

UCLG COUNTRY PROFILES

Republic of Poland

(*Rzeczpospolita Polska*)

Capital: Warsaw

Inhabitants: 38.500.696 (2007)

Area: 312.679 km²

1. Introduction



Poland, with a population of 38.5 million (2007) and area of 312,679 km², is the 8th largest country in Europe (both in terms of area and population size).

The political system is defined by 1997 Constitution as a republic. The legislative power is vested in the Sejm (Diet – lower chamber) and the Senate. The 460 members of the Sejm are directly elected according to a proportional system, whereas the 100 members of the Senate are directly elected according to a majority system, both for a four year mandate.

The executive power is vested in the President of the Republic of Poland and the Council of Ministers. The President is elected every five years in two-ballot voting and there are frequent periods of cohabitation between a President and a Parliament of which the majority originates

from different political group. The President of the Republic appoints the Prime Minister and the ministers; the Council of Ministers is answerable to the Sejm.

After over 40-years of extremely centralised government during the communist period, the local government reform started in 1990 with the first fully democratic elections since before the Second World War to municipal (*gmina*) local governments taking place in May 1990. The second phase of decentralization reform took place in 1998 when two upper tiers of elected self-governments were created on a county (*powiat*) and regional (*województwo*) level.

However, the *gmina* tier remains the only one which is protected by the Polish constitution, while the existence and shape of upper tiers is dependent on laws adopted by Parliament. The *gmina* is also the only tier enjoying a general competence clause (although as many decisions of the Administrative Courts as well as of the Constitutional Court suggest, the practical import of the clause is not very significant, since it is often interpreted in a narrow way), while the *ultra vires* doctrine applies both to counties and regions. It has been never been formulated as official policy, but both analysis of national policies implemented and surveys



of local politicians suggest that in practice the rationale for the existence of Polish local governments is seen primarily in functional terms. They are treated as service delivery units and bodies responsible for enhancing economic growth, while the community / democratic dimension (although not unimportant) is seen as somewhat less important.

2. Territorial organization

There are three tiers of sub-national administration: 2,478 municipalities (*gmina*), 315 districts (*powiat*) (plus 65 cities of a district status) and 16 regions (*województwo*). At both municipal and county level, self-government is the only form of public administration. In addition to own functions (discussed in the section 5), state functions, such as registration of births and marriages, are delivered by local governments as delegated functions financed by specific grants. On a regional level there is a dual structure – on the one hand elected self-government, and on the other – governor (*wojewoda*) appointed by the Prime Minister with his/her own administrative apparatus. However, functions of regional state and self-government administrations are clearly separated and there is no hierarchical subordination between them. The size of local government units is presented in the

table 1.

Sub-national public expenditures in 2006 accounted 120 bln of Polish zloty (PLN), i.e. 11.3% of GDP and 40% of total budget expenditures. The vast majority of sub-national spending is at the municipal level, while district and regional governments have significantly lower budgets (it is illustrated on figure 1). Local governments are also very important investors, with capital spending equal to 68% of total budget investments (2006). After a period of decline, local government investments have been sharply increasing since 2004 (see figure 2), which reflects both economic growth and growing access to European Union funds for regional development.

There is a special law on local government in Warsaw, the capital city. However, in general terms, the functions and internal structure of Warsaw's government is similar to any other city of county status. Its main specificity is a two-tier structure with a division of Warsaw territory among 18 inner districts, each with a directly elected council. However, inner districts are not separate legal entities, and their autonomy is very low (for example they have no separate budget, but in their financial policies are totally dependent on decisions made on a city level).

Table 1. Territorial division of Poland – average sizes and their ranges (2006)

	Municipalities (+ cities of county status)	District level	Regional level
Number of units	2478 (including 65 cities of powiat status)	315 + 65 cities of powiat status	16
Area (sq. km)			
- Average	125	826	19,543
- minimum	3	13	9,412
- maximum	634	2,975	35,557
Population (tsd)			
- Average	15.4	100	2,383
- minimum	1.4	21	1,009
- maximum	1,702	1,702	5,172



Figure1: Sub-national capital spending in Poland
(constant prices of 2005, in mln of Polish zloty)

