of urban–rural partnerships on water security

Challenges related to water security have increased around and will affect future development. When water is scarce, co-operation is particularly important to equitably and sustainably balance the needs of urban areas and agricultural production. Examples from OECD countries include:

- **Compensating farmers for conserving water in Southern California:** The City of San Diego initiated an agreement to pay farmers for water conservation. As a result, nearly 100 million cubic meters (MCM) were saved by farmers and sent to the city. The target is to raise the figure to 237 MCM in the near future.
- **A water market mechanism in Spain:** An irrigation subscriber association introduced a water market mechanism involving the City of Reus, other municipalities and small rural landowners. It has reduced urban water demand and increased water use efficiency in agriculture. The revenues are used to finance dams and other infrastructure.
- **Groundwater recharge in Japan:** Kumamoto City, which entirely relies on groundwater resources, has been facing groundwater level depletion. It has therefore adopted a new programme to incentivise paddy field owners for groundwater recharge. As a result, it has increased groundwater recharge that improved water security for the city and increased the income of paddy field owners.
- **Promotion of organic farming with the municipal water utility in Munich:** The city water supply source, the Mangfall Valley, has experienced nitrate and pesticide pollution due to intensive agricultural practices. In this context, the municipal water utility introduced a voluntary payment scheme to promote organic farming. As a result, it has improved water quality, reduced water treatment costs, and helped meet the growing demand for organic produce in Germany.

Source: Mitra et.al. (2021[13]), "Urban-rural partnership framework to enhance food-energy-water security in the post-COVID-19 era", http://dx.doi.org/10.3390/ijerph182312493.

In Poland, waste collection has revealed the potential efficiency gain from managing linkages on production and treatment of waste through inter-municipal co-ordination. Municipalities are in charge of waste collection, while regional governments designate the waste collection centres (RIPOKs, Regional Waste Treatment Installations). Inter-municipal co-operation for waste management has been a clear example of the benefits of EU membership. Increasing co-operation among Polish municipalities has been reinforced by a large stream of EU funds earmarked for waste management projects (Kołsut, 2016[42])

However, partnerships in waste management vary across Poland and depend on the active role of the region. According to Kołsut (2016[42]), the spatial distribution of inter-municipal bodies is uneven and clearly differs by type of region. For example, there is more co-operation in northern and western Poland than in the south and east. This reveals the significant and determinant role that the regions play in initiating and stimulating co-operative behaviour among municipalities.

Most of the partnerships on waste collection are conducted through bilateral agreements. The urban core municipality often provides waste management services and receives a fee from surrounding rural ones. Core municipalities usually sign agreements on waste collection with surrounding municipalities, based on market prices and for a determined timeframe. Once the duration of the agreement is over, municipalities can open a tender. The scope of some partnerships have been addressing the national challenge of outdated installations and technologies for waste treatments, resulting in better outcomes than could be achievable through individual actions (Box 2.22).

Box 2.22. Agreements on waste management: Izery Spółka and Bydgoszcz

The Municipal Waste Disposal Plant **Izery Spółka** was jointly established by four municipalities: Lubomierz, Gryfów Śląski, Stara Kamienica and Wleń, with equal shares of 25% each. They used to manage their waste individually, but chose to collaborate on the waste plant due to environmental protection requirements that imposed an obligation to introduce selective waste collection.

The establishment of the company enabled the municipalities to extend service to remote areas where it had never been provided before. Local representatives said the private sector had not been interested in service provision within these four municipalities because of their remoteness and sparsely populated areas. Up to now, co-operation has worked smoothly.

An incineration plant in **Bydgoszcz**, meanwhile, receives waste from many local governments in an FUA, pursuant to inter-municipal agreements. One of the goals of the city for the coming years is to ensure self-sufficiency in the field of municipal waste management for all local governments of the Bydgoszcz Metropolis.

The incineration plant was built with EU funds in 2011 and was supposed to be a regional plant covering municipalities beyond Bydgoszcz city, but some municipalities found better deals with their own waste providers, leading to underused capacity. However, that changed after new requirements for more sustainable waste management led to an increase in the cost of waste management. The modern plant could meet the requirements at a competitive price, attracting other municipalities in the metropolitan association. For example, 11 municipalities from the Bydgoszcz Functional Area handed over mixed-waste management activities to the city of Bydgoszcz.

Source: Based on the answers from the government of Poland and the FUA of Bydgoszcz to the OECD questionnaire on urban-rural linkages in Poland.

Co-ordinated activities around the circular economy are rather scarce or scattered in Poland (OECD, 2021[23]). In 2016, the Ministry of Development elaborated the Polish Road Map draft for the transformation towards a circular economy. In 2017, the Ministry of Environment has launched a small-scale "Pilot priority programme for the circular economy" that was conducted in five small municipalities, but these supporting initiatives were addressed to the business sector, with little government involvement.

Partnerships between urban and rural municipalities to manage waste can go one step further and include the usability of waste within different economic activities. For example, the experience of some OECD regions illustrates the potential to leverage organic waste separation in urban settings to deliver compost to farmers in surrounding rural areas (Box 2.23).

Box 2.23. The circular economy and waste management in Valladolid, Spain

Valladolid, a city of about 300 000 people, has been a pioneer in introducing organic waste separation throughout its metropolitan area. Organic waste collection started two decades ago. After the collection process, the organic waste is treated, producing compost and stabilised biowaste. The compost is used in nearby rural areas, to improve soil structure and provide nutrients to cereal crops as well as alfalfa, beetroot, beans and others. The original plant produced low-quality compost that was provided for free to local producers, but an upgraded facility on the outskirts of the city went online in 2020. It produces higher-quality compost that can also be sold for profit.

Outcome: this economic circularity brings benefits to all the actors involved. The city administration plays an essential role due to its waste treatment competencies and its work with the companies involved in the implementation of the initiative. In addition, the project relies on residents' commitment to separating their waste, and on farmers' commitment to use the compost as an agricultural input.

Source: OECD (2020[43]), *The Circular Economy in Valladolid, Spain*, https://dx.doi.org/10.1787/95b1d56e-en; Valladolid Recicla (2021[44]), "*¿Qué es el compost? ¿Pueden nuestros residuos orgánicos ser el alimento perfecto para las tierras castellanas?*", https://www.valladolidrecicla.es/compost-residuos-organicos/.

Factors that facilitate and hinder urban-rural partnerships in Poland

Most urban-rural partnerships in Poland are implicit, meaning that they are not only targeting co-operation among urban and rural municipalities, but rather among any type of municipalities. In many partnerships, the city centre or biggest urban municipality plays the co-ordinating role. This does not necessarily affect the effectiveness of the urban-rural partnership. However, it requires greater attention to ensure the interests and voices of rural municipalities are taken into account. It is also important to recognise the different assets of rural and urban municipalities and find ways to unlock synergies.

Most partnerships that have been set through EU instruments (ITIs and LAGs) are multiple-purpose, setting objectives on a wider scope of activities. However, because of legal instruments in Poland that prevent metropolitan association from taking over tasks of municipalities, in some partnerships (e.g. on transport), the core cities have to make individual agreements with municipalities that want to join the project. There are some single-purpose partnerships to address specific inter-municipal issues, such as on water and waste management, business support or education. Overall, urban-rural partnerships in Poland are present across different dimensions of well-being and with various level of integration of non-governmental actors.

Following the (OECD, 2013[1]) framework on effective urban-rural partnerships, several insights can be drawn from the case studies in Poland about what can facilitate urban-rural partnerships and what inhibits them. Factors that facilitate partnerships include:

- A functional approach to build partnerships:
  - Partnerships trigger by ITIs are well set to look beyond city-centred embrace a wider set of rural-urban interactions (e.g. transport projects).
  - EU funds have also helped encourage territories to identify their strategies around functional geographies.
  - Structures to engage different levels of government and foster knowledge-sharing.
  - FUAs offices and regional governments have helped to reduce obstacles coming from economic and institutional differences between urban and rural municipalities.
  - Existing associations or regional institutions can be mobilised to share good practices of partnerships and identify new ones – for instance, Regional Tourism Organisations, Regional Territorial Forums and Regional Territorial Observatories.
- Factors that create an enabling environment for partnerships:
  - Clear leadership in some partnerships within FUAs (e.g. transport Wrocław and Bydgoszcz or water management examples). Urban cores have stood out as co-ordinating leaders by helping other municipalities to deal with administrative processes and ensure the proper implementation of the project. A related factor in some partnerships is stable top management, which can help ensure long-term goals and create trust among partners.
  - Balancing the voices of large and small municipalities has been a success factor in many partnerships (ITIs in general). This is in fact a good practice to enhance trust and reduce fear of losing power. Some partnerships (e.g. revitalisation transport project in Wrocław FUA) have succeed at benefit from trust as a factor that facilitated the co-operation.
  - Non-governmental organisations and the private sector have been involved in a number of partnerships (e.g. in water management, social assistance) or as leaders in others (e.g. food value chain, associations of local firms). Facilitating and clarifying ways of involving non-public actors in partnerships is a tool to protect partnerships from political change and attain sustainable co-operation.

Factors that have hindered partnerships include:

- Failure to identify existing partnerships and potential for co-operation:
  - The national government and the voivodeships lack a clear mapping of urban-rural interactions that happen outside the EU-promoted partnerships. More urban-rural interlinkages in the country could be identified, especially outside FUAs. A good understanding of particular challenges and assets across different types of areas, with data at the appropriate spatial level, can help identify interdependencies and incentivise partnerships around them.
  - No clear platform to examine urban-rural partnerships happening in the country, their achievements and lessons.
  - National urban and rural policies are still not aligned to identify common potentials and threats.
- Administrative burden and lack of regulatory clarity:
  - There are no guidelines or good practices on developing urban-rural partnerships in Poland. This type of material can help identify good practices and shortcomings in forming an urban-rural partnership, which in turn incentivise and trigger further local collaboration.
  - Partnerships with several municipalities can involve heavy administrative burdens, as bilateral agreements are required to involve new municipalities, given that co-operation mechanisms such as metropolitan associations cannot legally take charge of services for all member municipalities (see example of partnerships for transport infrastructure).
  - There is a lack of national and regional instruments to target the specific integration of urban and rural areas through services provision, such as in education.

  - Local governments lack the personnel and time to implement urban-rural partnerships, especially in the case of rural municipalities (see cases of transport, or business support). Governance arrangements working at the urban-rural interface are often highly complex, characterised by horizontal and vertical co-ordination of numerous institutional public and private actors.
- Narrow view of partnerships:
  - There is a lack of financial and institutional incentives from national and regional governments to help partnerships include rural municipalities outside FUAs. Given the asymmetric power relations between rural areas outside FUAs and those municipalities inside FUAs, regional governments should serve as intermediaries to promote connections and incentivise partnerships with initial short projects.
  - Partnerships still struggle to involve private or non-governmental actors as partners. Instead, some partnerships only see the private sector as the implementer of projects. For example, water or waste partnerships are materialised through inter-municipal companies, which could further involve private actors as active members of the partnerships. Education along with other public services could also be jointly delivery with private partnerships.
  - Narrow thinking on administrative boundaries across some self-governments is still affecting dialogue to build partnerships. Some of the self-governments interviewed for this report stated that initiating partnerships, especially with those municipalities with whom there is no frequent interaction, required thorough explanation of the benefits from working jointly with projects that cross boundaries (transport or tourism). The need for co-funding is one of the causes that might discouraged at first many rural municipalise, despite the long-term benefits from the partnership. Leadership to trigger co-operation and dissemination of benefit of partnering is greatly needed.
- Lack of trust and long-term vision:
  - Many urban-rural partnerships triggered by EU funding are narrowly focused on attracting EU funds, which hampers long-term co-operation to address other local priorities.
  - Partnerships are not always forward-looking, and unexpected impacts on the project can hinder the partnership itself. For example, there is a need to grapple with the rise in telework.
  - There are no clear criteria for monitoring the effects of urban-rural partnerships. The evaluation of effects focuses on completion of projects and how they function, but fail to cover outcome indicators or well-being effect in the regions (e.g. regional attraction of investment, income, surveys of life satisfaction).
  - Competition between local governments to attract investment and people is an existing barrier for co-operation as municipalities face a growing depopulation and ageing trend. The political aim to ensure sustainably of the local community has nurtured an “individualistic” approach to solving problems and a weak culture of partnering.

Towards a more strategic approach to urban-rural partnerships in Poland

For Poland, urban-rural partnerships represent an opportunity to reduce regional inequality and boost well-being. The country’s dispersed settlement patterns around a large number of small and medium-sized FUAs offer various linkages that can be further mobilised and strengthen through partnerships. Partnerships among urban-rural municipalities in Poland cover a diverse range of well-being dimensions and some involve non-governmental actors or are created directly by them (food or business associations).

Poland already has in place various elements to increase sustainable urban-rural partnerships. The country has a comprehensive policy framework that offers different guidelines and strategic support to

conduct inter-municipal co-operation (e.g. institutional and staff support, planning instruments). Laws and regulations also allow for various types of associations.

Regional governments play a strategic role in identifying functional links in their regional development strategies and encouraging a culture of co-operation and partnerships, which are the basis to apply for EU funding and develop joint projects. At the local level, counties can undertake actions to level out differences among urban and rural municipalities, including creating strategic documents (e.g. a local development strategy), helping to obtain common funds or taking joint actions for the benefit of the region. Municipalities' development strategies (LDS) can provide tools for inter-municipal co-ordination.

Still, urban–rural partnerships are a relatively new phenomenon in Poland, mainly triggered by the EU Cohesion Policy 2014-2020 and its place-based approach. National and subnational strategies support inter-municipal co-operation, but without specific differentiation of the challenges and advantages of urban-rural partnerships, which imply different type of co-ordination and balance of powers. There are several things Poland can do to reduce barriers and foster successful urban-rural partnerships.

Recommendations to make urban-rural partnerships more effective in Poland

Strengthening national and subnational policy frameworks

National policy frameworks, with the leadership of Ministry of Development Funds and Regional Policy, should:

- Clearly recognise the different characteristics and potential of urban-rural partnerships in national and legal framework. To this end, Poland should improve the understanding of the types of urban-rural linkages across the country with data at the appropriate spatial and better identify in national guidelines the particularities of urban-rural interactions, their barriers and potential benefits. This recognition should be mirrored by regional and local development strategies – for example, with a clear implementation principle that involves joint work by urban and rural municipalities. Poland could be guided by practices such as Spain's national strategy, which explicitly recognises the relevance of urban-rural partnerships for attaining some development goals, or Turkey's exercises to identify and create a framework of urban-rural linkages for the country.
- Set institutional support and financial incentives to develop urban-rural partnerships within its national policy framework. For example, the SRD or the forthcoming NRDS could explicitly define capacity-building support or co-financing mechanisms for local governments aiming at entering into partnerships.
- Increase the focus and support to partnerships between functional urban areas and rural municipalities outside those areas. To this end, the updating process of various regional development policies (e.g. the NUP or the NRDS) should better identify the potential benefits of urban-rural partnerships, with a clear financial and organisational mechanism to promote them. This support can involve targeted resources to co-finance urban-rural joint projects, especially those outside FUAs, and developing guidelines to help set a partnership.
- Improve integration of national urban and rural policies in Poland to boost a culture and incentives for urban-rural collaboration. The forthcoming National Urban Policy 2030 and the Strategy for Sustainable Rural Development, Agriculture and Fisheries 2030 have scope to set common or integrated goals, strategies and financial mechanism to promote the role urban-rural partnerships in territorial development.
- Making mandatory the preparation of LDS and further clarifying the minimum guidelines to conduct partnerships in the Article 10a of the Act on the Principles of Development Policy. It would help create clear information, action lines and common basis for co-operation.

Both national and subnational governments should develop clear actions to address structural factors undermining urban and rural partnerships such as lack of trust or competition among communities. To this end, governments could:

- Promote that the first action of partnerships, among municipalities without experience in co-operation, relate to win-win short term projects or strategies to make evident that co-operation can be effective. This type of projects should be low-cost and short-term.
- Encourage partnership structures that offer equal voice and vote to all partners, regardless the size and financial capacity. This can be done with information on how to set this mechanism and examples of other partnerships doing that. It can follow the example of OECD regions like the Metropolitan Region of Nuremberg, Germany, or Geelong in Australia, which implemented partnerships with an egalitarian representational scheme of "one voice, one vote".
- Strengthen regional co-ordination platforms and instruments to trigger partnerships for the implementation of initiatives of supra-local importance. To this end, regional governments can leverage Regional Territorial Forums or the Regional Territorial Observatory to disseminate benefits from existing partnerships, identify possible new projects among municipalities and facilitate involvement of non-governmental organisations in partnership initiatives.
- Further explore mechanisms to promote urban-rural partnerships through digital connectivity. Facilitating the possibilities for municipalities to benefit from virtual interactions, such as remote working or accessing e-services, could trigger partnerships in the country and boost well-being in rural regions, especially in marginalised areas or rural municipalities losing population. For example, the National Rural Policy of Ireland can be a guide for Poland to set incentives that facilitate (temporary or permanently) remote working in rural municipalities and strategies to make the most of it for local economies.

Reducing barriers to facilitate sustainable urban-rural partnerships in Poland

Both national and subnational governments should:

- Create financial incentives to complement the funding from EU instruments. National and regional incentives could provide a greater appraisal for those partnerships that do not use EU funding and that include rural municipalities outside FUAs. To this end, the national government could assign a share of existing funds for local development and investments exclusively to joint projects.
- Simplify administrative process and reduce red tape to conduct urban-rural partnerships. The need of multiple bilateral agreements for a project in metropolitan association imply important use of time and staff (e.g. partnerships around transport) for municipalities. Facilitating the administrative process of making partnerships with standard application formats and clear guidelines would help partnerships' formation.
- Enhance actions to strengthen municipal government capacity to join urban-rural partnerships. This can involve:
  - Strengthening ongoing projects to provide specific consulting and technical assistance programmes for local governments, especially rural ones (e.g. to navigate and implement EU instruments). This involves expanding existing advisory projects such as the Advisory Support Centre (Centrum Wsparcia Doradczego), which can contribute to increased administrative efficiency in local governments and more effective implementation of public policies.
  - Further promoting network activities and conducting a proactive intra-regional advisory assistance that reaches weaker municipal governments. To this end, regional and county governments have scope to play a more active role as facilitators for inter-municipal co-operation, which for some regional and county governments might require clear strategies and staff capacity focus to this matter.

- Leveraging urban-rural partnerships to accelerate the adoption of new technologies. Local partnerships can help rural or marginalised communities adopt technological innovation through for example network of service providers as the case of Nuremberg, Germany.

Local governments should:

- Identify complementarities across different types of municipalities (urban and rural) to help adapt policies to different local challenges. This can also help to spot unseen linkages in the territory and spark new type of partnerships.
- Increase incentives to include non-governmental actors in urban-rural partnerships and upscale privately run partnerships (e.g. food or business associations). To this end, the promotion of partnerships from national and regional governments (e.g. in the application to ITIs) should give preference for funding support to those that involve non-governmental actors in the partnership structure. Moreover, specific strategies could be put in place to help privately run partnerships include members in rural municipalities that lack financial capacity or information to join. For example, they can cover subscription fees or connect businesses in rural areas or with low resources to privately run business associations.
- Keep fostering local leadership to promote partnerships by for example identifying a person/team within the administrative staff of the regional government that is in charge of seeking co-operation opportunities with neighbouring governments. This person/team could actively identify opportunities for co-operation, monitor the partnership scheme and evaluate its results/outputs.
- Define indicators to evaluate outcomes of urban-rural partnerships. This implies evaluating the long-term goal of the partnership (e.g. growth of local income or reduction of CO_2 emissions) on top of output indicators that measure the direct effect of the joint project (e.g. number people using public transport in partnerships on transport).

Based on Poland's urban-rural partnership analysed in this chapter and OECD experiences in other countries, Box 2.24 provides some guidelines to achieve sustainable urban-rural partnerships in Poland.

Box 2.24. Guidelines for urban-rural partnership making in Poland

- **Agree on a common goal.** Reaching a common understanding of the main shared challenges and needs to be addressed and shared opportunities to be unlocked is seminal to start the conversation on partnerships (e.g. partnership on tourism in Jelenia Góra Agglomeration).
- **Identify the potential/benefits of the partnership to attain the common goal.** Clearly defining how the partnership can help address a common challenge or harness a common asset helps provide clear map of actions (e.g. the partnerships around social assistance in the functional urban area of Grudziądz).
- **Establish clear administrative and legal mechanisms to conduct partnerships.** The ITIs mechanism of EU offers a first set actions to form partnerships (Chapter 3).
- **Reduce the administrative burden** to create partnerships by reducing paperwork and help municipalities with weak administrative capacity (e.g. partnership on transport in Lublin Functional Area).
- **Establish clear co-funding mechanisms.** Clear financial incentives from national or regional government can be important in developing urban-rural partnerships.
- **Foster leadership.** Partnerships with a clear leader (municipality or person) can mobilise and incentivise other municipalities to join and help establish long-term visions. Transport partnerships in Poland are a good example.

- **Create trust.** Building trust among partners is needed for the sustainability of the co-operation. Setting schemes of equal voice and planning for quick wins are useful strategies for this.
- **Embrace a forward looking-vision.** Adopt new ways to co-operate locally through digital interactions – for example, to complement service delivery or synergies among labour markets. Increasing digitalisation, including the growth in telework and in the use of e-services, has the potential to create new urban-rural linkages beyond physical proximity and allow partnerships among more municipalities.
- **Evaluate results.** Set performance indicators that measure not just outputs of the joint project, but also the outcomes of the partnership (e.g. income growth in the region).

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Note

[1] The difference between a buying group and a co-operative is that being a member of food coop requires dedicating time and contributing to a common fund and a varying degree of democracy in decision making.

3 Enabling stronger urban-rural linkages in Poland

This chapter delves deeper into the factors that facilitate or hinder collaboration and co-ordination among urban and rural municipalities in Poland. It begins with a discussion on the institutional mechanisms that municipalities can use to co-operate, including the significant role of European Union programmes and funds. It then delves deeper into the different barriers to co-operation, including challenges faced by municipalities that actively seek to work together. It concludes with a multi-pronged approach to tackling those barriers to enable stronger urban-rural partnerships across Poland.

Key findings

- Local governments have multiple mechanisms for co-operation. Poland has a comprehensive regulatory and planning framework that provides the basis for strengthening urban-rural linkages. Co-operation among local governments is voluntary respecting local governments' autonomy.
- Local and regional governments have significant legal and management autonomy to craft their own development strategies and plans. Municipal local governments also have significant power to shape their own development plans, and can choose to do so co-operatively.
- Supra-local development strategies enable urban and rural municipalities to jointly adopt a functional approach to planning. They include a model of the functional and spatial structure.
- EU policies and funding mechanisms have played a central role in fostering urban-rural partnerships in Poland. They have triggered the formation of urban –rural partnerships by the EU Cohesion Policy 2014-2020 and its place-based approach and instruments (e.g. ITI and CLLD).
- Many partnerships triggered by EU funding, are motivated more by a short-term interest (e.g. to obtain funding) than a strategic long-term well-being perspective; and partnerships set up through EU tools are not always agile enough to answers quickly to the changing needs of partners and territories.
- Metropolitan governance remains underdeveloped. Poland lacks flexible legal structures for co-operation in metropolitan areas.
- Spatial planning is too fragmented and has low territorial coverage. In 2020, the share of the area covered by the applicable local spatial management plans in total area amounted to 46.5% in large cities.
- Local governments have limited revenues and large obligations. They largely depend on national grants and subsidies but have a leading role in investing in projects that matter to metropolitan (functional) areas and contribute to strengthen urban-rural linkages.
- Poland needs a multi-pronged approach to enabling stronger urban-rural partnerships. It should facilitate expanding institutional options for inter-municipal co-operation to provide more flexibility; and strengthen metropolitan management as a key way to promote supra-local development strategies and broader co-operation.
- Improving national/subnational co-ordination for urban-rural linkages and regional development planning. This requires clarifying the responsibilities of each level of government in the promotion of urban-rural linkages.
- Poland needs to make better use of strategic planning as a tool to strengthen regional and local development.
- Invest in capacity-building and professional skills in local governments is a must to build and manage effective urban-rural partnerships. Actions to match responsibilities and revenues of local governments are needed, while limiting the dependence on EU funding.
- Enabling participatory processes for stronger urban-rural linkages by encouraging the participation of the private sector and of the wider community is required to build partnerships based on local needs and priorities.

Introduction

The first two chapters of this report showed the close links between urban and rural areas in Poland and how urban-rural partnerships can enable municipalities to promote sustainable and inclusive economic growth, expand opportunities for their residents, enhance public services and generally improve well-being. They also highlighted significant challenges, however, including large differences in economic conditions and access to services across the country and the decline of many small and mid-size cities. Urban-rural partnerships in Poland have mainly been forged to secure EU funding, without a broader vision, and most of the potential for integrated, collaborative, mutually beneficial development has yet to be tapped.

The refugee crisis created by Russia's war on Ukraine has created a new sense of urgency. More than 3.5 million Ukrainian refugees had sought safety in Poland as of late May 2022 (UNHCR, 2022[1]), effectively increasing the population by 10%. With refugees concentrated in urban centres, municipalities' capacity to deliver services is severely strained. In major cities such as Warszawa and Kraków, rents have risen by 20% as demand far exceeded the available supply.[1] By fostering partnerships between large and smaller cities, towns and rural areas, Poland can better manage the influx of newcomers, provide the necessary services, and perhaps turn a major challenge into an opportunity to revitalise some local economies.

Poland is highly suburbanised, and the lines between urban and rural areas are blurred. Large numbers of rural residents' commute into cities to work, study, obtain health care, shop or participate in cultural or leisure events. Urban residents spend their weekends in the countryside, buy produce from local farmers, and benefit from water supplies and environmental services provided by rural areas. Digital technologies also enable people to work, study and participate in events remotely. All this means that instead of thinking of urban and rural areas as separate, it is more useful to think of municipalities across the urban-rural continuum as serving different, but complementary and interlinked functions within a larger area.

A crucial first step in building partnerships to make the most of those linkages is to understand the linkages and the potential benefits of co-operation. Chapter 1 used data on economic growth, demographic trends and commuting flows to provide crucial context. Chapter 2 then examined the extent to which national and subnational policy frameworks foster urban-rural partnerships, and the strengths and challenges of the partnerships that have emerged in Poland up to now. It identified multiple barriers to co-operation: from lack of trust, to limited institutional capacities, administrative fragmentation and inadequate financial mechanisms. It also showed the key roles that non-governmental actors can play in these partnerships.

This chapter focuses on how to overcome those barriers through more effective multi-level governance that fosters co-ordination, co-operation and collaboration.[2] The challenge for Poland is threefold. First, it needs to create a deeper understanding of urban-rural linkages, to identify where joined-up action would be most helpful and what kinds of measures would yield the greatest benefits. This requires mapping interdependencies among municipalities, across different levels of government, and among different types of actors. Second, it needs to change how many local governments view one another, promoting trust and co-operation instead of competition. Third, it needs to provide the right amount of regulation to steer municipalities in the right direction without being rigid and thus stifling co-operation.

The chapter examines the institutional structures that currently support urban-rural partnerships in Poland, including the large role of EU policies and funding mechanisms. It then analyses the many barriers that hinder co-operation among municipalities, as well as key gaps that need to be filled. Finally, it concludes with recommendations for how to systematically address those barriers and strengthen governance in Poland to enable urban-rural partnerships to thrive, with benefits all across the urban-rural continuum.

Mechanisms for urban-rural co-operation in Poland

As discussed in Chapter 2, Poland's national development policy framework encourages municipalities that are functionally connected to work together to advance shared objectives – some in general terms, and some specifically promoting urban-rural partnerships. The proposed new National Urban Policy (NUP) 2030, for instance, includes fostering co-operation as a strategic goal and calls for an integrated territorial approach to development across functional areas, looking beyond administrative boundaries. As shown in Figure 3.1, OECD research has found that municipalities in OECD countries see several benefits to co-operation, as a flexible way to increase their capacity, achieve efficiencies and reduce costs (OECD, 2019[2]).

Figure 3.1. Drivers of inter-municipal co-operation in OECD countries



Source: OECD (2019[2]), *Making Decentralisation Work: A Handbook for Policy-Makers*, https://dx.doi.org/10.1787/g2g9faa7-en.

Local governments have multiple mechanisms for co-operation

Poland has a comprehensive regulatory and planning framework that provides a basis for strengthening urban-rural linkages. Figure 3.2 shows the key elements. Under the Polish Constitution, local government units have a right to form and join associations with other government units within Poland and internationally. As shown in Figure 3.3, the Act on Municipal Self-Government (Government of Poland, 1990[3]), defines three mechanisms for co-operation. Municipalities (gminas) may form associations with other municipalities, counties (powiats) or regions (voivodeships) to help cover costs and assist one another. They can also sign inter-municipal agreements to have another municipality deliver one or more services on their behalf, such as public transport or waste collection. In addition, they can form municipal unions, which are legal entities with specific duties, duration and rules.

Figure 3.2. Underpinning urban-rural linkages in Poland: The regulatory and planning framework

Governance level	Regulatory framework	Planning framework	Planning financial dimension
European Union	Legislative package (Regulations) of the Cohesion Policy 2014-2020 and 2021-2027 in the context of the EU Multiannual Financial Framework and Next Generation EU	Partnership Agreement with the EU and connected Operational Programmes	The European Structural and Investment Funds (ESF+, ERDF, CF, EAFRD, EMFF) Just Transition Fund (JTF) National co-financing
National	National Constitution Act on Principles of Implementation of Development Policy	Strategy for Responsible Development National Development Concept (*in preparation*) National Urban Policy National Regional Development Strategy 2030	Long-term state budget Financing plan National programmes
Regions (*Voivodeships*)	Act on Voivodship Self-government	Regional Development Strategy Development strategies/programmes/plans, including sectoral	Regional operational programmes Long-term *voivodeship* forecast
Counties (*Powiats*)	Act on County Self-government	Supra-local Development Strategy	
Municipalities (*Gminas*)	Act on Municipal Self-government Act on Metropolitan Areas (for the Katowice metropolitan area only) Act on Associations.	Supra-local Development Strategies Local Development Strategies (*implemented under CLLD instrument*) Commune Development Strategy	Long-term financial forecast

Polish municipal authorities are encouraged not only to co-operate with one another, but also to find partners at other levels of government (voivodeships and powiats), social actors (associations, non-governmental organisations), academia (universities, think tanks), businesses and business associations, community groups and individual citizens.

Figure 3.3. Mechanisms for co-operation under the Act on Municipal Self-Government

	Type of co-ordination mechanism	Objective
Local Self-Government Units (Counties and municipalities)	Inter-municipal associations	To provide assistance, including financial assistance, to each other of the members of the association. Association may be form with other municipalities, counties and regions.
	Inter-municipal agreements	To entrust one municipality to carry out one or several of the public tasks of other municipalities but contributing to cover the costs incurred in conducting those tasks.
	Municipal unions	To perform public tasks on behalf of the members and on its own responsibility. The union has legal personality and its tasks, participants, duration, bodies and rules are set in a statute adopted by all member municipalities.

Municipalities in other OECD countries co-operate through various arrangements, some of which are similar to those used in Poland. Single- or multi-purpose co-operative agreements or contracts, including shared services arrangements or shared programmes, are used by municipalities in Australia, the UK, Ireland and New Zealand, for example. In France, Portugal and Spain, meanwhile, associated municipalities have the status of supra-municipal authorities with delegated functions (OECD, 2019[2]; 2017[4]; 2020[5]).

OECD (2021[6]) found that in a sample of 34 Polish municipalities, 71% were involved in associations of municipalities, and 65% were part of inter-municipal unions (65%). While it is difficult to generalise based this small sample, municipalities inside functional urban areas (FUAs) were found to likelier to use those two mechanisms, while municipalities outside FUAs were likelier to have agreements for service provision.

As discussed in Chapter 2, co-operation can enable municipalities to achieve economies of scale, reducing the cost of services. It can also be valuable in financing and maintaining shared infrastructure – such as for transport, water supply, sewerage and waste management. In some contexts, co-operation can also be a matter of fairness. In metropolitan areas such as Łódź (OECD, 2016[7]) and Gdańsk, for instance, commuters from outside the cities use services and infrastructure without contributing to the local tax base. Conversely, the choices made by a municipality in terms of service provision or infrastructure may affect municipalities all across the functional area, and their needs should also be considered (OECD, 2021[6]).

The amendment to the 'Act on Principles of Implementation of Development Policy' also led to reform the different acts that regulate regional and local self-government units, such as the Act on Municipal Self-Government, and the Act on Voivodeship Self-Government. Specific co-operation frameworks were defined in the acts as a basis for establishing partnerships: associations, agreements, and inter-municipal unions. In particular, the Act on Municipalities (or communes) highlights that local governments can engage in co-operation with other local governments to perform public tasks and provide joint services. There have been efforts to create new avenues for co-operation, though not necessarily connecting urban and rural communities. For example, the "Partnership Initiative for Cities", a national government project, has so far engaged 34 cities in thematic networks around air quality, urban mobility and revitalisation. The cities themselves identify their most pressing challenges and work on solutions for improvement, and the Ministry of Development Funds and Regional Policy provides organisational and expert support.

Local and regional development planning is a key opportunity for co-operation

Subnational governments in Poland have significant legal and management autonomy to craft their own development strategies and plans. Chapter 2 noted the importance of regional and county governments in promoting urban-rural partnerships and broader co-operation across their territories to foster more inclusive and sustainable development and enhance well-being. Municipal governments also have significant power to shape their own development plans, and can choose to do so co-operatively.

In July 2020, Poland's Parliament passed several amendments to the Act on Principles of Implementation of Development Policy[3] that introduced a new scheme of social, economic and spatial planning for local development. The goal was to strengthen the creation, implementation and monitoring of local strategies and, to that end, to promote co-ordination and collaboration across levels of government.

A key element of the reform was the introduction of supra-local development strategies. For now, they are optional, but the Act highlights their value, and efforts are under way to make them compulsory.[4] Another change is the creation of territorial agreements that enable local governments to come together to specify priority projects for the development of a given area, in line with the objectives of a development strategy. Municipalities can sign such agreements with the voivodeship or the national government, and it has statutory power.

Supra-local development strategies enable urban and rural municipalities to jointly adopt a functional approach to planning

Adopting a functional approach to local development and spatial planning is critical for Poland. As noted in Chapter 1, 80% of the population lives either within an FUA (55.8%) or in an FUA's catchment area – less densely populated areas whose residents commute into the FUAs. The OECD framework for effective and sustainable urban-rural partnerships recommends a functional approach to planning (OECD, 2013[8]). It allows for interventions at the right scale – as with transport systems that affect not just the implementing municipality, but its surroundings – and make it easier to leverage urban and rural areas' respective strengths. Instead of competing, municipalities can find synergies that are mutually beneficial. By banding together, they may also find it easier to finance the implementation of their plans.

Supra-local development strategies provide a way for municipalities to implement a functional approach. The amendments to the Act on Principles of Implementation of Development Policy in 2020 created this option for municipalities that are neighbours and/or functionally related, with complementary or interdependent development goals (Government of Poland, 2022[9]). The supra-local development strategy includes a model of the functional and spatial structure, which illustrates the lines for action set out in the strategy, as well as findings and recommendations on the development and implementation of spatial policy in each municipality.

In order to prepare and implement a supra-local development strategy, municipalities may form an inter-municipal union or association, or adopt an inter-municipal agreement. Many local government units and FUAs have expressed interest in pursuing this option. In December 2021, the Krakow Metropolitan Association (Metropolia Krakowska), approved Poland's first supra-local development strategy to 2030. As discussed in more detail in Box 3.1, it designates seven areas of co-operation for 15 municipalities over the coming decade.

Box 3.1. The Kraków Metropolitan Strategy 2030

The Kraków Metropolitan Strategy 2030, the first supra-local development strategy approved in Poland, was drafted through an extensive process of consultation that involved a large number of participants in meetings, workshops, thematic forums, and the First Forum of the Kraków Metropolis, which brought together more than 170 participants.

The strategy highlights seven areas of co-operation among municipalities: intelligent management (data management), environment and space (climate change and spatial order), mobility (integrated transport management), economy (innovation and business potential), leisure (increasing the cultural and recreational offer), education (improving the quality of services and the level of competence of the staff), and social services (high-quality care and support services for the elderly and dependent adults).

Its vision is to transform the Kraków Metropolis into an environmentally friendly area with high quality of life, accessibility, quality public services and innovation that offers comprehensive development opportunities to all its residents. All 15 municipalities in the Metropolis Krakowska Association will participate in actions in support of that vision.

Source: Metropolia Krakowska (2021[10]), *Strategia Metropolia Krakowska 2030*, https://metropoliakrakowska.pl/wp-content/uploads/2022/01/Strategia-Metropolia-Krakowska-2030.pdf.

Although this particular mechanism is new, some local governments in Poland have been partnering on strategic documents for some time. Examples include a development strategy for Lublin Metropolitan Area; a development strategy for Koszalin-Kołobrzeg- Białogard Functional Area; a development strategy for the Municipalities of Krasocin, Łopuszno and Słupia Konecka; the Integrated Development Strategy for the Functional Area "Blisko Krakowa" 2014 (although it does not include the city of Kraków); and joint strategic documents prepared by the municipalities of the Gdańsk-Gdynia-Sopot area since 2015.

In addition, in the Dolnośląskie voivodeship, there are formal co-operation networks that include local governments (cities, urban-rural and rural communes) as well as NGOs, entrepreneurs, agricultural producer associations and other entities.

EU policies and funding mechanisms have played a central role in fostering urban-rural partnerships in Poland

The EU Cohesion Policy aims to strengthen economic and social cohesion across Europe. The "Lisbon Treaty" and the EU's "Europe 2020" strategy introduced "territorial cohesion" as a third dimension.[5] Since then, the European Union has been working together with countries, regions and other partners to promote urban-rural linkages for tackling economic and social disparities among territories and people. The rationale is that a truly integrated approach to regional development must go beyond discrete urban and rural issues and seek to address both urban and rural needs.

Over time, EU territorial policies have undergone numerous reforms, which resulted, in the last 15 years, in a shift from sectoral policies and interventions to programmes with a strong territorial focus and a strong emphasis on the local dimension of development. In Poland, the EU Cohesion Policy and its financing through the European Structural and Investment Funds (ESIF) has incentivised local governments to join forces to conduct diagnostics, create a shared vision for development and draft development strategies for entire functional areas.

The EU programming cycle 2014-2020

In 2014-2020, around 9% of the EU Cohesion Policy budget from the European Regional Development Fund (ERDF), Cohesion Fund (CF) and European Social Fund (ESF) was allocated to integrated territorial development using territorial instruments (Integrated territorial Investments – ITIs – and Community-Led Local Development – CLLD, or national territorial instruments) or other delivery mechanisms, such as multi-thematic priority axes.[6]

In its 2014-2020 Partnership Agreement, Poland indicated cities and their functional areas (FUAs) as the main target of its territorial development strategy, which would be implemented mainly through the use of ITIs.[7] The instrument allows EU Member States to pool funding from different priority axes of one or more Programmes to ensure the implementation of an integrated strategy for a specific territory. ITIs are only approved if the area concerned has an integrated, cross-sectoral territorial strategy, with a package of actions to be implemented and governance arrangements to manage each ITI.[8]

For the 2014-2020 EU programming period, Poland decided to make it compulsory to implement ITIs in in voivodeship (regional) capital cities and their FUAs. The choice of whether to implement them in other FUAs was left to regional governments and stakeholders. In total, ITIs were implemented in 24 functional areas: 17 FUAs of voivodeship capitals (two different ITIs were created for the "joint" capital cities of Bydgoszcz and Toruń) and seven in FUAs of other cities in four different voivodeships (in Śląskie: Częstochowa, Rybnik, Bielsko-Biała; in Dolnośląskie: Jelenia Góra and Wałbrzych; in Wielkopolskie: Kalisz-Ostrów; in Zachodniopomorskie: Koszalin-Kołobrzeg-Białogard).

The main sources of finance for ITIs in Poland are the 16 Regional Programmes (RPs) and the two National Programmes (Infrastructure and Environment, and Eastern Poland), which provide complementary support to projects financed by the RPs. In total, about EUR 6.2 billion was allocated for ITI implementation in Poland in 2014-2020. ITIs for the period needed to have a strategic focus on sustainable, efficient transport; degraded areas; natural environment, energy efficiency and low-carbon strategies; public services; and/or research, technological development and innovation.[9]

Poland's 2014-2020 Partnership Agreement also provided for the use of Community Led Local Development (CLLD) to create rural-rural partnerships or partnerships between smaller towns and rural areas, by establishing local development strategies (LDS)[10] in a given territory. Box 3.2 provides an overview of CLLD, which is implemented through Local Action Groups (LAGs), mainly in rural areas. The goal is to bolster the economy and improve the quality of life – for instance, through investments in infrastructure and economic diversification. The two voivodeships (Kujawsko-Pomorskie and Podlaskie) in Poland using ESF and ERDF for their LAG, the only ones that are both rural and urban, are also active in social inclusion (e.g. long-term unemployment). At the local level, CLLD and LAGs in Poland are particularly relevant to engaging local communities.

Box 3.2. Community Led Local Development to foster co-operation

At the local level, the design of high-quality, integrated, multi-sectoral strategies can be challenging, especially with regard to stakeholder engagement. Local actors require technical and financial support from the regional, national and EU levels, especially in the early stages of the implementation process.

CLLD is based on the LEADER experience of community-led local development and takes a bottom-up approach. It aims to strengthen synergies between local actors, both public and private. Although the LEADER approach was extended to other funds in the period 2014-2020, often CLLD has been restricted by national authorities to only one specific policy objective and/or a single fund. In the 2021-2027 period, the CLLD instrument includes new provisions to go beyond the LEADER initiative and to empower local communities to provide specific local solutions, not only via EAFRD, but also via the other ESI Funds. Thus CLLD offers possibilities not only for rural areas, but also for urban and peri-urban areas. As a result, it is an increasingly valuable tool for urban-rural partnerships.

Challenges reported in the implementation of CLLD include the complexity of the concept; issues linked to the capacity of the actors on the ground; resistance to move away from top-down approaches and giving "power" to local groups; lack of appreciation of its value, because consultation with local actors is already being used; and the administrative burden when it is supported by ERDF and ESF.

Source: Tomašić, R. (2016[11]), *Report on New Territorial Development Tools in Cohesion Policy 2014-2020: Integrated Territorial Investment (ITI) and Community-Led Local Development (CLLD)*, European Parliament Plenary Sitting, 22 February 2016.

The EU programming cycle 2021-2027

The new EU programming cycle, 2021-2027 envisages some changes that aim to help strengthening the interaction between urban and rural areas and make it more effective. The new EU Cohesion Policy brings new priority objectives, a more thematic concentration of funds and an enhanced territorial dimension for policy action, combining funds and integrating policy interventions. The 11 thematic objectives used in 2014-2020 were condensed into five to better address the challenges posed by megatrends:[11]

- (PO1) A smarter Europe – innovative and smart industrial transformation;
- (PO2) A greener, low-carbon Europe;

- (PO3) A more connected Europe – mobility and regional ICT connectivity;
- (PO4) A more social Europe – implementing the European Pillar of Social Rights;
- (PO5) Europe closer to citizens – sustainable and integrated development of urban, rural and coastal areas through local initiatives.

The 2021-2027 Cohesion Policy framework supports the development of local growth strategies by urban, local, rural or other territorial authorities, which should now be fully in charge of or involved in the selection of EU-funded projects. The new framework continues to support and seeks to strengthen ITIs and CLLD, as well as "Other Territorial Instruments" (IITs).

The new cross-cutting policy objective (PO5), which may be financed by all Policy Objectives 1-4 through integrated actions and projects, is well suited to supporting urban-rural partnerships. Developing effective partnerships funded through ITIs requires national, regional and local authorities to improve the effectiveness and timeliness of multi-level governance; further strengthen the links between territorial and sectoral planning, programming and implementation; and further enhance co-operation among the territories and stakeholders involved.