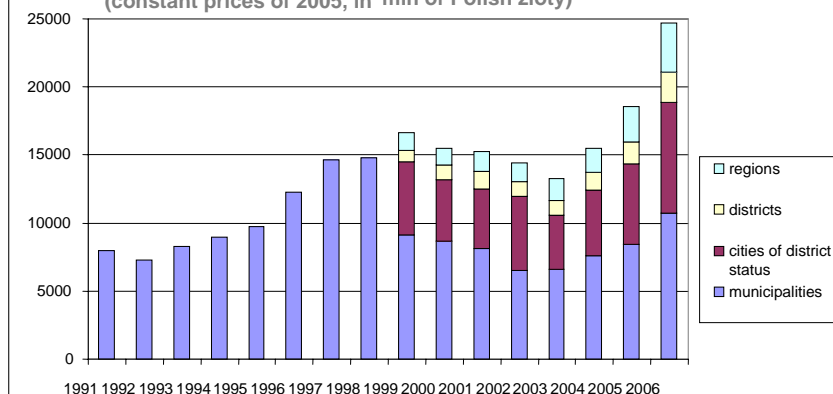
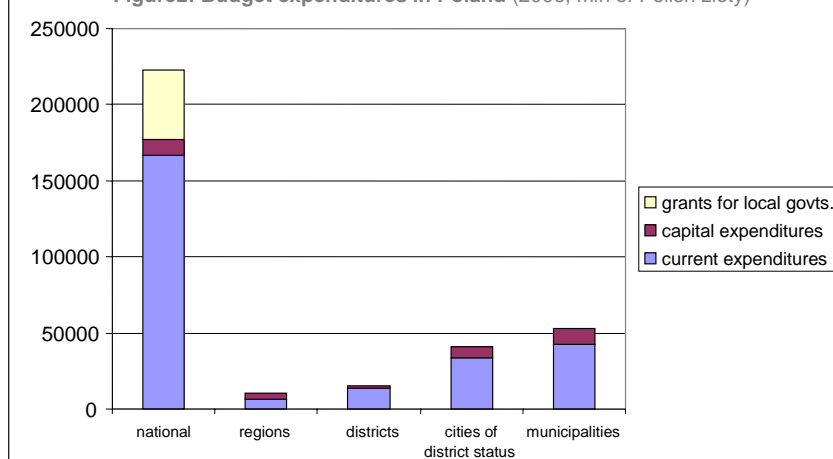


Figure2: Budget expenditures in Poland (2006, mln of Polish zloty)



There are no special regulations for governing metropolitan areas. However, over the last few years this issue has entered the political agenda and there are lively debates on the shape of a "metropolitan government law" which may be adopted in the future. However, so far there are various concepts competing with each other and it is too early to say which one has the highest probability of being adopted.

3. Local democracy

3.1. Local political system

Local elections are organized every four years and authorities of each of three sub-national tiers are elected on the same day. In case of regions and districts there are councils elected in the proportional system, with 3 to 10 councillors elected in each of wards in case of districts and from 5 to 15 councillors elected in every ward in case of regions. After popular elections, councils appoint collective a executive board (*zarząd*), consisting of 3 to 5 members with the head who is called *starosta* in districts or *marszałek* (marshall) in the case of regions. The board may be recalled by the council before the end of the term, but there are several restrictions on such a voting. Recall of the board requires 3/5 majority and cannot be organized less than six month after the previous attempt at non-confidence vote.

The system of municipal elections is more complex. There are two distinct systems

to elect the council: majority in local governments with less than 20,000 residents (usually with one councillor elected in each of wards) and proportional in the larger local jurisdictions. Until 2002 there was a similar (to the region and district) system of collective board appointed by the council, but since 2002 there has been a separate direct election of mayors (who is called *wójt* in rural local governments, *burmistrz* in small towns or *prezydent* in the big city). If none of candidates obtain more than 50% of valid votes the second ballot is organized (two weeks after the first voting) with two candidates, who won the highest numbers of votes in the first round. The mayor has executive function; he/ she appoints his/



her deputies and makes major decisions on internal organization of the city hall. But appointment of the city treasurer requires the approval of the council.