The "Next Generation EU" pandemic recovery package (NGEU), set up in 2021, offers additional opportunities. NGEU represents the start of a new process that will have significant effects on the EU Cohesion Policy and bring a new role to ESI Funds and place-based policies across the European Union. It calls for a new role of place-based policies, where the integration of ESIF and of strategies and actions at different levels becomes the new challenge. Poland requested EUR 23.9 billion in grants under the Recovery and Resilience Facility (RRF) – a key instrument at the core of the NGEU – and EUR 12 billion in loans to implement its National Recovery Plan.[12] A significant proportion of the EU funds will finance the expansion and modernisation of rail infrastructure – which could strengthen urban-rural linkages – as well as the development of digital infrastructure in the five less developed regions.[13]

Overall, including regional and national programmes, Poland will have about EUR 76 billion in EU funding in 2021-2027 to allocate to investments in innovation, entrepreneurship, digitisation, infrastructure, environmental protection, energy, education and social affairs. As in the previous period, about 60% of funds from EU Cohesion Policy will go to programmes implemented at the national level. The remaining 40% will be allocated to regional programmes managed by voivodeship marshals.[14]

The Partnership Agreement for Poland (PA) under Policy Objective 5 (PO5) supports the implementation of integrated urban-rural strategies, mainly at the supra-local level. The purpose should be to drive structural changes in a given area, in line with the EU priorities and objectives defined at the national level in the National Strategy of Regional Development 2030 (NSRD) and regional level in the regional development strategies (SER).

Territorial and local development strategies (LDS) need to be prepared, reflecting local functional linkages and the potentials and needs of territories. They should aim to create economically, socially and spatially coherent areas of functional connections, based on local projects to improve the quality of life) in a given functional area. Actions implemented under PO5 must be implemented through territorial instruments such as ITIs, CLLD and IITs, and must result from territorial strategies (for ITIs and IITs) or local development strategies (for CLLD).[15]

As in the past, Poland is greatly stressing the creation of urban-rural linkages in functional areas within its regional development strategy and a wide utilisation of ITIs, capitalising on its very successful past experience (in 2017, only nine EU Member States accounted for nearly 80% of the total amount of ITI funding, with around 28% of all ITIs being implemented by Poland).[16]

The Partnership Agreement for Poland indicates that ITIs will be used extensively in FUAs, in particular medium-sized cities losing their socioeconomic functions (which also include rural areas) and all other FUA designated in the voivodeship development strategies, including the FUA for voivodeship centres. The

basis for the implementation of ITIs in Poland is the ITI territorial strategy or the supra-local development strategy. Activities resulting from an ITI strategy can be financed in PO5, but the main axis of the implementation of these strategies is based on Policy Objectives (PO) 1-4, under the relevant regional or national programmes.[17]

As in the previous period, CLLD will be implemented by local action groups based on local development strategies, with a focus on rural areas.[18] Projects resulting from them may be financed from the EAFRD and the EMFF, as well as from the ESF+ and the ERDF.[19] The choice to apply this instrument is left to the voivodeship boards decides about the application of this instrument under the Regional Programmes. IIT may also be used to support bottom-up development projects emerging from supra-local strategies.

ITIs have been central to driving urban-rural partnerships and territorial approaches in Poland

As should be clear from the preceding sections – and from the discussion in Chapter 2 – ITIs have played a crucial role in driving and supporting urban-rural partnerships in Poland. Their impact goes beyond the funded projects, as they have contributed to territorial cohesion[20] by:

- Promoting a partnership model of co-operation between various administrative units in functional urban areas;
- Increasing the effectiveness of interventions by implementing integrated projects comprehensively responding to the needs and problems of cities and areas functionally related to them;
- Enhancing the capacities of cities and FUAs to draft and implement plans for development projects under the EU Cohesion Policy interventions in their territory.

As of 2018, ITIs had been implemented in 21.3% of municipalities in Poland, which cover of 17.5% of the land area and are home to 47.6% of the population (Kociuba, 2018[12]). As noted above, Poland has required the implementation of ITIs in the FUAs of voivodeship capitals, and given the option to other FUAs. The idea is to encourage local governments within FUAs to establish closer co-operation to obtain investment funds, develop a joint strategy to address shared challenges, and implement it together. The possibility to draw funding from several priority axes of EU programmes helps ensure that strategies are integrated.

ITIs can be implemented in areas all along the urban-rural continuum and at different levels of governance, so they are well suited to the diverse nature of Polish local governments. An ITI can also deliver integrated actions in detached geographical units with similar characteristics within a region (e.g. a network of small or medium-sized cities). A further advantage is that an ITI does not need to cover the whole territory of an administrative unit. Some examples of the use of ITIs in Poland are outlined in Box 3.3. Forming the required partnerships is a complex process, but access to EU and national funds has been a critical incentive for local governments to make the effort, as shown by the increase in planned ITIs in the Dolnośląskie Voivodeship.

Box 3.3. Examples of ITIs in Poland

Dolnośląskie Voivodeship includes ITIs in its Regional Operational Programme for 2014-2020.ITIs are implemented by associations of local governments headed by a leader. For example: the Wrocław powiat heads the Wrocław Functional Urban Area ITI; the Wałbrzych powiat heads the Wałbrzych conurbation ITI; and the City of Jelena Góra heads the Jelenia Góra conurbation ITI. The board of the Dolnośląskie Voivodeship delegated its authority to the ITI associations to act as intermediate bodies in the implementation system of the Regional Operational Programme.

For the 2021-2027 period, the voivodeship board-initiated discussions in March 2020 to apply the territorial approach across the entire region, inviting all self-government units to participate. The goal was for every potential applicant to be able to apply for EU funds under Policy Objective 5.

The discussion resulted in agreements, letters of intent from individual municipalities and counties, followed by draft action plans/strategies. Along with the three FUAs that were already implementing ITIs, three more will be launched, in the Legnica-Głogów Functional Area, the Southern Functional Area and the Western Functional Area.

In the Pomorskie Voivodeship, the **Gdańsk-Gdynia-Sopot Metropolitan Association** has been in charge of implementing EU financed projects through an ITI. It has co-ordinated the implementation of projects worth about EUR 250 million in four thematic areas: transport and mobility, environment and energy, economic development and social development. The projects include the creation of a network of nodes integrating transport systems; the creation of the Metropolitan Bike System to promote active mobility; weatherisation of residential and public buildings; an integrated programme of co-operation of business incubators; and the creation of science and technology parks.

In 2021-2027, the **Lubelskie Voivodeship** will implement activities under the five objectives of the Cohesion Policy. The proposed basic allocation from the European Funds will be EUR 1.7 billion (25% ESF and 75% ERDF). The resources will be used to support strategic interventions in areas at risk of permanent marginalisation and medium-sized cities losing their socio-economic functions; regional strategic intervention areas, including FUAs; and other priority projects. The strategic objectives of the Development Strategy for the Lubelskie Voivodeship up to 2030 will be high-quality food, green economy, a healthy society, digitalisation and material technologies, and improved production and logistics processes.

Source: Information received from local governments in the OECD Questionnaire on Urban-Rural Linkages in Poland. For Lubelskie voivodeship: Marshal Office of Lubelskie Voivodship in Lublin (n.d.[13]), "European funds for Lubelskie 2021-2027", https://www.interregeurope.eu/fileadmin/user_upload/tx_tevprojects/library/file_1625484926.pdf; for the Gdańsk-Gdynia-Sopot Metropolitan Association: Gajewski, R. (2018[14]), "The grounds for metropolitan cooperation. A case study of the Gdansk-Gdynia-Sopot metropolitan area", http://dx.doi.org/10.25167/sm2018.031.04.

In 2015, the Pomorskie voivodeship adopted the Integrated Territorial Agreements (ITAs), which are similar to ITIs but separate, for the implementation of its Regional Operational Programme in eight subregional cities. The ITAs focus on FUAs and cover areas such as collective transport, waste and rainwater management, buildings improvements, vocational training, pre-school education, and health care. To approve an ITA, the requirement was that the central city and at least half of the local governments in the functional area co-operate. The ITA constitutes a special mechanism for functional areas of subregional cities.

Table 3.1 uses Poznań as an example to show the types of ITI projects that can be implemented in a metropolitan area. Box 3.4 then shows how ITIs in the Warszawa and Lublin metropolitan areas are fostering co-operation. Relationships have been formed that on a larger scale than previously seen in Poland, resulting in deepened integration, reduced competition among municipalities, and collaboration to solve common problems.

Box 3.4. ITIs in Warszawa and Lublin metropolitan areas

The **Warszawa Metropolitan Area** is one of the most dynamic in Poland. To make the most of its potential, the City of Warszawa, which has county rights, formed an ITI with 14 urban municipalities, 12 urban-rural municipalities and 13 rural municipalities. The ITI was allocated about EUR 167 million from the Regional Operational Programme for the Mazowieckie Voivodeship 2014-2020. An intermediate body manages the implementation of the ITI. The projects funded include digital public services; low-emission transport, such as cycling routes and park-and-ride (P+R) lots to promote public transport use; and general and pre-school education (e.g. development of a care system for children under 3 years old, and education and career counselling). It is expected that by the end of 2022 there will be 471 km of bicycle routes, 62 P+R parking lots, and more than 1 700 new places of care for small children.

The **Lublin Metropolitan Area** includes 22 municipalities and also co-operates with five powiats. The smaller Lublin Functional Area (LFA) within it, which covers 16 municipalities, was created to implement an ITI, with about EUR 160 million under the Regional Operational Programme of the Lubelskie Voivodeship. Projects included an Integrated Communication Centre for the Lublin Functional Area; the construction and modernisation of bus stops and interchanges integrated with other types of transport in the LFA; the optimisation of connections between the S17/12 expressway and the airport; the revitalisation of a park; the revitalisation of a part of the Lublin city centre; and other area improvement projects.

Source: For Warsaw: Interreg Europe (2020[15]), *Integrated Territorial Investments for Warsaw Metropolis – Strict Cooperation between 40 Communes*, https://www.interregeurope.eu/good-practices/integrated-territorial-investments-for-warsaw-metropolis-strict-cooperation-between-40-communes; for Lublin: Lublin Metropolitan Area (n.d.[16]), "ITI instrument in the Lublin Metropolitan Area: Experiences and plans for the future", https://projects2014-2020.interregeurope.eu/fileadmin/user_upload/tx_tevprojects/library/file_1625485026.pdf

Table 3.1. Examples of Integrated Territorial Investments in Poznań, 2014-2020

Priority axis ROP WV	Projects in the ITI Strategy of Poznań	Complementary projects of the Operational Programme	Place of execution
Innovative and competitive economy	Supporting entrepreneurship in the IT industry through entrepreneurship incubators	------	Poznań FUA
Energy	Poznań Metropolitan Railway. The integration of public transport system around the railway transport in the FUA	Construction of the train route on Naramowice – Stage I of the Wilczak loop to Naramowicze. Reconstruction of the tram routes and calming street traffic in the streets of St Marcin, Fredro, Mielżyńskiego, Wolnosci, and Towarowa Street. Purchase of low-floor tram rolling stock.	Poznań FUA. Complementary City of Poznań
Transport	The integration of the regional roads in the FUA Poznań	Expansion of the Poznań Railway Junction for metropolitan traffic. Purchase and modernisation of rolling stock for regional and metropolitan railway traffic	City of Poznań. Complementary in Poznań, including cities of Poznań and Oborniki.
The labour market	Improving access to quality health prevention services in Poznań FUA	-------	Poznań FUA
Social inclusion	Improving access to services of family assistant and coordinator of family foster care in Poznań FUA	-------	Poznań FUA

Priority axis ROP WV	Projects in the ITI Strategy of Poznań	Complementary projects of the Operational Programme	Place of execution
Infrastructure for human capital	The development of infrastructure for vocational training in Poznań FUA	-------	Poznań FUA. Including cities Poznań and Swarzędz

Source: Kociuba, D. (2017[17]), "Integrated territorial investments (ITI) in Poland", in Kopczewska, K. et al. (eds.), *Measuring Regional Specialisation: A New Approach*; Kociuba, D. (2018[12]), "Implementation of integrated territorial investments in Poland - Rationale, results, and recommendations", *Quaestiones Geographicae*, Vol. 37/4, pp. 81-98, http://dx.doi.org/10.2478/QUAGEO-2018-0038.

Although the incentives created by ITIs can bring municipalities together, they cannot always change the fundamental dynamics between them. An example is the ITI created in 2014-2020 in the Bydgoszcz-Toruń FUA, in the Kujawsko-Pomorskie Voivodeship, between two cities with a history of social and political conflict and competition (Box 3.5).

Box 3.5. The creation of the Bydgoszcz-Toruń FUA

The Bydgoszcz-Toruń agglomeration in the Kujawsko-Pomorskie Voivodeship has two urban cores: Bydgoszcz, with 361 000 inhabitants, and Toruń, with 207 000, that jointly serve as the capital of the voivodeship. The voivode office and majority of central government administration offices are situated in Bydgoszcz, while the self-government administration and Voivodeship Sejmik (assembly) are in Toruń. Economically, Bydgoszcz is stronger, with a more industrial profile, while Toruń is dominated by the service sector and has more recognisable tourist brand. The commuting zone includes about 20 additional municipalities.

In 2012, the national government invited the cities to form an ITI to access EUR 60 million in EU funds. However, a long history of social and political conflicts between the two cities undermined the effort. Problems arose over to the location of the main office of the ITI, management of the board, the way members' votes would be counted, and the criteria for the distribution of funds. After months of discussion, a 25-member Bydgoszcz-Toruń Functional Area (BTOF) was created, with Bydgoszcz as president and Toruń as deputy president. The two presidents would hold alternate meetings of the steering committee and decisions would be made by consensus. This arrangement allowed both cities to maintain their equal positions as the main centres of the created area.

Another thorny issue was whether they should have a single functional area of Bydgoszcz-Toruń or two FUAs, one around each city. Bydgoszcz wanted to have its own functional area, while Toruń favoured a shared FUA. The national government and the Marshal of the Kujawsko-Pomorskie voivodeship opted for a common functional area and offered to increase funding to EUR 138 million. Despite further protests from Bydgoszcz, the plan proceeded. There were also disagreements about the number of representatives of individual cities and municipalities in the BTOF steering committee, and on the specific structure of the organisation, but ultimately the new inter-municipal union came together.

However, the mutual animosities continued to be strong, as both cities have strong identities. For 2021-2027, Bydgoszcz and Toruń will implement separate ITIs within their own functional areas.

Source: Government of Poland (n.d.[18]), *Kujawsko-Pomorskie Voivodeship*, http://bydgoszcz.uw.gov.pl/en/gospodarka.html; Szmytkowska M. et al. (2021[19]), "The making of the Bydgoszcz-Toruń partnership area as an example of a bipolar conflict", http://dx.doi.org/10.1080/09654313.2021.1875994.

As the case of Bydgoszcz and Toruń suggests, imposing a shared ITI does not necessarily lead to integration. Most of the investments were spot-based or implemented within each functional area, without co-ordination. This case also suggests that economic benefits are not always enough to overcome political

rivalries and historically rooted conflicts. This suggests that the creation of future FUAs will require bigger efforts to foster co-management, broader dialogue and real participation of many social stakeholder groups. The creation of partnerships should be based on common, conscious needs, and on a voluntary basis, so to share political commitment and eventual costs (e.g. economic, social, etc.).

Although the ITI mechanism is widely used in Poland, some subnational governments have come up with their own proposals and implemented instruments inspired by ITIs, but adapted to their needs (Box 3.6).

Box 3.6. Co-operation instruments inspired by the ITI mechanism

In 2013, the **Zachodniopomorskie Voivodeship** adopted the 'Local Government Contract' (LGC) for the implementation of its Regional Operational Programme 2014-2020. The LGC concentrates resources and means of intervention in selected thematic areas such as transport and education. Funds were made available for local government partnerships, which conducted a common diagnostic of problems, developed a vision for development, prepared a development strategy and implement it together with the private sector, academia and citizens. Six LGCs were negotiated and signed with the voivodeship government. The contracting parties were municipalities around the subregional towns of Wałcz, Szczecinek, Nowogard, Pyrzyce. The condition to have access to funds through the LGC is that the projects contribute to the objectives of the ROP of the voivodeship.

The **Mazowieckie Voivodeship** implemented the Regional Territorial Investments (RTI) as a form of partnership in five FUAs of regional cities. Local governments involved in the partnership are directly involved in the implementation of investments. For projects to be approved under this scheme must have an integrated character, which means that they should contribute to solve a tangible problem and at the same time support the development of the subregion. Partners must prepare an action plan consisting of a diagnosis of the area and an indication of related projects as well as a financial plan and timetable. Funding projects under the RTI formula, comes from the allocation of resources from the ERDF an ESF for the ROP.

The **Lubelskie Voivodeship** adopted the Strategic Territorial Investments (STI) for the implementation of its ROP. The STI consists in the implementation of integrated projects on the basis of strategic plans in subregional FUAs (Biała Podlaska, Chełm, Puławy, Zamość). The scope of the STI could vary from increasing the economic attractiveness of cities of their FUA with the use of their local assets, environmental protection, the installation of low-emission transport systems, increasing the quality of human resources and social inclusion. The resources for the mechanisms come from the ERDF and ESF funds. The STI aims at strengthening diverse supra-local functions and exploiting the internal potential of the subregions, developing internal and external functional connections, and improving accessibility to basic public services.

Source: Interviews with Polish local government officials.

CLLD implementation has been successful, but underused

As noted earlier, Community Led Local Development (CLLD) is an important instrument for encouraging local governments and other partners to create and implement local development strategies (LDS). It is implemented throughout Poland under EAFRD and EMFF in seven of the 16 voivodeships, and in Kujawsko-Pomorskie and Podlaskie, also under ERDF and ESF, with multi-funded strategies combining several EU funds.[21]

While ITIs are rarely used to address needs and partnerships in rural areas, CLLD is a formidable instrument for rural-rural partnerships and can also be instrumental to strengthen partnerships between

rural areas and smaller cities. As explained in Box 3.2 above, although the design of CLLD in 2014-2020 made it most suitable to rural areas, changes for the 2021-2027 period make it more broadly applicable and thus increase its value for implementing integrated approaches in areas that include urban, peri-urban and rural municipalities. For example, CLLD could be particularly useful in areas with smaller urban cores, or with very large catchment areas.

In Poland, according to the Ministry of Agriculture, CCLD is already applied in about 90% of the area eligible for support. Although CLLD is a formidable tool for involving citizens and stakeholders at local level in developing concerted responses to the social, environmental and economic challenges of a given territory, so far in Poland it has been used with a limited scope or not to its fullest potential, probably also because administrative complexities that hinder many local authorities. In fact, the CLLD approach has been used in Poland (similarly to many other EU countries) mainly in small rural projects, involving a wide set of delivery agencies including social enterprises, other non-governmental organisations, foundations and rural small and mid-size enterprises (SMEs). During the programming period 2014-2020 only the Regional Programmes (RPs) of Podlaskie and Kujawsko-Pomorskie Voivodeships included the use of CLLD in its direct form.

The implementation of CLLD requires the creation of Local Action Groups (LAGs), which benefit from the key engagement of local actors in the design and delivery of strategies, in the decision-making and in the allocation of resources for the development of the given territory. LAGs bring together public, private and civil-society stakeholders in a particular municipality or even functional area. This makes them instrumental in involving the local community in strategy development and contributes significantly to building local capacity for planning, administration and implementation. This approach makes CLLD different from ITIs, which are mainly led by the public sector. In fact, CLLD requires local authorities to have great trust and openness to multilevel co-operation.

Although CLLD implementation in Poland has been positively assessed in many evaluations (LDnet, 2020[20]), Poland can do more to better exploit the potential of CLLD – for example, by setting up incentives for a wider use of CLLD for urban-rural partnerships and by fostering the participation of non-governmental organisations and of citizen organisations in the development of a renewed national urban policy.

The lack of understanding of the CLLD approach by some officials at national and regional level has been a barrier to development, optimal use of resources and wider community engagement. Implementation challenges include capacity support needs, particularly coordination, exchange between LAGs and a more equal understanding of the method. (LDnet, 2020[20]). Insufficient harmonisation of national rules also caused by a difficult harmonisation across the different EU funds to implement the CLLD, lack of trust towards government institutions as mentioned above, lack of a horizontal approach to local development among rural and regional policy makers, the lack of co-financing mechanisms, and fear of audits and controls are also bottlenecks which prevent CLLD from achieving its full potential in the country.

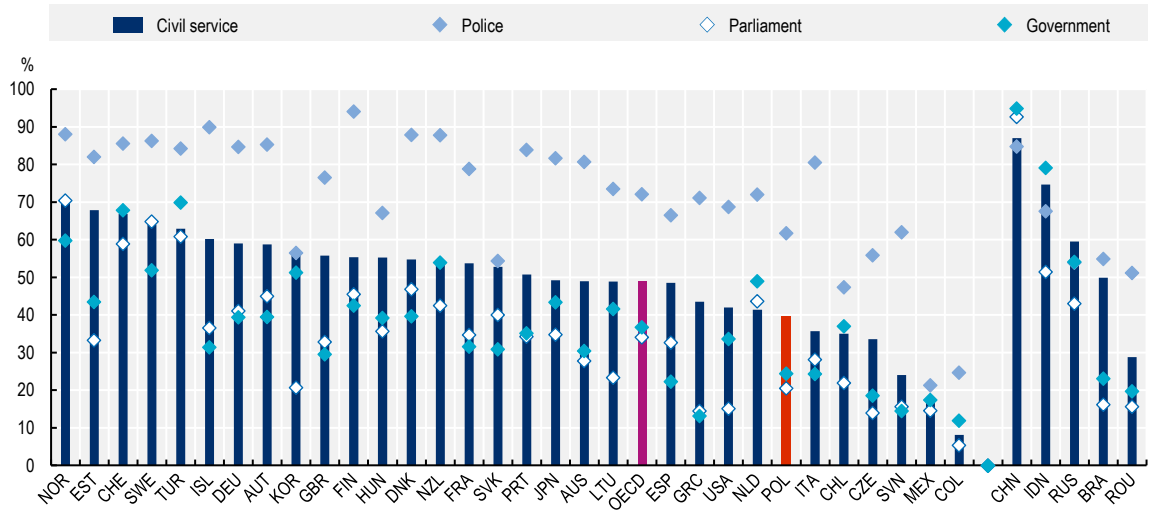
Understanding barriers to urban-rural co-operation

Lack of trust among municipalities – and more broadly in Polish society – hinders co-operation

Local governments, especially within FUAs, seem to be aware of the importance of collaborating with neighbouring municipalities and they are taking steps to do so. However, competition, lack of trust and historical rivalries among municipalities still hinder stronger and more effective co-operation (Szmytkowska et al., 2021[19]). There is also a lack of trust among members of local action groups that aim to implement development projects in rural communities (Zajda, 2014[21]). Indeed, as shown in Figure 3.4, trust in government institutions in Poland is relatively low compared with other OECD countries. This has important implications for inter-municipal co-operation and for participation in programmes such as LEADER.