It is possible to recall the council or the mayor (before the regular term) through regional (local) referendum. In order to organize such a referendum it is necessary that at least 10% of eligible voters sign the petition (5% of voters in case of regional referendum). Recall of the mayor can be also initiated by the local council, but in case such a referendum fails, it means early elections of the council itself. The local referendum in order to be valid requires a minimal turn-out at the level of more than 2/3 of the last regular elections (until 2006 the threshold of validity was the same for every local government – 30% of eligible voters). The referendum cannot be organized less than six months before the regular elections or less than one year after the previous referendum. The number of such attempts to recall the local authorities is gradually growing. In 2002-2006 there were over 92 referenda and 12 of them resulted in the early termination of local authorities.

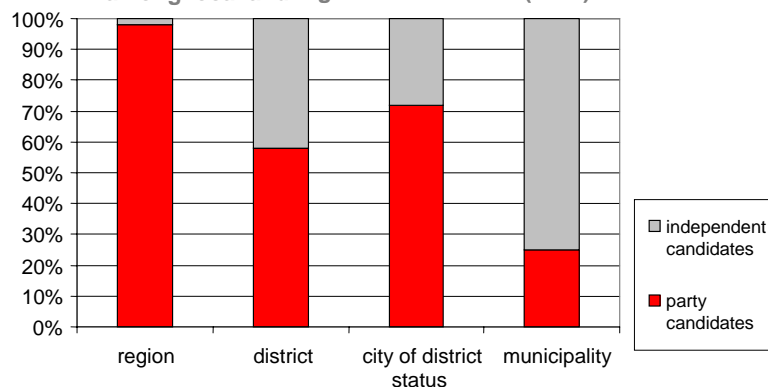
Compared with other European countries the role of political parties in local governments is very low. The national parties clearly dominate regional politics with over 90% of councillors having a clear partisan affiliation and executive boards elected on the basis of party coalitions. But at district level over 40% and at municipal level over 70% of councillors do not have a clear party affiliation. Similarly, just over 20% of municipal mayors are elected as party candidates. The role of parties is positively

correlated with the size of local government, but even in big cities it often happens that both the mayor and most of councillors are formally independent. The role of parties in local politics after 2006 elections is illustrated on the figures 3 & 4.

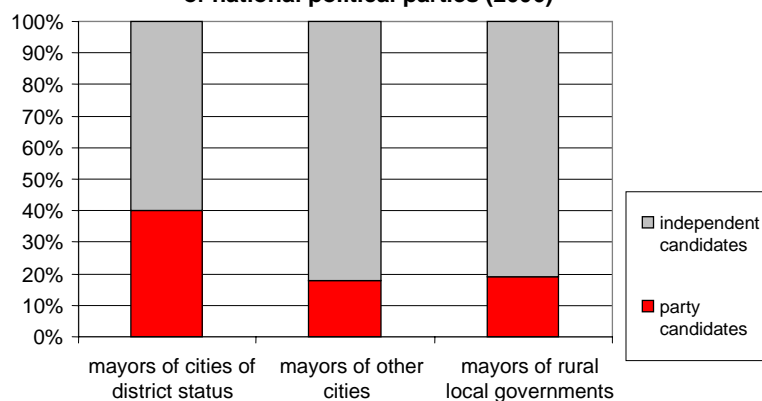
The Polish party system is very volatile, so even if there are partisan local governments the lists of parties represented (not even mentioning proportion of councillors belonging to individual parties) is changing very often.

There is a relatively high level of trust towards local authorities. According to public opinion surveys, for many years it has been over 50%, and it was much higher than the level of trust towards political institutions of the central level

Figure 3: Proportion of party candidates among local and regional councillors (2006)



Proportion of mayors who were elected as candidates of national political parties (2006)





(central government, Parliament). The level of trust, satisfaction with local authorities functioning and interest in local public affairs are negatively correlated with population size (i.e. higher in small local jurisdictions).

3.2. Citizens participation

The turn-out in local elections is usually low, after 1990 reform it has never been higher than 50%. The precise numbers of presented in the table 1.

Table 2: Turn out in Polish local elections since 1990

Year	Turn out
1990	42%
1994	33%
1998	47%
2002	44%
2006	46%

In general, local turn-out is usually higher in small local governments in which there are more direct links between elected representatives and voters, while it is lower in big cities. For example in 2002 the median turn-out was 58.5% in local governments with less than 5,000 residents, 46.0% in cities 20-50,000 and only 33.7% in cities with more than 100,000 residents.