Co-operation among local governments is voluntary, and building trust is crucial to success. Municipalities in the Grudziądz functional area, for example, have noted that to make an association work, there is a need to create a sense of safety and security to ensure the smaller municipalities that their voice will be heard and that the priorities of the larger municipalities will not eclipse theirs. Chapter 2 delves deeper into the issue of trust and how governance structures, such as a "one voice, one vote" approach regardless of municipalities' size, can facilitate effective partnerships.

Figure 3.4. Trust in government, the civil service, the parliament and the police, 2018



Source: OECD (2021[22]), *Government at a Glance 2021*, OECD Publishing, Paris, https://dx.doi.org/10.1787/1c258f55-en; OECD calculations based in the World Values Survey and European Values Study, 2017-2020.

A related challenge is that municipalities often have more incentives to compete for population and businesses than to co-operate. An important share of local governments' own-source revenue comes from households and firms, so they may prefer to try to attract as many residents and businesses as possible, even if it is not the best approach for the FUA as a whole.

As discussed in Chapter 1, economic growth in Poland is concentrated in seven subregions with the highest GDP per capita in the country: Warszawa, Poznań, Wrocław, Kraków, Plocki, Legnicko-glogowski and Trójmiasto. If current trends continue, the biggest concentration of population will occur in major cities' commuting areas, while other parts of the country lose residents (Wołek, 2018[23]). This highlights the importance of co-operation on sustainable mobility planning in Poland's metropolitan areas – one of the most pressing challenges that municipalities face. It is complex work, due to the close connections between transport, spatial planning, and residents and commuters' behaviours. For best results, it also requires focusing not only on the city, as is typically done now, but working closely together with municipalities in the broader commuting area, which have diverse demographic, economic, financial, administrative and political contexts. A positive example is the Sustainable Spatial Mobility Plan for the Wrocław Agglomeration, in the Dolnośląskie Voivodeship (Box 3.7).

Box 3.7. The mobility plan of the Wrocław agglomeration

The ITI Wroclaw Office is responsible for the promotion of partnerships among member municipalities, contributing to the objectives of the Regional Operational Programme Dolnośląskie Voivodeship 2014-2020. Rural areas in the functional area are suburban estates and villages near the city of Wrocław have over 5 000 inhabitants, and their agricultural function is marginal. Partnerships among urban and rural municipalities in the Wrocław agglomeration have been set based on the real needs of the functional area and not focused on either rural or urban projects in particular. Partnerships are built based on an integrated approach to project implementation and on a voluntary basis.

The strategic and planning documents for the Wrocław Functional Area do not include specific actions that intended to promote or build urban-rural partnerships. However, co-operation among local self-government units in the functional area led to the creation of the Oławskie Przewozy Gminno-Powiatowy" (counties and municipalities association) that was seminal in the creation and adoption of the Sustainable Spatial Mobility Plan for the Wrocław Agglomeration to improve inter-communal and city connections and have a direct impact on the number and quality of such connections.

The association of municipalities and counties has experienced a faster flow of information that has allowed the constant adaptation of the bus transport system connecting small towns and larger cities. The establishment of the Association also improved the financial situation of the bus company, which is the operator providing transport services for the Association. The association of local government has made it possible to obtain external funds for the creation of new communication lines and the modernisation of the bus fleet (replacement of buses with ecological ones).

Source: Information provided by the ITI Wrocław Office to the OECD.

Metropolitan governance remains underdeveloped

Poland's FUAs, as discussed in Chapter 1, have a key role in the delivery of services such as transport, social services and business development assistance. The National Regional Development Strategy (NRDS) suggests that the role of the largest agglomerations is to support the development and quality of life not only in the metropolitan area, but across the voivodeship, through co-operation with other local governments (Government of Poland, 2019[24]). However, Poland lacks flexible legal structures for co-operation in metropolitan areas.

The country has been working on metropolitan reforms for two decades. In 2003, the Spatial Planning and Development Act recognised metropolitan areas, but without a clear statutory delimitation. After various attempted proposals and years of discussion, in 2015, Poland passed the Metropolitan Union Act, which entered into force on 1 January 2016, but has yet to be implemented, due to a lack of appropriate regulations.

In 2017, regulations were approved for the Górnośląsko-Zagłębiowska Metropolia only, with Katowice as its capital city, with unique provisions for its functioning and financing. Its income comes from a share of the personal income taxes paid by the metropolis' residents, as well as membership fees paid by municipalities. The metropolitan union also receives a direct allocation from the central budget, separate from any EU funds.

No other metropolitan area has a statutory level nor has been granted the same rights and benefits, although there are other metropolitan areas that could benefit from them. The majority of metropolitan declarations in Poland are not legally binding documents, but they can be considered as the beginning of a movement towards more formalised political models. For example, the Gdańsk-Gdynia-Sopot

Metropolitan Association, one of the most successful examples of metropolitan co-operation in the country, according to Gajewski (2018[14]), has been lobbying for several years to become a metropolitan union (see Box 3.8).

A metropolitan union is a different form of co-operation, with statutory obligations such as spatial planning, integration and co-ordination of public transport, strategic development planning, and policies of (business) promotion. It can also perform other tasks based on additional agreements with local governments and national government bodies. Metropolitan unions have access to central budget funding to protect the integrity of their activities regardless of the possible access to EU funds.

Box 3.8. The Gdańsk-Gdynia-Sopot Metropolitan Association

The Gdańsk-Gdynia-Sopot Metropolitan Association (GGSMA) was established in 2011 and comprises 57 local governments (municipalities, counties, and cities with county rights). Since 2015 it has been responsible for the implementation of an ITI. It has nine supporting members, including municipal companies such as the Gdańsk Lech Walesa Airport and the Olivia Business Centre – the largest complex office in the region.

The origins of the GGSMA could be tracked to 2003 with the formation of the Metropolitan Council of the Gulf of Gdańsk. It included representatives from Gdańsk, Gdynia, Sopot, Pruszcz Gdanski, Żukowo, Kolbudy, Kosakowo, Reda, Rumia and Wejherowo and the Marshal of the Pomorskie Voivodeship. Its goal was to accelerate the integration of the public transport system.

In 2005, the scientific community published a "Tri-City Manifesto" calling for a wide public debate on the creation of the Gdańsk metropolis. The premise was that the creation of an institutionalised metropolitan government would accelerate the economic development and growth of the region. As a result, the Social Committee for the Tri-City Metropolis was established, with the participation of the scientific and business community. In 2007, the Metropolitan Transport Union of the Gulf of Gdańsk was registered with the aim of organising a common transport system.

In September 2011, representatives of 15 communities from the northern part of the metropolitan area under the leadership of Gdynia signed a letter of co-operation under the partnership agreement of NORDA. The association expanded to more communities and later changed its name to the Gdańsk-Gdynia-Sopot Metropolitan Association (GGSMA). Its most important aim is the promotion of co-operation and the coordination of local activities. It supports the implementation of projects financed from the EU funds. The GGSMA developed the Gdańsk-Gdynia-Sopot Metropolitan Area Development Strategy by 2030, a spatial development plan for the metropolitan area, the Transport and Mobility Strategy, as well as a Low-Carbon Economy Plan.

The GGSMA has been lobbying for several years to become a metropolitan union – a legal structure that can be created through national law. Establishing a metropolitan union would grant access to more than PLN 170 million per year from the national budget, an amount equivalent to the sources dedicated to the implementation of the ITI.

Source: Gajewski, R. (2018[14]), "The grounds for metropolitan cooperation. A case study of the Gdansk-Gdynia-Sopot metropolitan area", http://dx.doi.org/10.25167/sm2018.031.04.

Due to the limitations set in the Metropolitan Act on the formalisation of metropolitan areas, functional areas have resorted to bottom-up metropolitan planning as an alternative. For example, the city of Poznań and the suburban municipalities created an informal agglomeration council. It eventually attained formal

status and serves as a platform for co-operation in several areas, from business promotion to spatial planning (Box 3.9).

Box 3.9. Bottom-up metropolitan planning – The Poznań agglomeration

In 2007, the city of Poznań and 17 suburban municipalities and the county of Poznań created the Poznań Agglomeration Council as the non-statutory institutional arrangement expected to act as a forum for exchanging information between local governments and creating common policies. The purpose was to co-operate in areas such as: support for business initiatives, marketing activities, public transport, education, healthcare and spatial policy. In June 2011, the Council adopted the Development Strategy for Poznań Agglomeration "Poznań Metropolis 2020", which coincided with the transformation of the informal Poznań Agglomeration Council into a statutory Poznań Metropolis Association.

Two programmes for the Development Strategy for Poznań Agglomeration are related to spatial planning: Concept for Spatial Development for the Metropolis, and Common Planning Standards. The Council created the Metropolitan Forum of Spatial Planning including planning officers from all municipalities form the agglomeration. The Poznań Metropolis Association has called the regional government to play a more active role in metropolitan spatial policy, even if that means reducing the planning power of Local governments.

Source: Mikula, Ł. (n.d.[25]), "Planning for urban regions in Poland: Top-down failures, bottom-up struggles", https://www.unil.ch/files/live/sites/igu-urban/files/shared/Mikula_planning_urban_regions_Poland.pdf.

Similarly, in 2016, the local governments in the Bydgoszcz agglomeration formed the Bydgoszcz Metropolis Association to guide co-operation between urban and rural municipalities in areas such as local community integration, tourism promotion, senior policy, urban mobility and environmental protection. For rural municipalities, membership in the association makes it easier to deliver public services – such as through joint gas and electricity purchasing groups – improve the quality of life, and engage in economic development and tourism.

A key barrier to the establishment of voluntary, bottom-up and equitable metropolitan structures in Poland is that settlement structures have a specific hierarchy, and larger cities, for instance, have county status (Szmytkowska et al., 2021[19]). OECD has previously noted that Polish municipalities, particularly large and medium-sized cities, can manage development within their jurisdictions, but they have no direct influence on neighbouring municipalities (OECD, 2016[7]; 2021[6]). Existing metropolitan areas (e.g. Warszawa, Kraków, and Łódź) link municipalities of different size, population and wealth. The core municipality tends to have more wealth and administrative capacity, while neighbouring municipalities depend on it for jobs, retail activity and services.

The implementation of jointly developed policies among local governments will require strengthening the organisational structure, especially in matters relating to planning, infrastructure and public services. As a first step, the regulation on metropolitan areas should be strengthened. A Metropolitan Union Act could ensure that all metropolitan areas have reliable access to sources of financing, such as the national budget allocations and 5% of the income tax of residents, as in the Dolnośląskie Voivodeship.

A Metropolitan Union Act would also provide a legal framework and a formal setting for co-ordination on different policy areas and overcome barriers for policy and territorial integration. Poland should consider applying the Metropolitan Union Act to all metropolitan areas in the country as defined in the National Spatial Development Concept 2030. In the context of transport, for instance, this would allow metropolitan unions to establish their integrated tariff and ticket system compulsory within their borders and obtain additional financial resources for integrated public transport.

Relations across levels of government could be further reinforced

OECD has noted that Poland has already embarked on improving multi-level relationships focused on strengthening the institutional environment (OECD, 2021[6]). The NRDS suggests that co-operation of voivodes with local governments of large cities, including voivodeships of capital cities, based on accumulated experience with co-operation platforms will largely contribute to make the most of the development potential of the region (Government of Poland, 2019[24]). This co-operation is particularly encouraged in areas such as low-emission public transport, environmental protection, climate change adaptation, waste management and the use of new technologies. The Strategy for Responsible Development (SRD) points out the need to reaffirm the commitment to decentralisation and reduce the rigid control exercised by the national level over the actions of subsidiary governments, thereby preventing innovative activities as well as the need to reduce excessive reliance on EU funds and EU programmes to define public policies. Poland has already conducted several actions to reinforce the co-ordination across levels of government including territorial contracts, Regional Social Dialogue Councils and a Joint of National Government and Local Self-Government (Joint Committee). However, co-ordination across levels of governments occurs mostly on a project basis and depends strongly on the willingness to co-operate with the different parties. Rigid and complex legal forms also seem to hamper co-ordination across levels of government creating bottlenecks for vertical co-ordination, which often arise from a lack of understanding of the processes.

Poland supports dialogue across levels of government with its Joint Commission of Central Government and Local Government (JCGaLG).[22] It is a forum that considers issues related to the functioning of municipalities and the state policy on local government, as well as with issues related to the local government within the scope of operation of the EU and the international organisations to which Poland belongs. This body is composed of the minister responsible for public administration and 11 representatives appointed by the prime minister (at the request of the chair), together with representatives of national organisations of local self-government units that work in 12 “problem teams” and three working groups. The JCGaLG develops a common position among levels of government and contributes to establishing the economic and social priorities of national and subnational government on matters such as municipal service management and the functioning of local governments (counties and municipalities), as well as regional development and the functioning of voivodeship (province) government (Lublinksa, 2017[26]). The JCGaLG develops social and economic priorities that can affect subnational development, evaluates the legal and financial circumstances for operating territorial units, and gives an opinion on draft normative acts, programmes and other government documents related to local government.

The complexity of Poland’s territorial organisation might be a barrier in dealing with problems that have a more functional character and that require thinking and planning beyond administrative boundaries. Regions (voivodeships) are responsible for creating the conditions for economic development, the maintenance and development of social and technical infrastructure of regional significance, supporting and carrying out activities to raise the level of education, promoting development opportunities in the region, among other things. Regional governments conduct their tasks through co-operation with territorial self-government units of its area; co-operation with the state administration of the region; co-operation with economic chambers, employers’ and employees’ organisations, churches, NGOs, research institutions and universities, neighbouring regions and even foreign regions (Lublinksa, 2017[26]).

Land use planning challenges constrain urban-rural partnerships

One of the benefits of urban-rural co-operation is a more efficient land use and planning (OECD, 2017[27]). In Poland, while the governance of land use is evolving in promising directions, there is still scope for reform. A major issue is that while municipalities elaborate planning documents to guide future developments, planning coverage remains low in many cases and such documents are thus ineffective.

Moreover, there are cases of competition for different types of land uses (agricultural, residential, industrial, recreational, etc.). There seems to be a perception among local governments that national and regional planning documents do not always reflect the real functional links between local governments in a reliable manner and do not always analyse the potential and development challenges accurately, which in turn affects the extent of their implementation. For example, in the city of Łódź residents from neighbouring municipalities benefit from the services provided in the city of Łódź (Box 3.10). There does not seem to be any proper compensation or contribution for the maintenance of services such as public transport. Thus, demographic changes in the metropolitan area constitute a precondition for land-use planning. There is also a clear need for co-operation at metropolitan level for service provision.

Box 3.10. The need for co-ordinated land use planning in the Łódź metropolitan area

In the Łódź region (voivodeship), the city of Łódź is a regional pole. It has by far the largest population in the region, at 668 000 in 2020.However, the city is experiencing the greatest population decline while surrounding counties are seeing population increases. The urban area of Łódź registered a population decline from 835 000 inhabitants in 1989 to 668 000 in 2020. The city's surrounding counties saw population increases over that period, by as much as 8.61% in Łódź east and 2.60% in Zgierz, 1.13% in Brzeziny and 0.48% in Pabianice. Łódź population is old and shrinking while that of the surrounding counties is young and growing.

Due to the demographic dynamics, urban-rural linkages are a strategic objective for municipalities. Many residents from surrounding rural municipalities work or attend school in Łódź proper, use the services of the central city and shop there. Meanwhile, the adjacent rural municipalities provide food, greenspace and recreation/tourism for urban residents. For example, the neighbouring municipality of Nowosolna has a large working age population and robust local government revenues as a result. Many of the residents commute to Łódź to work. While the municipality has many services of its own such as schools, and a library, its residents may also draw on the services provided by the city of Łódź.

Source: For population statistics, see: PopulationStat (n.d.[28]), *Lodz, Poland Population*, https://populationstat.com/poland/lodz; OECD (2016[7]), *Governance of Land Use in Poland: The Case of Łódź*, https://dx.doi.org/10.1787/9789264260597-en.

At an intermediate level, Regional Spatial Plans spell out regional development strategies and provide guidelines for local land-use plans, but do not constitute a legal framework for land use in local plans. They also demarcate restricted areas, flood prone areas and mining areas. Land use policies of urban and rural areas need to accommodate other uses, for example, urban agriculture, recreation in nature/forest areas in urban areas, and non-agricultural activities in rural areas. Without coordinated policies, land use policies will be highly impacted by activities belonging to the informal sector like tax evasion and land unclear ownership.

The only binding land-use plans in Poland are the Local Spatial Development Plans. Although they are supposed to steer spatial development and municipalities have the opportunity to prepare them, there are still large gaps in plan coverage. There is a lack of continuity in land use zones and network infrastructure in planning documents of the neighbouring municipalities largely due to poor co-ordination. This leads to problems such as the location of metropolitan-wide infrastructure (e.g. ring-roads, waste water treatment plants, public transport, etc.). Affected municipalities do not have any legally binding zoning plan for large parts of their territory. Legally, Local Spatial Development Plans are required to follow the Regional Spatial Development Plan. However, there are no enforcement mechanisms to ensure that local plans actually adhere to regional ones. Consequently, Local Spatial Development Plans are in practice rarely constrained by the Regional Spatial Development Plans. OECD had already noted that the lack of specificity regarding

the role of spatial models in development strategies, together with the absence of obligatory nature of strategies, leads to a gradual marginalisation of spatial issues in the management of development (OECD, 2021[6]).

Spatial planning is too fragmented and needs to be aligned with territorial approaches

Strategic planning plays a key role in fostering inclusive and sustainable development. It is a means to protect significant aspects of the natural and built environment, guide the efficient and effective use and distribution of resources at the local level, and guide the delivery of essential infrastructure. Formally, Poland has a hierarchical planning system with plans at the regional and local level. In practice, the influence of higher level plans on subordinate plans remains limited. Planning mostly occurs within the administrative boundaries rather than at the functional level, overlooking the linkages and connections between urban and rural areas.

It is possible within the current legal framework to co-design and adopt a shared spatial development policy, but the main way in which plans are now co-ordinated is through the hierarchical relationship between the different levels of government. Lower-level plans are required to conform to higher-level ones. Municipal draft studies to prepare the development strategies have to be submitted to regional authorities to verify compliance with the regional zoning plan. However, in practice, the Regional Spatial Development Plans lack the instruments to shape local planning. Local Spatial Development Plans also have to be approved by the regional level of government, but only within the responsibilities of the voivodeship self-government (OECD, 2016[7]).

Horizontal co-ordination occurs primarily through a consultation process. Few agglomerations have developed documents for their whole functional areas (the Poznań FUA is one of the exceptions). These documents are time-consuming and cost-intensive, which is why not many functional areas decide to implement them. Neighbouring municipalities may provide feedback on the municipal study of land use conditions and directions and on the spatial development plans. However, the local government leading the development of the plan does not need to act on the feedback.

In between regional and local plans there is the legal possibility to prepare metropolitan plans (e.g. the Spatial Development Plan for the Gdańsk-Gdynia-Sopot Metropolitan Area 2030). Improving strategic planning in local governments is regarded in the NSRD as part of the quest of increasing efficiency levels in local public administrations. This includes the practical application of the principles of selectivity, adopting in integrated approach, and conducting activities in partnership. The NSRD stresses that integrated strategic planning requires co-operation among functionally related local governments regarding joint investment planning, expansion and modernisation of the transport network, use of land for housing development, businesses activity, public service provision, and protection of green areas (Government of Poland, 2019[24]).

A significant part of the challenge to foster urban-rural partnerships comes from low coverage of local spatial plans and the reliance on one-off ‘planning decisions’ for an individual building or change of land use requests. In 2020, the share of the area covered by the applicable local spatial management plans in total area amounted to 46.5% in large cities, while in marginalised municipalities was 25.7% (Statistics Poland, 2022[29]). The 2003 revisions to the Spatial Planning and Development Act did not translate into a wide adoption of local spatial development plans as it was not designated as compulsory. Part of the challenge lies in the rules on property owner compensation for properties negatively affected by a local spatial development plan, creating a disincentive for municipalities to adopt them due to the potential future litigation (OECD, 2016[7]). This creates a speculative spatial planning system as the value of land is determined only from the arrangements of local plans. In consequence, local authorities rely on one-off planning decisions, which are a simplified administrative mechanism for building approvals and change of land use. They are used for the location of public and private investments in areas for which there is no valid land area development plan. A critical issue is that there is an over-reliance on planning decisions in

cities with low plan coverage, leading to new developments and uses that are costly to serve and maintain, and may be contrary to objectives of broader spatial strategies facilitating sprawl (OECD, 2016[7]).

Local public workforce limitations constrain co-operation and joint work

Local development depends largely on the abilities and competencies of subnational government officials. For urban-rural linkages an effective management of the local public workforce matters for at least three reasons. First, if well managed, it increases local governments' capability to conduct strategic planning, and design and implement investment projects in co-operation with neighbouring local governments. However, employees or candidates with specialised expertise are usually in short supply. Second, municipalities have greater capacity to negotiate priorities with other municipalities. Finally, it opens the possibility to innovate and modernise public service delivery. However, local governments want and need to hire candidates with the professional expertise and strategic orientation needed to deliver cutting edge public services. Technical skills such as knowledge of legislative provisions are not enough. Increasingly, public services are prioritising transversal skill sets and competencies that are even harder to assess, such as risk-taking, capacity to innovate and problem-solving. Working conditions, low salaries, job content, and the lack of career development opportunities may hinder the attractiveness of subnational local administrations as employers. In general, this is the situation that Polish local governments face to improve their administrative capacity.

OECD (2021[6]) has noted that attracting, retaining and developing human capital in Poland's local governments is a constant challenge due to changes in the labour market created by megatrend such as digitalisation, globalisation and ageing populations. Younger generations are no longer attracted to the job stability and predictability of pensions in a 'government job', which is causing a brain drain in local governments such as the municipality of Międzyrzec Podlaski and Łańcut powiat. Moreover, smaller and rural municipalities in close proximity to urban centres have to compete with them to attract and retain skilled candidates. Moreover, the COVID-19 crisis will likely create pressure on public sector pay at all levels of government making it even harder to attract and retain a skilled workforce. The responsibilities of local governments, as discussed above, demand specific competences and skills, but recruiting is not always an option for smaller and rural areas in particular due to budgetary pressures.

According to the National Regional Development Strategy (NRDS), local governments need to strengthen the competences of officials particularly on strategic management. This involves the ability to prepare and implement comprehensive projects to promote local development and fundraising. This is particularly important in municipalities losing their socio-economic relevance and those at risk of marginalisation. OECD research has shown that local governments in Poland need specialist skill sets and staff with a broad range of transversal competencies (OECD, 2021[6]). The NRDS proposes the training of local decision-makers based on good practices of the Local Government Leaders Academy, especially those from rural and urban-rural communities. The dissemination of good practices on spatial planning related to joint investment planning, expansion of transport networks, land use planning, land protection and the development of economic activity may certainly support capacity building efforts in local governments.

According to Warwas (2018[30]), Polish local government administration should be supported by a strategic vision regarding human resources management to support a long-term vision for development. Indeed, the human factor in the local governments is key to enhance government's performance and good public governance. A well-functioning local civil service helps foster and sustain good policy-making and implementation, effective service delivery, and accountability and responsibility in utilising public resources. Decentralising responsibility, authority and granting more managerial discretion on public service delivery and goods production to local governments requires them to increase their capacity and improve their management capabilities as most of the times they have to act with limited resources. In 2019, 57% of general government employment in Poland was located in subnational levels, almost 40% in central government and the rest in social security (OECD, 2021[22]).

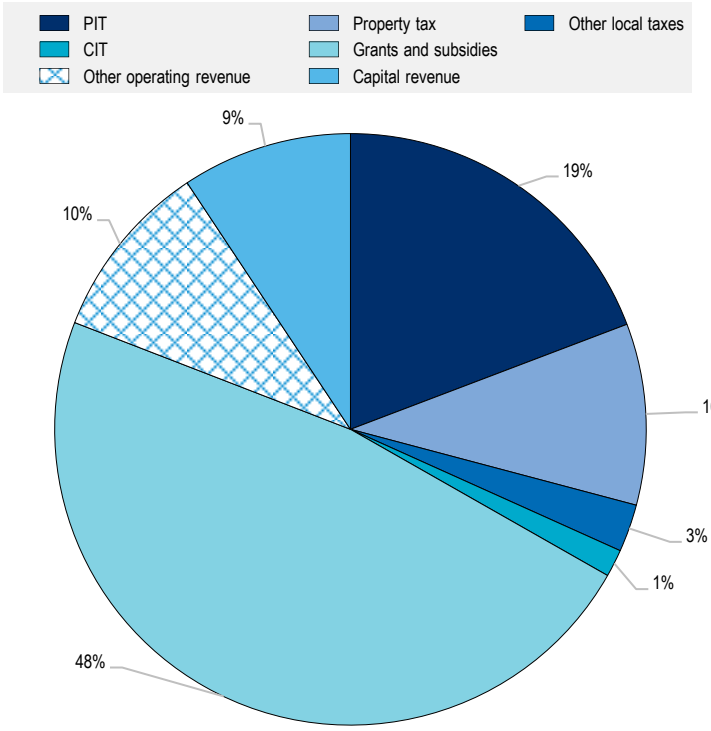
Fostering urban-rural linkages requires not only a skilled and highly trained workforce, but also human resource management processes that are flexible and provide a strategic approach on how the local public administration should contribute to development. Indeed, as OECD (2021[6]) has already pointed out, Poland's local governments need to improve their attractiveness as employers of choice by focusing on managerial leadership, the recruitment process and payment. However, the management of the local public workforce should be flexible to allow for career progression, movements of staff, and transfer of knowledge. For example, local public employees could be shared among municipalities. The creation of metropolitan bodies for service delivery could facilitate the sharing of staff, as these bodies could be staffed with municipal employees. The advantage would be that metropolitan service bodies would be staffed with personnel with local knowledge and would increase the motivation of potential recruits to join the local public workforce.

Local governments have limited revenues and large obligations

Local governments largely depend on national grants and subsidies

Local governments' fiscal autonomy has been reinforced by decreasing dependence on central transfers. Local governments have a leading role in investing in projects that matter to metropolitan (functional) areas and contribute to strengthen urban-rural linkages. This certainly depends on the access to reliable sources of funding and the possibility of combing different funds with those of other local governments for implementing investment projects. The Polish Constitution establishes that subnational governments should be assured of public funds adequate for the performance of the duties assigned to them and that their revenues should consist of own revenues and general subsidies and specific grants from the state budget (Art 167) and that local governments have the right to set the level of local taxes and charges (Art 168) (Government of Poland, 1997[31]). However, recent changes to the tax system will limit local governments in the generation of their own income. The 2021 Tax Reform, called the 'Polish Deal' has reduced the amount of personal income tax (PIT) revenue distributed by central government to subnational governments each year. The PIT is municipalities' main source of tax revenue. Tax revenue is the second largest revenue source after grants and subsidies (Figure 3.5). At the same time, the central government tends to carry out transfers in the form of various programmes according to subjective criteria for allocating funds between local government units.

Figure 3.5. Split of Polish municipalities' revenue, 2020



Source: Fitch Ratings (2021[32]), "'Polish Deal' Tax Proposals Would Hit Municipalities' Revenues", https://www.fitchratings.com/research/international-public-finance/polish-deal-tax-proposals-would-hit-municipalities-revenues-06-09-2021.

Financial resources are both an incentive and a disincentive for inter-municipal co-operation and the formation of partnerships. The possibility to access funds for investment from the national government or the EU Cohesion Funds is a motivation for municipalities to join forces and create associations or partnerships. However, the lack of funding may hinder co-operation as, for example, municipalities without enough financial resources to participate in transport projects may be excluded from the co-operation scheme. The main cities tend to manage the transport system through a common ticket scheme and all municipalities that benefit from the service need to provide funding for the system to function. When a municipality, in general a small one, cannot afford it, it may be left out of the transport network. The challenge for Polish authorities is to ensure funding is available for situations like this one. Small and financially weak municipalities should be supported to be able to participate in urban-rural partnerships. Another situation is when municipalities do not have clarity or the prospect of accessing financial resources they just abandon the partnership.

In Poland, during the 2000s, government conducted reforms to the 1998 Act on Local Government Revenue and adopted the 2009 Act on Public Finances to provide subnational governments with more fiscal autonomy by reducing the share of central government transfers and earmarked grants, and increase the shared tax revenues through higher proceeds from personal income tax (PIT) and corporate income tax (CIT). Subnational government revenues in Poland come mainly from four sources:

- Own-source tax revenues levied through limited taxation powers in accordance with nationally determined maximum rates.
- Shares in personal and corporate income taxes.
- Grants, including general-purpose grants and conditional (or earmarked) grants. The latter may include resources from EU budgets (Structural and Cohesion Funds).

- Non-tax own-source revenues (user tariffs and fees; revenue from property, leasing and sales, including revenues from municipal companies and public utilities).

Despite efforts to consolidate local governments' financial autonomy, their revenues remain highly dependent on central government grants and subsidies (Table 3.2). Property tax is the most important tax for municipalities, which are the only ones that hold the power to tax. The amount of the local taxes and fees is determined by each municipality but must comply with frameworks (and upper tax limits) determined by national legislation. Shared tax revenue comes from the share of personal income tax (48% of subnational tax revenue) and company income tax (9% of subnational tax revenue). In 2016, grants and subsidies represented 65% of county revenues, 56% of municipalities' revenues and 47% of regional revenues. Cities with powiat status have a more diversified structure of revenue, grants and subsidies representing only 38% of their revenues (OECD/UCLG, 2019[33]; OECD/UCLG, 2019[34]). However, these results suggest that Polish regions and local governments will continue depending largely on EU funds to implement investment projects that help them to bridge development gaps. Despite these limitations, the share of subnational governments expenditure in total public expenditure substantially increased with decentralisation reforms going from 23% in 1995 to 34.4% in 2018 (OECD/UCLG, 2019[33]).

Table 3.2. Subnational governments' revenue by category in Poland, 2016

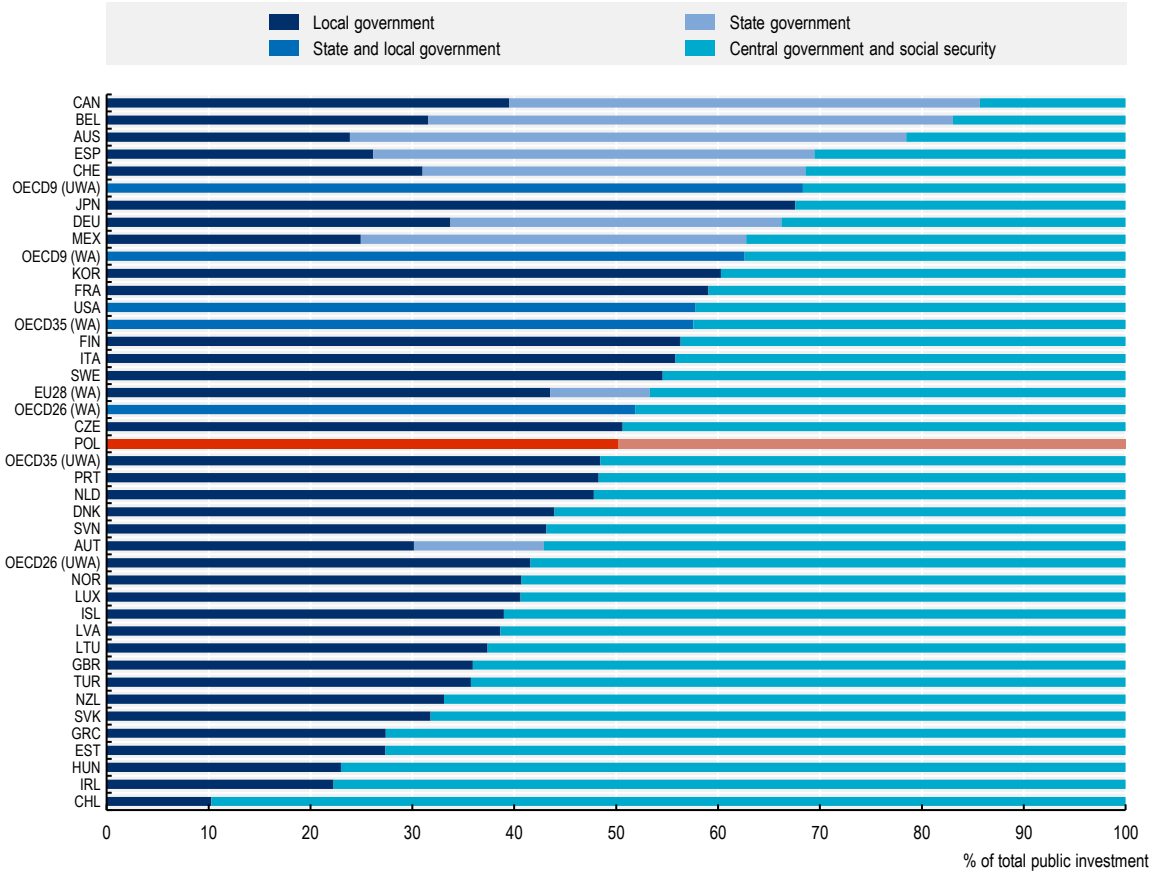
Category	USD PPP/INH	Percentage of GDP	Percentage of subnational government revenue	Percentage of general government revenue (same revenue category)
Total revenue	**3 590**	**13.1**	**---**	**33.9**
Tax revenue	1 175	4.3	32.7	20.8
Grants and subsidies	2 072	7.6	57.6	---
Tariffs and fees	290	1.1	8.0	---
Property income	46	0.2	1.3	---
Other revenues	15	0.1	0.4	---

Note: PPP – Purchasing power parity.
Source: OECD/UCLG (2019[34]), *World Observatory on Subnational Government Finance and Investment – Poland*, http://www.sng-wofi.org/country-profiles/Fiche%20POLAND.pdf.

Providing public services is very costly

The limited own revenues of Polish local governments makes it difficult to finance public service provision. Delivering health, education and other services of general interest to inhabitants of rural and urban areas is a mandate for governments around the world, and for Poland this is not an exception. Many OECD countries have an explicit constitutional commitment to maintain equitable living standards across their territories, thus making this issue a priority. However, meeting this mandate is becoming more challenging in many countries in recent years because of tight fiscal budgets in the aftermath of the 2008 financial crisis, demographic pressures of ageing societies, and increased public spending on social services and health care, particularly in the current context of the COVID-19 pandemic. Moreover, it is generally held that the cost of public service provision increases with the degree of remoteness and sparsity due to transportation costs, loss of economies of scope and economies of scale, and greater difficulty in attracting and retaining professionals (e.g., health care professionals). Figure 3.6 shows that in Poland, local governments represent 50.23% of total public investment, highlighting the need for better and more cost-effective local investment practices.

Figure 3.6. Public investment by levels of government, 2018



Source: OECD (2020[35]), *OECD Regions and Cities at a Glance*, https://dx.doi.org/10.1787/26173212.

Private sector participation in urban-rural co-operation is still limited

Involving partners from the social or private sector is not always possible through the organisational form of co-operation (Table 3.3), except in Local Action Groups (LAGs) which bring together actors from different sectors to develop the local economy through EU micro-grants to local businesses and NGOs. Other forms by which the private and public sectors can take part in inter-municipal co-operation include partnership agreements based on civil code and Public-Private Partnerships (PPPs). Partnership Agreements are a loose agreement on co-operation for the implementation of joint development projects as part of the co-ordination activities of independent municipalities, which can be observed in the activities of functional urban areas. PPPs deliver new services for citizens in particular in businesses where the local governments have o capital to invest, for example parking areas, multi-purpose buildings. They offer wide opportunities for the private sector to participate in inter-municipal co-operation.

Table 3.3. Available forms of inter-municipal co-operation to develop urban-rural partnerships in Poland

Name of the inter-municipal co-operation form	New legal entity	Objective of co-operation	Types of services mostly delivered	Possibility of involving partners from social or private sector
Inter-municipal agreements on transferring tasks to another municipality	No - Only a form of co-operation. Agreement signed	Delegation of certain tasks related to service delivery by one or more municipalities to another.	Waste collection	No - Only a form of co-operation. Agreement signed
Association of municipalities	New legal entity - body of the private law (even if members are public)	Co-ordination of activities of member municipalities, for joint service delivery and business promotion.	Preparing joint development plans, tourist promotion, regional tourism management, promotion of specific local industry, etc.	Indirectly – they can be supporting members (happens rarely)
Inter-municipal Union (inter-municipal enterprises)	New legal entity – body of public law	Deliver one or two specific services on behalf of member municipalities	Water, sewage, food banks, garbage collection and management, local passenger transport, stray dogs, etc.	No
Limited liability companies	Yes – new legal company	Deliver one or two specific services on behalf of member municipalities – but on fully economic basis	Water, sewage, garbage collection and management, local passenger transport	No
Local Action Groups	Yes	Address barriers for local development across different projects. Mostly implemented outside FUAs in Poland.	Social welfare, productive projects in agro-industry	Yes – wide possibilities
Partnership agreements – based on civil code	No – just a loose agreement on co-operation	Coordination of activities of independent municipalities	Most often implementation of joint development projects,	Yes – wide possibilities
Public-Private Partnerships	Depending on the detailed form – often yes	Deliver new services for citizens or businesses where local governments have no capital to invest	Car parks, new multi-purpose buildings for public use, Energy efficiency	Yes – wide possibilities

Source: Adapted from Potkanski, T. (2016[36]), "Forms and experience of inter-municipal co-operation in Poland", https://rm.coe.int/16806fa10d.

Community participation in urban-rural dialogues remains weak

Despite efforts, for Poland creating spaces and mechanisms to engage in dialogue and planning processes with different population groups such as women, youth, elders, people with disabilities and people at risk of being left behind remains a challenge. In Poland, citizens are most of the times involved in the last stage of the planning and decision-making process, in other cases they are only informed about the plans, and there is an incorrect use of participants experience and feedback (OECD, 2021[6]). Moreover, local micro, small and medium enterprises are often not invited to join the process of elaboration of the local development strategies. The NRDS acknowledges that an efficient administration uses modern information and communication technologies (ICTs) to engage with residents and other local governments. To ensure an efficiently management of functional urban areas, it is necessary to implement management that integrates and co-ordinates actions within the area, which is a highly complicated task.

OECD found that Poland's local governments seem to be increasingly involving a wide range of stakeholders in development planning and other decision-making processes (Box 3.11) (OECD, 2021[6]). It seems to be widely assumed that participation improves regional and urban policy making. For example,

according to the Spatial Planning and Development Act, local governments have to engage with the wider community for spatial and land use planning. This is in line with the OECD Principles on Urban Policy (Principle 9) that promote engaging stakeholders in a co-designed, co-implemented and co-monitored urban policy (OECD, 2019[37]). Across local governments, this engagement seems to be more developed for co-designing the local development strategies than for co-implementing and co-monitoring it. However, on local development planning citizens' participation is regarded as essential but it is not compulsory. The regulatory framework for local planning does not provide guidance to local governments, and therefore local decision-makers may not be made accountable for mobilising a wide range of possible stakeholders in the planning process.

Although a culture of community engagement is growing in Poland and it is specified by law, there can be significant differences in how open the engagement process is and how meaningfully the public is engaged in decision making. The public participation component may have open or restrictive communication and plans may be presented at different stages of development (OECD, 2016[7]). Occasionally, the upsurge of discontent against certain urban projects or plans does force the question of consultation versus participation into the spotlight. The problem is that Poland's Spatial Planning and Development Act of 27 March 2003 does not provide guidance to local planners on participatory mechanisms. It provides broad provisions for the development of the background and technical studies for spatial planning and the need to harmonise local plans with spatial development plan of a region, and subsequently the latter plan with decision on spatial planning at national level. It does, however, mention that everyone should have a right to know the plan and comment it, but it gives no details in that respect.

In Poland, engaging with local stakeholders is mostly an activity of the municipalities, as counties do not have a close relationship with the local community. Łańcut county, for example, relies on the information transferred by the municipalities after consultation with citizens on development needs. OECD found that the process of stakeholders' engagement across Polish municipalities differ in their level of sophistication that is largely determined by the amount of resources available and the capacity of the local administration (OECD, 2021[6]). Municipalities use different instruments from town hall meetings, surveys, workshops, to online tools to interact with citizens, etc. Most public 'consultation' meetings fall into particular types in which information is passed from experts or politicians to citizens, and in which little dialogue takes place.

Box 3.11. Examples of community participation in local planning in Poland

- The municipality of Międzyrzec Podlaski (urban) has introduced public consultation processes on issues such as parking spaces facilities, use of renewables, and investment projects. The municipal LDS and the spatial and zoning plans, following the regulations, are also submitted to citizens and higher level government institutions for comments and feedback.
- The municipality of Płock, according to regulations, conducts extensive consultations (town hall meetings) for the development of its LDS and anyone interested in the planning process has the possibility to take part in the discussions.
- The Jelenia Góra agglomeration has encouraged the participation of the private sector in the implementation of projects supporting the integration of urban and rural areas, for example through tourism (ex. The Trail of Tradition and regional production in the Polish-Czech region of the Jelenia Góra valley, the Jizera mountains and the Karkonosze mountains) and environmental projects (ex. Pro-ecological campaigns organised by the Association of Karkonosze Municipalities).
- The municipality of Kutno has, reportedly, one of the highest indices of public participation in community affairs in the country as 2% of the citizens (800 inhabitants) are involved in the different stages of the LDS preparation.

- The municipality of Międzyrzec Podlaski (rural) allegedly consults almost every decision with citizens as there are monthly meetings with heads of villages to discuss local problems and possible solutions. Citizens have the possibility to submit comments and proposals during the consultation meetings organised by the municipality or via online.
- The municipality of Katowice organises workshops on different policy areas included in the LDS where different institutions take part to develop the strategic goals. It has a close relationship with the academia and the private sector for the development of the LDS and spatial plan.
- In 2017, the municipality of Kraków organised a participatory process for the building of its LDS. It include the organisation of workshops and surveys where experts, businesses, and citizens were consulted on their vision for the development of the city till 2030. The material collected was used for in-depth discussions with representatives of the scientific, social, economic and public sectors to agree on a development vision for the city

Source: OECD (2021[6]), *Better Governance, Planning and Services in Local Self-Governments in Poland*, https://dx.doi.org/10.1787/550c3ff5-en; for Jelenia Góra: information provided by the municipality.

Stakeholders' participation in supra-local development planning remains to be seen as this is a new practice in Poland. Moreover, the lack of information on local planning on the part of local governments, weak mutual trust, insufficient training of local public officials on civic engagement, limited funding for participatory processes, and a poor understanding on the importance of civic engagement are some of the problems that hinder local stakeholders from participating in community affairs and planning. The experience of the 'spa Jelena Góra' functional area suggests that, for example, to stimulate the participation of private actors in projects that have an urban-rural impact, they should have something to win.

A multi-pronged approach to enabling stronger urban-rural partnerships

Consider the potential for municipal mergers to reduce administrative fragmentation

Poland is less territorially fragmented than many other OECD countries, which makes the task of fostering co-operation somewhat more manageable. In 2020, Poland had an average of 4.59 local governments per 100 000 residents, while the OECD average was 9.96.[23] Only 1% of its municipalities have fewer than 2 000 residents, although the municipal average and median sizes are relatively low (OECD, 2017[4]). The country would clearly benefit from more territorial integration, especially to strengthen urban-rural linkages. One option would be to promote voluntary mergers.

Some European countries, such as Belgium, Denmark, Estonia and Finland, have merged local administrations to reduce fragmentation and achieve a municipal base of sufficient scale across the whole territory to manage the full scope of local governments' tasks (EC, 2021[38]). The main goal was to reduce costs by making local governments larger and improving the quality and coverage of public services. However, restructuring a territorial organisation reform is not a decision to take lightly, as there are political, legal and practical implications. For example, ramifications for local authorities could be negotiating binding agreements, registration of name changes, re-assigning contracts, transferring assets, etc. whereas for higher levels of government those implications could be changes in data registries, national statistics, among others. Municipal amalgamation should perhaps be the last option.

If Poland considers amalgamation as an option in certain regions, it may take into account the following structural elements of the Danish reform conducted in 2007: a new map of the country, a new distribution of tasks, and a new financing and equalisation system (Government of Denmark, 2022[39]). The reason is that those elements provide incentives to local governments to join the amalgamation exercise. It may be

necessary to form a Commission on Territorial Administrative Structure composed of representatives from the ministries of Interior and Administration, Funds and Regional Policy, Finance, Agriculture and Rural Development, and Infrastructure, representatives of local governments (e.g. associations of municipalities) led by the Chancellery of the Prime Minister. Its role would be to provide technical, legal and expert analysis on multi-level governance as well as make recommendation on the most effective model of organisation of the public sector taking into account transparency with respect of distribution of responsibilities, a balance between competencies and financial responsibility, and closeness to citizens.

Expand institutional options for inter-municipal co-operation to provide more flexibility

Another, far more broadly applicable option is to institutionalise inter-municipal co-operation by enhancing existing mechanisms for co-operation and adding new ones for greater flexibility. It is essential that leaders of municipalities of different sizes meet regularly to learn from one another and strategise together. The City of Győr in Hungary and its neighbours offers an example (Box 3.12).

Box 3.12. Territorial linkages and co-operation in the urban-rural area of Győr, Hungary

The City of Győr is situated along the Budapest-Vienna axis in north-west Hungary. It has a shrinking population, while in 2012 it counted 131 00 inhabitants in 2016 it had 129 000. The population decrease is explained by intensive suburbanisation. However, while the administrative city is shrinking, its functional urban area is growing, as the City Győr with its hinterland belongs to the economically most successful Hungarian regions and its location at the border with Austria and Slovakia, together the development of the automotive industry play a crucial role in its development.

Győr maintains a relatively small number of co-operations with other municipalities of the settlements network, and even if formalised co-operations existed since 2003 (such as the Győr Multi-purpose Micro-regional Association), their dynamics are lagging far behind the desired level, as the Hungarian Government approved a new Act on Local Governments in 2011 that transformed the division of tasks between the local and the subnational levels of public administration. The new narrowed down the responsibilities of local self-governments; and some competencies were absorbed by the state (primary and secondary education, health care services etc.). The legislator overruled the institutional frameworks of the co-operation of municipalities (multi-purpose micro-regional association, micro-regional development council, association forms according to the Act on municipalities). The conditions for co-operation have become more difficult and the targets of co-operation are more restricted than before. Consequently, the rural-urban linkages have changed thoroughly. The City of Győr was not satisfied with this new frame of micro-regional co-operation and linkages, and decided to join an urban network formed by small and medium sized cities targeting to keep the balance of the Danube basin as an ecological system in the cross-border area.

The main co-operation sectors among Győr and its hinterland in the planning period 2014–2020 were public services such as social care, public education, health care; tourism; housing, real estate policy; and transport including both public transport and individual car transport. Regarding the cross-border-co-operation, its focus is on territorial cohesion, environment and economic development of the entire urban-rural region. Győr tries to maintain linkages with other members of the settlement network through Arrabona EGTC, against the trend of dynamics that are lagging far behind the desirable level.

Source: Pascariu, S. and D. Czischke (2015[40]), *Promoting Urban-rural Linkages in Small and Medium Sized Cities: Final Thematic Report*, https://urbact.eu/sites/default/files/urban-rural_thematic_report.pdf (accessed on 21 January 2022).

Poland could also draw inspiration from the Welsh (UK) corporate joint committees (Box 3.13), which could contribute to reinforce urban-rural linkages in a number of ways. First, by bringing together local authorities within a specific area, the committees facilitate intervention at a regional level, generating scale helping local authorities deliver on specific policy and investment priorities and project decisions. This could be particularly the case if the committees are attributed human and financial resources (drawn from the resources of constituent municipalities and EU funds) and are given responsibility for managing these within their remit. Moreover, if local governments are given the possibility to decide if they need those committees and if so how to manage them this could allow tailoring their activities to the needs and capacities of member local governments in a specific territory (i.e., FUAs) under a place-based approach. To establish those committees, local governments could have the freedom to decide on whether they need them for delivering on any policy or service area as long as they have support from the voivodeship government. The national and voivodeship governments could allow the establishment of such committees in areas that contribute to building and maintaining regional growth, inclusiveness and attractiveness, and are conducive to stronger urban-rural linkages such as: economic development, strategic planning for the development and use of land, public transport, and education.

Box 3.13. Corporate joint committees in Wales (UK)

The Welsh government is working to establish corporate joint committees (CJCs) as proposed in the Local Government and Election (Wales) Bill. The CJCs are a formal inter-municipal co-operative mechanism in order to support local authorities in economic development planning and policy implementation. The bill aims to provide a mechanism for consistent regional working and collaboration with a clear framework for governing collaborative arrangements, setting clear expectations in those areas where regional-level collaboration is important. It also seeks to reinforce the ability of local authorities to work at a regional scale.

The purpose of CJCs would be to provide i) a more consistent governance mechanism and model for collaboration between the national and local levels; ii) a clear framework to underpin regional working approaches; iii) a model to help simplify regional arrangements, reducing duplication and complexity in regional working and collaboration arrangements; and iv) a more efficient and effective model for collaboration, reducing the effort required in creating and recreating new collaborative working arrangements. Regulations would enable CJCs to establish subcommittees; acquire, appropriate or dispose of property; and hold and manage funds, including borrowing or lending, providing or receiving financial assistance, and charging fees. General CJC financing would come from the constituent local authorities. CJCs would also be able to employ and remunerate support staff.

Source: OECD (2020[5]), *The Future of Regional Development and Public Investment in Wales, United Kingdom*, https://dx.doi.org/10.1787/e6f5201d-en; Welsh Parliament (2019[41]), *Local Government and Elections (Wales) Act 2021*, https://business.senedd.wales/mgIssueHistoryHome.aspx?IId=26688.

Strengthen metropolitan management as a key way to promote supra-local development strategies and broader co-operation

Promoting the creation of supra-local development plans is another valuable way to institutionalise inter-municipal co-operation across the urban-rural continuum. The amendments to the Act on Principles of Implementation of Development Policy have broadened the options for local governments to collaborate, but there is no record of any supra-local development strategy having been adopted yet, though some are under being discussed or under development.

A key way to accelerate the adoption of supra-local strategies is to address the major gaps in metropolitan governance structures discussed above, starting with a new Metropolitan Union Act. This will give metropolitan areas the administrative and financial foundations for jointly managing development. Poland can learn from international experience; Box 3.14 shows different types metropolitan-level co-operation mechanisms in place in OECD countries. The advantage of these types of inter-municipal co-operation is that they do not form a new tier of government, which is something Poland righty seeks to avoid, and they are flexible. For example, Poland's FUAs may wish to have a metropolitan-wide co-operation on public transport and infrastructure, but certain municipalities in the FUA may additional set monosectoral joint authorities with other municipalities within or outside the FUA to undertake activities such as waste disposal or cultural activities. Some might want to partner with municipalities even beyond the boundaries of their voivodeship.

Box 3.14. Typology of inter-municipal joint authorities for metropolitan areas

There are three types of inter-municipal joint authorities that can be identified in the international experience:

Metropolitan-wide inter-municipal joint authorities. They are normally administered by indirectly elected boards and have a jurisdiction which closely matches the functional area, have their own financial resources, adequate funding, significant responsibilities, and adequate staffing. An example is the French *communautés d'agglomération* and *communautés urbaines* which cover functional areas. They are defined in functional terms by the National Statistical Institute (Insee), and administered by either *communautés urbaines*, for those over 500,000 inhabitants, or by *communautés d'agglomération*, for those between 50,000 and 500,000 people. The c*ommunautés* are regulated by indirectly elected councils, composed of the representatives of the municipalities of the urban area. Both types of joint authorities undertake functions of area-wide importance, such as public transport, environment, social housing, spatial planning, economic development, culture, sewerage, and waste disposal. They may also exercise powers which the municipalities transfer to them. Another example is the *Communauté Métropolitaine of Montreal* (Canada) (CMM) established in 2001, covers 82 municipalities and is led by a council composed of the mayor of the amalgamated city of Montreal, who chairs the council, and representatives of other municipalities. The CMM is responsible for economic development, strategic and land use planning, culture, social housing, solid waste disposal, and metropolitan infrastructure. The CMM has no direct resources of its own; most funding comes from municipalities (73%) and the Province of Quebec (27%).

Inframetropolitan inter-municipal joint authorities. This form of inter-municipal co-operation takes place in a portion of the metropolitan area only. Therefore, although co-operation is plurisectoral, vary with respect to functions devolved to the joint authority, their funding, and other responsibilities. An example is the Association for the Development of the North of Milan (Italy) established in 1996 on a voluntary basis, which includes four municipalities with about 300,000 inhabitants (the entire metropolitan area has four million inhabitants approximately). A council composed of the representatives of the four municipalities, the Province of Milano, and the chamber of commerce directs the work of the Association, and the mayor of the most important municipality acts as the chairman. Its areas of activity include urban regeneration and strategic planner which are functions delegated by the municipalities and can be withdrawn. Funding comes from the four municipalities, as well as grants from the province, region, state, and the European Union.

Monosectoral inter-municipal joint authorities (with plurisectoral potential). These are metropolitan-wide monosectoral joint authorities with a potential to move towards the administration of other policy sectors. Examples are the German transit federations or Verkehrsverbund (VV), found in

almost all large urban areas of Germany, Austria and the German-speaking area of Switzerland. They involve the central municipality, the kreise of the metropolitan area (the central municipality having the functions of a kreise in Germany) and the Land. These transit federations are responsible for the planning and management of public transport in the metropolitan area. They set fares, administer subsidies and manage public and private transit operators.

Source: For the Communauté d'agglomération of France: Government of France (2021[42]), *Qu'est-ce qu'une communauté d'agglomération ?*, https://www.vie-publique.fr/fiches/20126-quest-ce-quune-communaute-dagglomeration; for Montreal: Communauté Métropolitaine of Montreal (n.d.[43]), *Homepage*, https://cmm.qc.ca/ accessed on 23 January 2022; for Germany Topp, H.H. (1988[44]), "Cooperation in transit delivery in West German metropolitan areas", https://doi.org/10.1007/BF00170591; the typology is based on: Rojas, E., J. Cuadrado-Roura and J. Fernández Guell (eds.) (2008[45]), *Governing the Metropolis - Principles and Cases*, Inter-American Development Bank, Washington, DC.

Notably, the types of inter-municipal co-operation listed in Box 3.14 are compatible with the voluntary partnership model proposed by the Association of Polish Cities called "territorial co-operation teams" to enable co-operation among neighbouring local governments in terms of spatial development, development policies and strategies, and joint ventures. This mechanism would allow individual municipalities to decide for each service whether to delegate it to the co-operation team or keep it under the relevant municipal authority. This form of co-operation allows maintaining the autonomy of individual local governments forming a union while facilitating joint initiatives for the economic development and improvement of well-being. The Act on Metropolitan Areas already provides for co-ordinated spatial planning, co-ordination of investments, public transport planning and development policy but this is only applicable for metropolitan areas (Borowka and Szlachetko, 2017[46]), and there is a need to facilitate this co-ordination in other areas. This co-operation would avoid making any differentiation between policies for urban and rural areas separately.

Improve national/subnational co-ordination for urban-rural linkages and regional development planning

Strengthening urban-rural linkages for development is not only a matter of cross-jurisdictional co-operation. It requires support from upper levels of government. The national, but more importantly, the voivodeship level (region) have a key role in facilitating and encouraging linkages and forming partnerships for service delivery and infrastructure construction. OECD had already concluded that "Poland needs to embed vertical relations between the national, regional and local self-governments with a more bottom-up approach in which local governments can take the initiative for investment projects that better respond to local needs" (OECD, 2021, p. 222[6]). This same conclusion applies in enabling urban-rural linkages. Every level of government has a role to play to support fluid relationships across jurisdictions and ensure reducing development gaps. Table 3.4 depicts some specific actions each level of government can have to support urban-rural linkages in Poland. It is worth noting that support should also come from supra-national levels, in particular the EU. The reason is that most of the action taken so far in Poland that promote urban-rural partnerships are done due and in the framework of the EU Cohesion Policy. Local governments join forces through partnerships to access EU funds (see below) and it could help by proposing new governance alternatives or flexible manner to use the resources for investment in a way that meet local needs in a more efficient and effective manner.

Table 3.4. Supporting urban-rural linkages from different levels of government in Poland

Government/governance level	Type of support
European Union	• Further increasing the level of flexibility in the use of funds and facilitate accessibility for various stakeholders to funding sources for projects that strengthen urban-rural linkages. • Proposing new governance solutions to support urban-rural linkages.
National government	• Reflecting the national vision on urban-rural linkages in the national urban and rural policies and ensuring the term 'urban-rural linkages' becomes an operational one and becomes a common term across government. • Adopting the national legislation supporting municipal co-operation at metropolitan level, but without creating a new tier of government. • Providing relevant legislation for land use management and for co-ordinating land use across jurisdictions. • Analysing how different sectoral policies influence urban-rural linkages. • Facilitating and providing support to access available resources for all urban-rural collaboration projects to all interested stakeholders.
Regional (voivodeship) governments	• Co-ordinating regional operational programmes and strategies ensuring the urban-rural issues are part of the strategic territorial approach to development. • Ensuring alignment of regional development plans with national development priorities on urban-rural issues. • Facilitating co-ordination and co-operation among local governments functionally related through platform dialogues and joint planning. • Facilitating CLLD projects dealing with urban-rural issues at metropolitan level. • Setting an enabling framework for urban-rural partnerships in the region. • Providing capacity building for local governments (particularly municipalities) on the legal and technical aspects of inter-municipal co-operation.
Local self-government units (counties and municipalities)	• Co-ordinating land use and development planning across functionally related local governments. • Co-ordinating public investment across local governments for public service delivery and infrastructure construction as and where required. • Adopting an integrated approach to development and ensuring sectoral policies and programmes contribute to strengthen urban-rural linkages.

OECD (2021[6]) had already formulated specific recommendations to Poland on how to strengthen co-operation across levels of government (Box 3.15). To complement those recommendations, Poland may consider reassessing the role of the voivodes (government- appointed governors) and the voivodeship marshals (heads of the regional administration) to entrust them with the responsibility of co-ordinating the design and implementation of the Regional Programmes with local governments, and for ensuring a co-ordinated approach to regional economic development as well as alignment with national goals. The idea is for voivodes and marshals (together with their offices) to work with the local authorities in their region to identify common economic development needs and priorities and then collaboratively develop the region's strategy to realise these. This could include a framework for urban-rural partnerships in the region. While engaging with local governments may be seen as a clear task for regional authorities, establishing this degree of partnership appears challenging due to a government culture that is more accustom to a centralised, top-down approach. Poland may consider creating regional offices for development and investment, which would be the logical body in charge of multi-level co-ordination with the political and administrative back-up of voivodes and marshals. This could also facilitate the role of marshals as brokers of subnational interests within the national government. The regional development office would work with multiple stakeholders, support local governments in designing and implementing regional development initiatives within a functional approach, and effectively become the locus of a top-down and bottom-up approach to advancing regional development priorities.

Box 3.15. Building stronger collaboration mechanisms across levels of government in Poland

In 2021, OECD recommended Poland some actions to further strengthen co-operation across levels of governments. The main recommendations are:

For the national government:

- Strengthen territorial contracts by specifying territorial goals and regional development priorities; extending the scope of the contracts to the whole territory, encouraging investments that favour urban-rural, urban-urban or rural-rural partnerships that consider the functional area; encouraging partnerships with municipal associations to support investments at a supra-municipal scale; incorporating monitoring mechanisms.
- Take advantage of the policy planning process to ensure that priorities, objectives and policy implementation are aligned across levels of government. For this, local and supra-local development strategies should be based on an assessment of regional and local characteristics and specific competitive factors, with investments aligning with regional needs.
- Make sure that consultations across levels of governments are a two-way engagement process by promoting bottom-up initiatives; involving the private sector and civil society from the early stages of the definition of territorial agreements; and ensuring that the procedures to establish a territorial agreement are simple.

For the local governments:

- Actively seek dialogue opportunities with the national and regional levels as well as other key relevant stakeholders by participating systematically in formal consultations arranged by other levels of government and provide comments/suggestions when decisions affect its territory/citizens; officially designating a person(s)/team(s) to support the mayor, in charge of seeking and establishing co-operation with the voivodeship and/or national government; and actively seek innovative ways of engaging with stakeholders.

Source: OECD (2021[6]), *Better Governance, Planning and Services in Local Self-Governments in Poland*, https://dx.doi.org/10.1787/550c3ff5-en.

Poland could also consider formalising agreements between levels of government to generate trust-based relationships, regardless of the size of the government. They can clarify “grey areas” where responsibility for action or outcomes has not been concretely established. However, partnerships agreements may be established not only with individual local governments but also with unions, or associations of local governments which may group municipalities of different kind (urban, urban-rural, and rural). Memoranda of understanding, terms of reference and contracts are all examples of formal agreements that could be signed between upper levels of government and municipal associations/unions for the management of a FUA. Over time, these agreements can help foster trust in the capacity of each party to meet their obligations, while also helping manage joint responsibilities for public investment planning, including for regional development. An example for Poland could be the formal contracts between the national government of Iceland and regional governments, which have led to greater trust, capacity and advancing decentralisation (Box 3.16). A key advantage of those formal contracts is that they assist local governments in filling capacity gaps and facilitate the production of regional plans have a stronger local focus. Although the experience of Iceland is of formal contracts between the national government and regions, in Poland these formal contracts may be established with municipal unions (FUAs) with the participation of the voivodeships and the national government.

Box 3.16. Supporting investment funds and building trust through formal agreements in Iceland

Since 2013, Iceland has used successive five-year contracts between its regions and the national government to ensure the financing and implementation of the regional-level plans. For example, the Northwest Region has signed three consecutive contracts with the Ministry of Transport and the Ministry of Education and Culture to support implementing its regional plan, which emphasises regional development and innovation, culture, environmental issues and education and population. An advantage of the contracts is that they ensure funding against clear and measurable success indicators established by the region. The Northwest Region's experience is that this approach has helped increase trust on behalf of the government. Over time, the region has fewer rules to abide by, an increased allowance for administrative costs and the elimination of constraints on the distribution of funding between priority projects and competitive funds. In addition, more autonomy has been granted concerning who is appointed to Competitive Fund Distribution Committees. Thanks to the agreements, trust has also increased on the side of the regions, as has capacity. For example, also in the Northwest Region, their 2020-24 contract has received support from expert consultants, the costs of which were paid by the Ministry of Transport and local authorities. The plan has a stronger local focus than in the past thanks to the greater degree of autonomy.

Source: Hilmarsdóttir, U. (2019[47]), *Regional Plans in Iceland: Decentralization of Funding and Power to Local Authorities through Regional Associations of Municipalities*, cited in OECD (2020[5]), *The Future of Regional Development and Public Investment in Wales, United Kingdom*, https://dx.doi.org/10.1787/e6f5201d-en.

Create regional agencies for economic development that work with public and private sector stakeholders

As suggested above, there is a palpable need to involve the private and social sectors in regional development initiatives and enhancing urban-rural linkages depends to a large extent on how the public sector work together with a wider range of stakeholders from different sectors. Creating joint regional agencies for economic development would allow working together with businesses and innovators in their respective regions to fuel economic growth locally. These agencies could develop programmes to enable business to grow and even support innovators to start businesses. The agencies would help tailoring national economic programmes to fit regional needs and circumstances, provide access to financial assistance, bring together key players from the different municipalities in the region to work with them and understand their needs, support community economic development, and ensure that voivodeships' economic growth strategies eliminate regional gaps.

For example, in Canada, Regional Development Agencies have been key in building innovation and skills plans for the country's very diverse regions. The agency focused on the Quebec region, for instance, supports projects targeting entrepreneurial growth, innovation, diversification and local economic development Another, focused on Nunavut, the Northwest Territories, and Yukon, works with Northerners and Indigenous peoples, communities, businesses and organisations to help build diversified and dynamic economies that foster long-term sustainability and economic prosperity.

Make better use of strategic planning as a tool to strengthen regional and local development

Spatial development strategies should be based on a common vision and objective that would benefit all municipalities in an FUA. Regional and country leadership may be needed to convey the importance of a shared approach, emphasising that no one is imposing a decision over other municipalities' land – instead,

the point is to act collectively in order to benefit collectively in the medium and long term. Planning processes can play a crucial role in this regard, not only by laying out a clear agenda for action, but also by promoting the development of a shared vision.

Poland needs to develop planning tools within the framework of the Act on Planning and Spatial development. Such tools should strengthen inter-municipal co-operation when preparing spatial planning acts; for example, through giving feedback, and joint preparation of planning documents. It is also important to introduce systemic solutions that take local conditions into account in planning supra-local investment projects. Basing them on the so-called "special acts" dedicated to individual investment projects makes the spatial planning system ineffective and, in the long term, shifts the costs to local communities. Thus, coordination of spatial planning in urban-rural areas requires systemic regulations that consider the opinions of municipalities in planning investment projects of supra-local importance. It is also necessary to complete the process of integration of spatial and socio-economic planning. In improving planning, Poland may consider the following points:

- To ensure sustainable urban-rural development, functional areas operating with ITI funds should be given the possibility to better integrate (or valorise) their territorial strategies and plans within the relevant Regional Operational Programmes.
- To the possible extent, policies for functional areas (metropolitan areas) should not differentiate between urban and rural areas as it is done in the Wrocław functional area.
- The diversification of tools to make associations or inter-municipal unions operational is necessary. Instruments such as the Integrated Territorial Investments (ITI) seem to allow for an efficient operation of the associations but more options are needed.

There are no legal and tax solutions encouraging to implement investment projects in areas equipped with technical and social infrastructure. It is also necessary to introduce legal tools enabling the transparent share of private equity in the costs incurred by municipalities in connection with the implementation of commercial investment projects (e.g. development housing estates). These costs are particularly high in urban-rural areas. Another option is the creation of joint expert bodies to give opinions on plans such as municipal urban or architectural commissions. Inter-municipal co-operation on local planning can take place at a technical and organisational level, for example, by keeping joint databases and geoportals, or through co-ordination arrangements concerning common standards in local plans (for example the https://wroSIP.pl website). These databases should be public to facilitate planning across municipalities and facilitate access to information to private actors.

Invest in capacity-building and professional skills in local governments

The OECD has already provided some recommendations on how to improve the management of the local public workforce in Poland to make it more effective (OECD, 2021[6]). For local governments, it advised:

- Investing in supporting leaders and managers to ensure that they have the autonomy, tools, support and accountability to use effectively their leadership capabilities;
- Focusing on the attraction and development of transversal skills and competencies;
- Reviewing the effectiveness of human resources management practices and investing in strategic workforce management capabilities.

For national governments, meanwhile, the OECD recommended providing targeted training and consulting with local self-government organisations regarding long-term pay strategy for local governments' staff and elected representatives. These recommendations are valuable for increasing administrative capacity and capability of local governments. They can be complemented by three additional actions that could contribute to foster urban-rural linkages:

Consider the viability of establishing shared service bodies in functional areas. There is accumulated experience on the establishment of shared services bodies among national ministries or across central government in OECD countries (ex. Denmark. Sweden, the Netherlands). These agencies manage support services such as HRM, ICT, procurement and others as a way to improve capability and make a more efficient management of resources. Although experience is at the central level of government, there is no reason not to consider a similar exercise at subnational level, in particular at metropolitan level. Local governments could consider creating a share service agency in charge of managing the local public workforce, and other administrative services, for the member municipalities. This could be of particular interest to small and rural municipalities that generally have limited capacity and capability to conduct recruitment processes. These bodies could also be in charge of upskilling the local public workforce through continuous training. However, the potential of share service bodies will depend on the willingness of municipalities to transfer tasks to a metropolitan service centre and contribute to its financing. It will also depend on the careful selection and training of staff employed in those bodies as well as on how well rules and procedures are redesigned to enable HRM to be offered on a shared basis.

Focus on future capabilities and human capital. The movement of urban residents to rural areas; the impact of megatrends such as ageing populations, digitalisation and globalisation; and the growing functional integration of local governments, demand that municipalities pay attention to their future skills requirements and integrate workforce and human capital considerations into broader policy changes that could impact on service delivery. Local governments may develop competency management frameworks that identify the capabilities needed in the workforce and link together a number of human resource management activities (recruitment, staff development, performance management) to enhance capacity. The majority of local governments are focusing on improving training and knowledge management. However, longer-term assessments of capability requirements are required and local public administrations need to put in place strategies to ensure that they will have the necessary capabilities in the future. Capabilities will depend both on having the necessary human capital and on having the requisite leadership, management and organisational capacity.

Invest in developing the strategic planning skills. Strategic planning is an area where local governments still need to strengthen their skills (OECD, 2021[6]). The need for upskilling the local workforce on strategic planning is even more important in the context of the creation of supra-local development plans. Training on strategic planning with the support of upper levels of government and academia will be essential. The manual currently under preparation by the Ministry of Development Funds and Regional Policy could offer some guidance on how upskill the local workforce on strategic planning. Another option is municipalities forming joint teams for supra-local development planning as they can produce significant benefits in terms of management and resource efficiencies. However, it is important that the team is seen as specifically working on the strategic plan project and is not pulled into other work areas. Co-location can have a beneficial impact on team dynamics and working relationships. Municipalities should make the most efficient use of the expertise, skills, experience and local knowledge available in their workforce.

Tackle Poland's two main dilemmas in subnational financing

As discussed above, access to finance, mainly from EU funds, has been a key incentive for urban-rural partnerships. The general explanation is that local governments lack enough financial resources to invest in public service delivery and infrastructure construction. Without the access to EU funds most of the progress done in regional development would probably have not been possible. Thus, a first challenge for Poland is to be able to finance those investments primarily with its own resources, mainly at subnational level. Second, Poland needs to match municipal responsibilities with sources of revenue. While municipalities are in a better position in terms of own-source revenue than counties and voivodeships, it is often remarked that they have seen more responsibilities devolved to them and yet very little in the way of increased fiscal decentralisation to match it (see Chapter 2). The mismatch between responsibilities and revenues makes Polish voivodeships and municipalities very dependent on European funding, in particular

for public investment. EU funds have greatly contributed to accelerating the development of Poland. They have allowed, for example, local governments to undertake infrastructure investments that have shaped the local reality and that would have not been possible without access to this source of funding. The decentralisation process conducted over the last decades have given municipal governments more responsibilities but without the necessary financial resources. In particular, for fostering urban-rural linkages, it is critical to find reliable sources of revenue for metropolitan work.

To tackle these challenges Poland may consider the following actions:

- To manage the costs of public services, policy responses should consider the spatial distribution of the services, the spatial distribution of the targeted population, digital forms of access (including the availability, affordability of broadband and the digital skills to use them), the unavoidable trade-off between cost and distance.
- To reduce the gap between expenditure and revenue at subnational level, OECD has recommended Poland to increase the tax autonomy of local governments to reduce the dependency of local and regional authorities on state transfers (OECD, 2021[6]). This requires further decentralising revenues by granting larger tax autonomy to local governments, for example, more taxing power over rates and bases, in particular property tax. It will be necessary to conduct a review of competences and functions of local governments and their sources of revenue to avoid having unfunded responsibilities.
- Poland needs to ensure that subnational financing have a functional approach. From the urban-rural linkages point of view, providing reliable sources of funding for metropolitan (functional) areas is a key priority. The challenge for Poland, as for any other country, is to select the taxes that are available and that could support metropolitan areas work. The difficulty here is that, with exceptions, metropolitan areas do not have statutory level. However, property tax could be a source of revenue for metropolitan areas, but in the case of Poland, it is the municipalities main own source of financing for municipalities and it does not even cover municipal needs. Table 3.5 provides some examples of the taxes used to finance metropolitan areas in high and middle income countries. Poland should make as extensive as possible the use of charges and fees mostly when the metropolitan area provides services susceptible of being finance with user charges.

Table 3.5. Example of taxes used to finance large metropolitan areas in OECD countries

Type of taxes	High income metropolitan areas	Middle income metropolitan areas
Business tax	Berlin, Chicago, Frankfurt, Los Angeles, New York, Seoul, Lyon,	Bangkok, Beijing, Budapest, Shanghai
Individual income and payroll taxes	Copenhagen, New York, Paris, Rome, Milan, Stockholm	Beijing, Bucharest, Mexico City, Moscow
Corporate income tax	New York, Tokyo, Lisbon, Geneva, Saint Louis	Moscow
VAT	Seoul	Bangkok, Moscow
Sales tax	Chicago, Los Angeles, New York, Barcelona, Madrid	Bogotá, Buenos Aires, Sao Paulo, Rio de Janeiro
Financial tax	New York	---
Vehicle tax	Chicago, Los Angeles, New York, Seoul, Tokyo, Barcelona, Madrid, Toronto	Bangkok, Beijing, Budapest, Guangzhou, Shanghai, Lima, Buenos Aires , Santiago, Mexico City, Bogotá
Transportation tax	Chicago, New York, Paris, Rome, Seoul	---
Electricity tax	Chicago, Los Angeles, Rome , Milan	Cape Town, Johannesburg, Istanbul
Gasoline	Chicago, New York, Tokyo, Montreal, Lyon	Lima, Sao Paulo, Rio de Janeiro
Green tax	New York, Paris	----

Type of taxes	High income metropolitan areas	Middle income metropolitan areas
Amusement tax	Chicago, New York, Seoul, Tokyo	Istanbul, Lima
Construction tax	Barcelona, Madrid, Montreal, Milan	Beijing, Buenos Aires, Bogotá
Inheritance and wealth tax	Paris	Beijing, Shanghai, Guangzhou

Source: Based on Martinez-Vázquez, J. and A. Muñoz (2018[48]), "Metropolitan financing in Brazil: Current trends and lessons from the international experience publications", https://publications.iadb.org/publications/english/document/Metropolitan-Financing-in-Brazil.pdf and Bahl, R., J. Linn and D. Wetzel (2013[49]), *Financing Metropolitan Governments in Developing Countries*, https://www.lincolninst.edu/sites/default/files/pubfiles/financing-metropolitan-governments-developing-full_0.pdf.

Enable participatory processes for stronger urban-rural linkages

Poland requires a participatory model of metropolitan co-management, with equality and responsibility of all partners and effective encouragement and inclusion of residents in public activity (Szmytkowska et al., 2021[19]). Polish authorities at all levels of government may need to embark on a more strategic and clearer path for engagement, while also building the engagement capacity of the "engager" and "engagee". OECD has already formulated some recommendations to Poland on how to foster stakeholders' participation in local planning (OECD, 2021[6]). Those recommendations are relevant for contributing to fostering stronger urban-rural linkages as local strategic planning is a key area to address to strengthen those linkages. However, Poland could undertake three more actions to increasing the level of community engagement in local development.

- Put citizens at the core of urban-rural partnerships. Regional development strategies and urban-rural partnerships in particular need to be tested or analysed through an inclusive lens because of the potential to some unintentionally contribute to widening regional disparities. When thinking about how inclusive local governments development strategies are, authorities may wish to consider at least three points: how relevant is the urban-rural partnership for all citizens; how is feedback from community members integrated into the supra-local development strategy, and do all residents or neighbourhoods receive the same benefits from the strategy?
- Diversify the participation in local action groups (LAGs). Research has showed that the main problem with LAGs in Poland is the low level of activity of their members and to a lesser extent the trust component (Zajda, 2014[21]). Rural municipalities are small and players in these groups are generally the same. The advantage is that everyone knows each other and this can generate the levels of trust necessary to openly discuss complex or sensitive policy issues. However, because people may participate in multiple bodies, there is a risk of consultation fatigue and drawing down on already limited human resources. There are at least two possibilities to improve this situation. First, Poland may regulate the participation in the LAGs boards and introduce a rotational membership to give more people the opportunity to participate. Another option is to develop stakeholder engagement strategies to facilitate community engagement beyond the LAG. These strategies are generally an overarching document on citizen or stakeholder participation in policymaking, developed by a national or subnational government, a government ministry/department, or another type of public body.
- Engage directly with citizens through participative budgeting. It is beyond the scope of this report to discuss the budget process in Poland at subnational level. To increase responsiveness, efficiency, impact and trust in local governments, however, it is necessary to strengthen citizens and civil society involvement in the budget process. Citizens' participation could produce budgets and projects that are more achievable since citizens are better positioned to inform local authorities what the real needs are. Residents should be invited to discussions and decision-making on the allocation of public services funds. To engage citizens in budgeting, local governments should focus participative budgeting on projects that local residents from both urban and rural areas can deliver and monitor.

Strengthen territorial development and urban-rural-linkages through EU policy

As discussed above, although Poland has been relatively successful in capitalising on EU funds, several challenges have emerged. In discussions with the OECD, regional actors mentioned delays in the new EU planning; certain difficulties in fully integrating national and EU procedures, these last ones being often too complex for smaller municipalities; sometimes a lack of synergies or of a systemic strategic vision between the administrative territories. These issues are quite common to the other EU members.

Strengthening urban-rural relations in EU policy areas and delivering effective urban-rural partnerships in Poland would mean particularly to explore and develop better complementarities between EU funding streams, including between the Structural Funds and the 2nd pillar of the Common Agricultural Policy (Rural Development pillar). For example, investments in agricultural equipment or farm management can yield higher returns if complemented by adequate transport or telecommunications infrastructure, which can be co-financed by Cohesion Policy.

As already pointed out, different sets of rules at EU level and different managing agencies and responsible political authorities at national or regional levels have often led to little or no co-ordination between rural development programmes and cohesion policy. In 2014-20, the Community-led Local Development (CLLD) instrument made it possible to combine cohesion and rural development funding in support of local development strategies (LDS), but this possibility has had relatively modest uptake in Poland since procedures for each funding source remained different. In 2021-27, the new possibility for CLLD to combine multiple funds and to nominate a “lead” fund and apply only its rules may provide new possibilities for greater use of this instrument, integrating ITI in supporting integrated development and rural-urban partnerships and linkages.

For this new programming period, Poland is willing and ready to further capitalise on its very successful experience of using ITI in functional urban areas, also thanks to the fact that many municipalities have been requested to prepare supra-local development strategies. However, Poland should also make better use of the possibilities offered by CLLD in order to foster co-ordination between the CAP and the European Regional Development Fund (ERDF). The possibility of using better and more integrated European Social Fund (ESF+) for developing urban-rural linkages should be also explored (despite the complexity of the EU regulations for the harmonisation of funds), for example to support not only labour market and skills measures in functional areas, but also to increase the capacity of actors and stakeholders in more rural areas to develop more articulated and CLLD and deliver better and more integrated projects at local level. New ITI and CLLD arrangements will need to be able to take into account urban-rural specific challenges and programme partnership structures should allow both urban and rural stakeholders to have their interests represented.

Suggestions to enhance the efficacy and efficiency of integrated urban-rural development and linkages in Poland may include:

- Fully exploit the possibilities to integrate actions and funding offered by the new (2021-27) Cohesion Policy’s thematic objectives and concentration, in particular by the new objective 5 "Europe closer to citizens" by:
    - At a higher and strategic level, utilising the Partnership Agreement (PA), the national and regional programmes and the National Strategic Plan for CAP to ensure enhanced coherence, co-ordination and integration of the ERDF, ESF+ and the Rural Development Fund in rural areas. Also, increase the territorial orientation of those programming documents (PA, RDP, 2020-2027 Programmes) incentivising a stronger targeting of urban-rural linkages and partnerships;
    - On the ground, fostering the elaboration of Territorial Strategies with the support of local socioeconomic stakeholders, implementing actions and interventions favouring an integrated or complementary use of Integrated Territorial Investments (ITI), Community Led Local

Development (CLLD) and LEADER. Consider developing additional national legal and financing instruments to facilitate the preparation and implementation of integrated territorial investments (e.g. simplifies contracts, revolving funds for project preparations, etc.).

- Activate or develop integrated or complementary actions and funding (using ERDF, ESF+, RDF) with the specific aim to develop urban-rural linkages on well-defined objectives such as:
  - Creation of jobs outside the agriculture industry (new businesses, development of tourism related activities etc.);
  - Increase quality connectivity (transport and broadband) between urban and rural areas;
  - Support for agricultural SMEs (support for innovation and the development of new products), the agro-alimentary industry and the forestry industry;
- Foster the concrete implementation of the "Territorial Agenda 2030" and integrate it with the OECD Principles for Urban Policy and Rural Policy. This can be taken at any government level and can vary in character and focus. Every key player may implement the Territorial Agenda in connection with the OECD principles in the context of their regular mandate.

More specific suggestions regarding ITI implementation in Poland include:

- ITI implementation requires efficiency and co-operation of the institutions responsible for the governance and implementation of ROP. However, for ITI unions to contribute to the development of FUAs in a more efficient manner, Poland may consider giving them powers broader than just the designation of strategic projects and allowing them to have managing authority for conducting the full procedure of open call for proposals.
- Co-operation in the programming of functional development of an FUA among municipalities within a FUA is one of the most important aspects for the success of ITI unions. This should include the organisation of many governing functions covering a FUA. Government provisions provided local governments with the possibility of establishing partnerships on a voluntary basis and many cities and communes took advantage of it. ITIs fostered inter-municipal co-operation, which should be the basis for the implementation of new projects in the new programming period. For that purpose, the national government could issue new guidelines and adopt legislation to grant ITI unions powers to decide on who should or should not participate. It is important, however, that the guidelines maintain the flexibility of activities in which they operate.
- Poland could promote the creation of more associations as ITI unions already have co-operation experience, but still local governments should continue having freedom in the scope of formalisation of partnerships in the new programming period. However, legal provisions to offer the possibility of changing the legal form of partnership based on request of the interested ITI union throughout the programming period could reinforce the culture of co-operation and reinforce the implementation of the ITI tool.

Finally, regarding CLLD implementation, Poland's national government could consider to further invest in improving the understanding of the CLLD tool across local governments, in particular municipalities. The Polish government attaches great importance to informing local communities about LEADER principles and how obtaining support and it has provided a cascade information system. The Managing Authority provides information to implementing entities (voivodeship self-governments), which inform the LAG. LAG, in turn have the task of informing local communities and advising potential beneficiaries. Information is also published on the website of the Ministry of Agriculture and Rural Development. The instrument has been implemented in Poland and Local Action Groups (LAGs) have been established, but as mentioned above, it is essential However, more can be done to improve CLLD its understanding as a tool for developing urban rural partnerships and make its implementation smoother to foster a greater level of community participation in local development. For example, to this end, Poland could:

- Produce a dedicated CLLD communication plan to strengthen the understanding at all levels and disseminate best practice in the use of the instrument to develop urban-rural partnership. The aim should be to share clear, simple messages, and empower benefitting communities. A transparent process, learning from each other, build trust and stronger relationships with plans that are audience appropriate.
- Set in the local development strategies (LDS) that go beyond rural areas, urban-rural territories and the municipality's economic problems and potential opportunities and what might be the best way of tackling them through common CLLD projects.
- Invest more in community leadership and capacity building and promote social investment opportunities.
- Ensure that applications to funding are assessed based on criteria such as: linkage with urban-rural partnerships and local common priorities; building community development and widening involvement; benefits and outcomes for local people are tangible; there is clarity on project and how it will work and how it will be managed; and there is a realistic budget and value for money.
- Encourage the organisation of CLLD Decision Day events where groups and organisations submitting bids present their projects to enlarged the local communities y and engage in dialogue and there is anonymous voting.
- Encourage the participation of NGOs in areas such as sustainable transportation, citizen engagement and urban-rural revitalisation. While many of these organisations engage with local government through advocacy, they could also in some instances managed aspects of the engagement process and delivered civic education while working across different jurisdictions.

Closing reflections: Urban-rural partnerships after COVID-19 and the arrival of war refugees

With a move towards stronger urban-rural partnerships, the Polish national government is asking subnational governments to assume more responsibility in development and investing in planning. This calls for rethinking the scale of local governments' activities and accentuates the needs for strengthened and more differentiated instruments that build implementation capacity. For local governments, within and outside FUAs, overcoming capacity constraints will be critical to their success in regional development planning and investment. Municipal size does not automatically dictate the degree of local capacity but it can play a role. The important aspect is how effectively local governments are co-ordinated and co-operate towards the achievement of common goals by building on each other's main assets. Local governments need communication channels and flexible mechanisms to work together underpinned by a political commitment to achieve a collective vision.

In the aftermath of the COVID-19 pandemic, Poland could use urban-rural linkages to underpin its recovery strategy while ensuring to deal with long-term regional development challenges such as inequalities, and suburbanisation. The functional inter-dependence and mutual benefits are a strong reason to initiate co-operation. Suburbanisation is a growing concern in Poland. The new National Urban Policy, currently under elaboration, will certainly face this challenge but every solution or policy action must be assessed against the long-term impact on both urban and rural communities that have the responsibility to deliver public services, social cohesion, and ensure environmental protection.

The influx of war refugees will certainly test Poland's urban-rural co-operation maturity. While refugees are mostly based in urban centres where they have access to services and have a network of contacts, they will need to move to suburban areas or rural areas to access longer-term housing, education and other services. Commuting may increase in Poland's metropolitan areas. Investing in digital connectivity will be more necessary than ever as refugees may live in rural areas but may need to access services provided

in other cities on line and in their own language. No community alone, either urban or rural, will be able to meet the needs of the new inhabitants. Planning for the long-term is key even though their stay is temporal. In this context, the challenge for Poland is to ensure the sustainability of urban-rural partnerships to improve efficiency in the public sector and improve public spending. A bottom-up approach is essential for the sustainability of partnerships and Poland's authorities at all levels need to nurture it.

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Notes

[1] For further information, see: https://www.lemonde.fr/en/international/article/2022/05/03/in-poland-the-influx-of-ukrainian-refugees-is-driving-up-rents_5982268_4.html.

[2] The concepts of co-ordination, co-operation and collaboration build on one another, where co-ordination is at the basis and can grow into collaboration. Co-ordination means a joint or shared information insured by information flows among organisations. It implies a particular architecture in the relationship between organisations (i.e., centralised or peer-to-peer; direct or indirect), but not how the information is used. Co-operation is a joint intent on the part of individual organisations. It implies joint action but does not address the relationship among participating organisations. Collaboration implies both joint action and a structured relationship among organisations. Source: (OECD, 2016[50]).

[3] For further information, see: https://isap.sejm.gov.pl/isap.nsf/DocDetails.xsp?id=WDU20200001378 (in Polish).

[4] The Ministry of Funds and Regional Development proposed to make the obligatory the local development strategy as the project to amend the Act on Principles on Implementation of Development Policy eliminated the study on the conditions and directions of spatial development in a gmina (municipality) from the planning system.

[5] See https://ec.europa.eu.

[6] ESIF Open Data platform (https://cohesiondata.ec.europa.eu/EU-Level/ERDF-CF-ESF-Territorial-delivery-instruments-Imple/i4ed-3nn4).

[7] Answers to questionnaire.

[8] See https://ec.europa.eu.

[9] See www.funduszeeuropejskie.gov.

[10] The preparation of the Local Development Strategy (LDS) is an essential and integral part of the LEADER and CLLD approach and process. According to the EU Common Provisions Regulation-CPR (EC) 1303/2013 Art. 32 (2), "Community-led local development shall be… carried out through integrated and multisectoral area based local development strategies". The CPR, Art.2 (19) provides a definition of a Local Development Strategy: "[A] 'community-led local development strategy' means a coherent set of operations… to meet local objectives and needs, and which contributes to meeting the Union strategy for smart, sustainable and inclusive growth, and which is designed and implemented by a local action group.".

[11] In the new EU programming cycle 2021-27, Cohesion Policy has set a shorter, updated menu of 5 Policy Objectives (PO) for growth, which will be implemented through the following EU Funds priorities. The European Regional Development Fund will support investments in all 5 PO, but PO1 and PO2 are the main priorities. The European Social Fund+ main priority is PO4. The Cohesion Fund supports PO2 and PO3. The Just Transition Fund provides support under dedicated specific objectives (art. 8 of JTF regulation). The Interreg programmes have 2 additional policy objectives at their disposal (art. 14, Interreg regulation): "A better cooperation governance" and "A safer and more secure Europe". (https://ec.europa.eu/regional_policy/en/policy/how/priorities).

[12] For further information see: https://ec.europa.eu/commission/presscorner/detail/en/IP_21_2221.

[13] For further information, see: https://webcache.googleusercontent.com/search?q=cache:GTelxPR9dREJ:https://www.ebrd.com/documents/admin/poland-coronavirus-policy-response.pdf%3Fblobnocache%3Dtrue+&cd=4&hl=es&ct=clnk&gl=fr.

[14] See www.funduszeeuropejskie.gov.

[15] Ibid.

[16] Integrated territorial and urban strategies: How are ESIF adding value in 2014-2020? European Commission, December 2017.

[17] See www.funduszeeuropejskie.gov.

[18] See also Endnote no.16.

[19] It is worth noting that already in the previous years, (e.g. under the Rural Development Program for 2007-2013), the support was directed taking into account the functional links between rural areas and small towns. Therefore, the definition of "rural areas" in the program included administrative rural areas together with cities up to 5,000 residents. In the case of the LEADER approach, implemented as axis 4 of the RDP 2013-2013 and (giving rise to the CLLD approach later applied under other than EMFF funds), this definition was further extended - as it also included cities up to 20,000. residents. A similar approach was used under the Rural Development Program for 2014-2020. The implementation of CLLD enabled further and wider local development, taking into account the urban-rural relationship, the need for which was evident, but the regulations on individual EU funds limited the possibility of applying this approach to a greater extent. This is also described in chapter 2 (Box 2.14).

[20] See www.funduszeeuropejskie.gov.

[21] Urszula Budzich-Tabor, Contributor: Joanna Gierulska, November 2020 (https://ldnet.eu/clld-country-profile-poland/).

[22] For further information see: Lublinksa, M. (2017), “Decentralisation and multi-level governance in Poland: Ensuring coherence between national and subnational development strategies/policies”, https://www.oecd.org/regional/regional-policy/Decentralisation-and-multi-level-governance-in-Poland.pdf and http://encyklopediaap.uw.edu.pl/index.php/Joint_Commission_of_Government_and_Local_Government.

[23] For further information see: https://doi.org/10.1787/data-00531-en.

Annex A. Benchmarking issues governing urban-rural linkages in Poland – Recommendations for action

Features of urban and rural areas that impact urban-rural linkages

- Poland has a higher share of population living in towns and semi-dense areas and a lower share of the population in cities than the average in OECD countries.
- Poland is characterised by a marked suburbanisation, with population re-settling from core cities to suburbs.
- Suburbanisation is led by population growth in commuting zones of FUAs and decrease of population outside FUAs.
- Polish FUAs are dispersed, with a high share of population living in commuting zones.
- The settlement structure differs across regions and FUAs.
- FUAs in Poland are characterised by relatively low-density development. A large share of commuting zones within FUAs in Poland is rural and suburban.
- While urban core cities are experiencing shrinking population, FUAs are registering population growth. The larger the FUA, the higher the population growth rate.
- Population is ageing but ageing is not homogeneous across the territory. Metropolitan regions have a higher elderly dependency ratio.
- Poland offers a relatively high degree of accessibility to essential public services (i.e. public transport, education and health).
- Digital accessibility is improving but shows a marked urban-rural divide.
- While the settlement structure is rather dispersed across Poland, jobs opportunities are still strongly anchored to urban areas.
- FUAs are integrated in terms of functions as commuting zones also host workplaces as well as residential areas.
- FUAs grew more than rest of Poland in the last decade, but they differ in terms of economic growth.
- Medium-sized cities losing their socio-economic functions are mostly located outside FUAs isolated from larger urban centres.

Pillar 1: Greater understanding of rural and urban conditions and linkages and better integration

Recommendations in OECD framework	Policy issues (challenges)	Recommendations	Examples of good practice	Key actors
• **Understand the different potential and challenges of urban and rural area, through the use of robust evidence (production of data at the appropriate spatial level).** • **Encourage greater integration between urban and rural areas through better access to services, jobs and amenities.** • **Use the rural-urban governance framework to help identify the different types of partnerships in the territory and to better target support.**	Poland's regional policy framework (e.g. National Strategy for Regional Development [NSRD]; Strategy for Responsible Development [SRD]) does not identify existing urban-rural linkages across well-being dimensions (e.g. economic, training and education or circular economy) at the local level nor map potential linkages.	• Improve the identification of existing urban-rural linkages in the country across well-being dimensions and reflect this in national development strategies (e.g. SRDD) through a data collection exercise (e.g. commuting, education, jobs location, natural resources) to improve understanding of the urban-rural dynamics and the extent of their interdependences. Recognise the particularities of urban and rural municipalities to identify synergies and complementarities among different areas.	• Chile's National Urban Policy • France's "city-countryside reciprocity contracts" • Germany's Demonstration Project of Spatial Planning • for cross border functional regions • Turkey's Sustainable and Integrated Development strategy	National government with the support of the Development Policy Co-ordination Committee and regional governments
	The national policy framework (e.g. National Urban Policy [NUP], and Strategy for Responsible Development [SRD]) does not explicitly recognise urban and rural interactions within policies or strategies for inter-municipal cooperation.	• Ensure the inclusion of an urban-rural development component in the new versions of the national urban policy and the Strategy for Responsible Development acknowledging the particularities of urban-rural interactions to facilitate co-operation and the attainment of well-being goals. • Ensure national strategies for regional development include measures to foster urban-rural linkages (e.g. co-ordination mechanisms, sources of financing of investment projects in functional urban areas) and ensure they are replicated at the regional level.	• Chile's National Urban Policy • Colombia's National Urban Policy • Poland's proposed new National Urban Policy • Spain's Recovery, Transformation and Resilience national strategy	All levels of government

Pillar 2: Address rural-urban challenges with a functional approach

Recommendations in OECD framework	Policy issues (challenges)	Recommendations	Examples of good practice	Key actors
• **Look beyond city-centred labour markets and embrace a wider set of rural-urban interactions** • **Encourage territories to identify their strategies around functional geographies where urban-rural interactions extend beyond administrative boundaries.** • **Promote the use of flexible planning tools able to encompass a space of functional relationships between urban and rural areas.**	The Polish national development policy framework (e.g. SDR, NUP, National Rural Policy [NRP]) and the EU instruments for co-operation (e.g. ITI, CLLD) do not promote partnerships among rural municipalities within and outside functional urban areas (FUAs), and there is lack of national financial and institutional incentives (e.g. access to additional sources of funding) to promote co-operation between FUAs and rural municipalities outside the functional area.	Promote the participation of municipalities outside FUAs in ITI projects and/or develop Local Action Group projects that cover municipalities within and outside FUAs. The national government should consider ways to support nascent associations through dedicated funding streams and/or regulatory measures such as supra-local development strategies.	• Rennes Métropole, France.	National government, in particular the Ministry of Development Funds and Regional Development, and regional (voivodeship) governments.
	There is a general lack of co-ordination of planning, service design and delivery across different policy sectors and among administrative units particularly in the local development strategies.	• Reward local governments that include measures to support urban-rural partnerships in their local development strategies by facilitating their participation in national investment programmes that require local co-operation or sharing the experience of local governments that have done so. • Promote the creation of urban-rural partnerships through the local development strategies (LDS).	• Participation of the Nakieski County in the Local Action Group Association "Partnership for Krajny and Pałuki" • Poznań City Development Strategy 2020 • Białystok City Development Strategy 2020	National and local governments (counties and municipalities)
	Spatial and land use planning challenges (e.g. low coverage) constrain urban-rural partnerships, mostly at the metropolitan level. Local spatial development plans are not co-ordinated with neighbouring municipalities.	• Adopt incentives (e.g. locational management policies) and governance structures for municipalities to undertake (development and land use) planning based on the functional urban areas to control urban sprawl by, for example, aligning urban growth and infrastructure planning; public acquisition of land, development impact fees, mixed-use zoning, transport oriented zoning. • Ensure the implementation of the 2020 reforms to the Act on Principles of Implementation of Development Policy, particularly regarding the elaboration of supra-local development strategies.	• Comprehensive land use planning in France, the Netherlands and the United Kingdom. • The G21 Geelong Alliance Regional Growth Plan - Australia	Regional and local governments

Recommendations in OECD framework	Policy issues (challenges)	Recommendations	Examples of good practice	Key actors
	Local governments face capacity constraints for implementing regional planning and investment. Municipalities face difficulty delivering on their responsibilities particularly the larger and more costly ones.	• Formal inter-municipal co-operation arrangements offer a flexible way to generate capacity, efficiency gains and costs savings. • Adopt tools and mechanisms for local planning by giving functional areas operating with ITI funds the possibility to better integrate (or valorise) their territorial strategies and plans within the relevant Regional Programmes; and avoid differentiating between urban and rural areas in planning at functional (metropolitan) level.	• Rennes Métropole, France • Business Joensuu Ltd in North Karelia, Finland	Regional and local governments
	Metropolitan planning remains underdeveloped largely due to the limitations set in the Metropolitan Act on the formalisation of metropolitan areas.	• Reform or adopt a new Metropolitan Act that facilitates the creation of metropolitan unions at statutory level. • Develop guidelines for the preparation of the supra-local development strategy. • Consider the creation of metropolitan authorities within FUA in specific domains such as public transport and planning.	• Central Bohemia and the city of Prague agreements for transport provision • The Consortium for Transport in the Grater Madrid Area • Vancouver metropolitan region – transport and development planning	All levels of government.

Pillar 3: Encourage the integration of urban and rural policies by working towards a common national agenda

Recommendations in OECD framework	Policy issues (challenges)	Recommendations	Examples of good practice	Key actors
• **Promote the use of common policy instruments to address potential conflicts and trade-offs between urban and rural agendas.** • **Encourage the participation of different government levels in rural-urban partnership, to achieve a better policy integration.**	There is low integration between urban and rural national policies, which hinders common strategic goals to promote urban-rural development.	• Better integrate/co-ordinate urban and rural national strategies. The National Urban Policy (NUP) could include an objective and implementation mechanisms to support the development of rural areas within FUAs and around them as a necessary action to complement urban development. The NUP could specify the benefits rural areas gain from urban development (e.g. access to markets, consumer goods, farm inputs) and the benefits urban areas obtain from rural development (e.g. food, water, raw materials, clean air).	• Colombia's National Urban Policy • Poland's new National Urban Policy 2030	National government with the support of the Development Policy Co-ordination Committee.
• **Ensure alignment between regional strategies and plans devised locally to facilitate wider stakeholder involvement.**	Poland has already embarked on improving multi-level relationships focused on strengthening the institutional environment, but relations across levels of government could be further reinforced to support the setting up and management of urban-rural partnerships.	• Strengthen territorial contracts as a tool to co-finance investment. • Ensure that priorities, objectives and policy implementation are aligned across levels of government. • Enhance consultation across levels of government.	• UK City Deals • Australia City Deals	All levels of government

Pillar 4: Promote an enabling environment for rural urban partnerships.

Recommendations in OECD framework	Policy issues (challenges)	Recommendations	Examples of good practice	Key actors
• **Develop trust and a shared vision of the territory by promoting pilot projects on easy "win-win" issues, education initiatives and dialogue facilitators.** • **Ensure that the legal and political framework does not prevent the formation of rural-urban partnership.** • **Encourage co-operation between rural and urban actors through appropriate incentives (e.g. platform for dialogue, financial incentives, etc.).** • **Encourage the involvement of the relevant urban and rural stakeholders by promoting a fair partitioning of voting rights within the partnership.**	Partnerships still struggle to involve private or non-governmental actors as partners. Some urban-rural partnership have relied on non-governmental organisations and private sector to materialise the joint project or service (e.g. in water management, social assistance), but these actors are not regarded as partners. Other partnerships are in fact led by private actors (e.g. food value chain, associations of local firms) and could be boosted with further support from local governments.	• Incentivise the participation of private sector and other non-governmental organisations in urban-rural partnerships by ensuring the decision-making process in partnerships is inclusive and avoids dominant positions and overruling one partner against the others. • Develop national and regional incentives to enter into ITIs such as financial support for non-governmental actors. • Leverage privately run partnerships (e.g. food or business associations) to reach and include members from rural municipalities (e.g. support fee subscription in privately-run business associations for those in need). • Promote an inclusive dialogue and participation in setting up and running urban-rural partnerships.	• The European Marine Energy Centre (EMEC), Scotland (UK) • Poland's LAGs have individuals and private companies as members • The Southern Ontario Scale-up Platform, Canada • The Centre for Ocean Ventures & Entrepreneurship (COVE), Canada • The Association to the Food Bank in Grudziądz "Grudziądzki Bank Żywności"	All levels of government
	Building –up partnerships among local governments is still a relatively new concept and mainly focused on project based trigger by external funding. The country lacks long-standing traditions of co-operation, particularly across rural and urban spaces, which enhances risks of partnership' dissolution when there are issues or good results take more time than expected.	• Promote a shift from project based funding to programmes supporting integrated investment actions at the level of functional urban areas comprising urban and rural partners. • Develop clear actions in the design and structure of partnerships to help improve trust and reduce inter-municipal competition among communities. • Focus first action of partnerships on win-win short term projects and strategies to make evident that cooperation can be effective. • Establishing partnership structures that offer equal voice and vote to all partners, regardless size and financial capacity. • Strengthening regional coordination platforms and instruments to trigger partnerships for the implementation of initiatives of supralocal importance (e.g. Regional Territorial Forums or the Regional	• The Gwangju/Jeollanam-do (Korea), approach to a "win-win consultative body" • The Nuremberg Metropolitan Region (Germany)- the Bad Windsheim Declaration signalling the principles for partnerships • The forthcoming National Urban Policy 2030's identification of trust as a barrier for local cooperation	All levels of government

Recommendations in OECD framework	Policy issues (challenges)	Recommendations	Examples of good practice	Key actors
		Territorial Observatory).		
	Some partnership structures specially those through EU funds can involve heavy administrative process for local governments. Moreover, bilateral agreements to form partnerships inside metropolitan association require staff capacity and time. This process can hamper capacity of rural municipalities to join partnerships as they might lack staff capacity.	• Facilitate the formation of urban-rural partnerships by simplifying administrative process and reduce red tape to conduct urban-rural partnerships.	• Poland's Advisory Support Centre role to support local capacity • Partnerships within the ITIs Lublin Functional Area and Bydgoszcz Functional Area have experience in overcoming administrative burden	National and regional governments
	Local governments seem to be increasingly involving a wide range of stakeholders in development planning and other decision-making processes. The problem is that Poland's Spatial Planning and Development Act of 27 March 2003 does not provide guidance to local planners on participatory mechanisms.	• Enable participatory processes for stronger urban-rural linkages by testing or analysing regional and local development strategies through an inclusive lens, and diversifying the participation in LAGs and promoting the use of participative budgeting.	• Participatory processes in Prague, Czech Republic and Vancouver, Canada	Regional (voivodeship) and local governments
	Local governments largely depend on national grants and subsidies but have a leading role in investing in projects that matter to metropolitan (functional) areas and contribute to strengthen urban-rural linkages. Municipalities are being charged with new tasks financed by subsidies. The financial autonomy of local governments, measured by the share of tax revenues in total revenues (tax + subsidies) decreased in 2010-2019.	• Increase the tax autonomy of local governments to reduce the dependency of local and regional authorities on state transfers. This requires further decentralising revenues by granting larger tax autonomy to local governments, more taxing power over rates and bases, in particular property tax, and strengthening own-source revenues. • Ensure that subnational financing have a functional approach by providing reliable sources of funding for metropolitan (functional) areas.	• Measures to reduce transfer dependence through exploiting local tax base in Japan, Germany, Belgium and Italy • Measures to raise spending power of local governments in Korea, Canada, France and the USA • Mexico's metropolitan fund	All levels of governments

Recommendations in OECD framework	Policy issues (challenges)	Recommendations	Examples of good practice	Key actors
	Municipalities' limited human resource capacity constrains co-operation and joint work and public service provision is costly that only joint investment across municipalities may make it possible.	• Consider the viability of establishing shared service bodies in functional areas. • Develop strategies to enhance local governments' public workforce skills and competences (e.g. training, performance management,) and improve working conditions (e.g. better salaries). • Continue using the School of City Leaders programme to develop leadership capacity in local governments. • Invest in developing the strategic planning skills of local leaders and officials.	• The city of Płock use of the online training provider specialised in Polish local self-government called Akademia Wspólnoty to improve training • Italy - the Calabria, Friuli-Venezia-Giulia and Umbria regions have jointly set-up a registry of chartered accountants specialised in the management and control of programmes co-financed by ESIF.	Regional (voivodship) and local governments

Pillar 5: Clarify the partnership objectives and related measures to improve learning and facilitate the participation of key urban and rural actors.

Recommendations in OECD framework	Policy issues (challenges)	Recommendations	Examples of good practice	Key actors
• **Set clear and realistic objectives, tailored to the specificities of each place, to motivate urban and rural actors.** • **Set the criteria for the use of effective monitoring without discouraging urban-rural co-operation (e.g. using a small number of indicators; tailoring the evaluation to the scale and scope of the rural-urban partnership; promoting open data).** • **Facilitate the exchange of good practices and knowledge acquired though the rural-urban partnership.** • **Assist rural-urban partnership to assess its results and provide information and knowledge about the territory.**	Existing urban-rural partnerships do no adopt a anticipatory and forward-looking approach, which makes them vulnerable to unexpected shocks (e.g. economic crisis, rapid digitalisation trend) that can hinder reaching the final goal and thus hampers the partnership.	• Ensure that institutionalised urban-rural partnerships help facing the impacts of megatrends such as ageing population, digitalisation and climate change, and define policy actions to face them. The latter can be done by prioritising deployment of speed broadband connectivity as well as training local communities in the use of new (digital) technologies.	• Ireland's National rural Policy: Our Rural Future	Local governments
	There is no a formal platform or space that actively works to share information on good practices in developing urban-rural partnerships.	• Enhancing spaces for dialogue in a frequent and formal basis can help build trust among local actors. • Build a repository (on line platform) of existing partnerships mechanisms in the country including ITIs and CLLD with goals and achievements to understand the functioning of partnerships. It should display lessons about existing urban-rural partnerships in Poland, their achievements and governing structure, assets and bottlenecks supported by proactive dissemination strategy to reach remote municipalities. This information can be consigned in the national development plans to be followed by subnational government levels.	• Poland's Public Services Monitoring System developed by the Ministry of Interior and Administration • Canada: The Southern Ontario Scale-up Platform	National and regional governments

Horizontal pillar - EU related issues

Recommendations in OECD framework	Policy issues (challenges)	Recommendations	Examples of good practice	Key actors
• **Further leverage on EU policy implementation and funds to strengthen urban-rural partnerships.** • **Improve the use of Integrated Territorial Investments (ITI) and Community Led Local Development (CLLD).**	Urban –rural partnerships in Poland have been mainly triggered by the EU Cohesion Policy and its place-based approach and instruments (e.g. ITI and CLLD). While these instruments have had a positive use and impact, some issues remain: • Many partnerships triggered by EU funding, are motivated more by a short term interest (e.g. to obtain funding) than a strategic long-term well-being perspective. • Partnerships set up through EU tools are not always agile enough to answers quickly to the changing needs of partners and territories.	• Setting up incentives for a wider use of ITI and CLLD specifically targeted to create urban-rural partnerships. • Complement EU funding with more agile national financial and instructional instruments that promote strategic partnerships of municipalities beyond project specific funding and/or that promote partnerships of municipalities not covered by EU funds (e.g. municipalities outside FUAs and the urban inside FUAs). For example: (i) adopt a grant-based approach for given typologies of projects, (ii) make less use of the open call approach and promote negotiated procedures for the selection of projects to be supported.	• e.g. see Box 3.6. on Co-operation instruments inspired by the ITI mechanism • Italian national strategy for Inner Areas	National and regional governments
	Co-operation among local governments is voluntary and partners should have an equal status in decision-making but local governments need to find new forms of co-operation mostly in the area of financing and using shared infrastructure.	• Institutionalise inter-municipal co-operation allowing for flexibility and voluntary partnership building.	• Italian National Strategy for Inner Areas	All levels of government
	ITI are a key element of the territorial strategy in Poland, although their functioning is often limited by the complexity to establish territorial and institutional unions	• Give ITI unions more powers than just the designation of strategic projects and allow them to have managing authority for conducting the full procedure of open call for proposals. • Issue new guidelines and adopt legislation to grant ITI unions powers to decide on who should or should not participate, but maintain flexibility. • Local governments should continue having freedom in the scope of formalisation of partnerships in the new programming period.	• e.g. ITI are used to delegate greater decision-making to local authorities in the Czech Republic, Germany, Italy and Belgium	All levels of government

Recommendations in OECD framework	Policy issues (challenges)	Recommendations	Examples of good practice	Key actors
	The Community Led Local Development (CLLD), implemented through the Local Actions Groups, has been an efficient tool for involving citizens and stakeholders at local level in developing concerted responses to the social, environmental and economic challenges of a given territory; however, it has not been used widely or at its full potential in Poland.	• Extend the use of CLLD as a tool to combine multiple funds and to implement supra-local (urban-rural) development strategies. • Produce a CLLD communication plan and encourage the organisation of CLLD Decision Day events where groups and organisations submitting bids. • Invest in community leadership and capacity building for developing CLLD.		All levels of government
	The use of EU funds is key to strengthen urban-rural relations and deliver urban-rural partnerships. Poland has had a good performance in capitalising them, but critical issues remain: delays in planning, lack of synergies and coordination between administrative territories, lack of skills and capacity in local administrations and stakeholders, complex procedures for smaller localities, difficulties in integrating national and EU procedures.	• Fully exploit the possibilities to integrate actions and funding offered by the new (2021-27) Cohesion Policy's policy objectives and concentration, in particular by the new objective 5 "Europe closer to citizens". • Activate integrated and/or complementary actions and funding (using ERDF, ESF+, RDF) with the specific aim to develop urban-rural linkages on well-defined development objectives (e.g. SME, tourism, connectivity). • Explore and develop better complementarities between EU Structural Funds and the 2nd pillar of the Common Agricultural Policy (Rural Development pillar). • Explore the possibility of using better and more integrated European Social Fund (ESF+) for developing urban-rural linkages (e.g. to increase the capacity of rural actors to develop CLLD and ITI). • Elaborate Territorial Strategies, which favour an integrated or complementary use of ITI, CLLD and LEADER. • Develop additional national legal and financing instruments to facilitate the preparation and implementation of ITI and CLLD (e.g. simplifies contracts, revolving funds for project preparations, etc.).		All levels of government

OECD Regional Development Studies

Urban-Rural Linkages in Poland

The OECD report *Urban-Rural Linkages in Poland* analyses the potential of urban and rural territories for development and improved well-being. Urban and rural areas have different yet often complementary assets, and their better integration is important for socio-economic and environmental performance. The report argues that local governments need to engage in partnerships where all parties are equal, as a higher form of urban-rural co-operation. Building urban-rural partnerships in Poland would help territories enhance the production of public goods; achieve economies of scale in public service provision; co-ordinate decisions where cross-boundary effects are important and increase the capacity of the partners. Yet a lack of trust and of policy integration hinder the effectiveness of partnerships. The report found that the main incentive for Polish local governments to enter into a partnership is access to EU funds. However, while Poland has developed solid experience in the management of EU funds, it would benefit from deepening the integration and complementarity among funding streams. Moreover, the report argues that strengthening metropolitan governance will underpin efforts to facilitate the formation and management of urban-rural partnerships.

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