The law is not very precise on forms of citizen participation between elections. All council meetings are accessible for the public, as most of the documents (such as minutes of the meetings) produced by the local government. The councillor is obliged to be in touch with voters, but the law does not define the form of such contacts. There are certain types of local decisions (such as physical plans) for which public consultations are required before they are adopted. The practice differs from one authority to another. There are examples

of innovative governments which try to introduce experiments with wide citizens participation, but most typically local government treat participation as a one-way street, i.e. informing citizens about policies and decisions made.

4. Central-local relations

Poland is a unitary state, so it is the national Parliament that decides upon the legal system of local governments across the country. The protection of local governments autonomy originates in the European Charter of Local Governments (ratified by Poland in 1992), and Polish Constitution of 1997, which repeats many formulations from the European Charter, and which – as it was mentioned in the section 1, protects *gmina* (municipal) governments.

Formally it is Ministry of Interior and Public Administration which is responsible for local governments in the central government. But other ministries – such as Ministry for Regional Development, Ministry of Finance, Ministry of Education and others have an important voice on important policies regarding functions delivered by local authorities.

According to the Constitution it is the Prime Minister who is responsible for supervision of local governments, but it is exercised through regional governors (*wojewoda*), who are appointed by the Prime Minister, and on financial issues by special Regional Chambers of Accounts (*Regionalne Izby Obrachunkowe*). The supervision is limited to checking if local decisions comply with national legislation. Every resolution of the council is sent either to the governor or to Regional Chamber of Account, who may invalid it in case it decides the resolution violates the law. In case of disagreement local government may appeal to the court,



which takes the final decision. Local governments, through their associations, may also appeal to the Constitutional Court in case they think that national legislation does not comply with the Constitution.

The main mode of interaction between central and sub-national governments is through the Joint Central-Local Governments Committee (*Komisja Wspólna Rządu i Samorządu Terytorialnego*). Local governments are represented on the committee by their associations, namely:

- Association of Polish Regions
- Association of Polish Districts
- Union of Polish Metropolises (12 major cities)
- Association of Polish Cities
- Union of Small Towns
- Association of Polish Rural Local Governments.

Membership of associations is not compulsory, but all Polish regions and over 80% of all districts belong to their respective organizations. In the case of municipal governments membership is lower, with less than half of local governments being members of any of associations. In theory, every draft law affecting local governments should be discussed by the Joint Committee before it is sent to the Parliament, but this principle is not always observed in practice.

5. Local government functions

As will be clear from the data presented already in section 2 above, most decentralised functions (services) are delivered on the lowest (municipal) tier, which spends almost three quarters of all sub-national funds. The list of the most important "own functions" of municipalities includes:

- Pre-school and primary education (for children up to 15 years old);
- "communal services" including: water and sewage, solid waste collection and disposal, street lighting, local parks and green areas, central heating;
- Local roads and streets maintenance;
- Local public transport in cities;
- Communal housing;
- Voluntary fire brigades;
- Various social services, including social benefits for the poor;
- Local culture (including local libraries and leisure centres);
- Local physical (spatial) planning.

The relative importance of these services for local budgets is presented in tables 2 and 3 (separately for current and capital expenditures). It should be stressed that tables 2 and 3 are based on budget data, and they do not include spending of municipal companies or in-house departments, which are financed directly from user charges (which are usually treated as off-budget funds).

After 1990 there were two major changes in municipal functions. The first one was in 1993, when extended functions were granted to the largest cities (mostly, those exceeding 100,000 population size), as part of the so-called "pilot programme". With some simplification we may say that those functions were identical with those which are now provided by district governments (see below). The only major difference is that in 1993-1998 big cities were responsible for running primary health care, while after 1999 the current health spending have been transferred to the special health insurance programme. The second major change was taking over responsibility for primary schools (including paying teachers' wages) which became compulsory in 1996 (before that date, a minority of local governments were running schools on the basis of voluntary agreements with the state administration).



Table 2. Structure of municipal government capital expenditures (in %)

	Cities of district status			Other cities			Rural local government		
	2000	2003	2006	2000	2003	2006	2000	2003	2006
Education	9,8	7,1	6,9	14,0	16,7	11,8	18,1	22,4	17,1
Social welfare	1,2	1,2	1,6	0,3	0,4	0,7	0,2	0,2	0,4
Culture	2,3	1,6	3,4	1,4	1,3	4,3	0,8	0,6	3,0
Sport	5,0	5,2	6,0	5,7	5,5	6,7	1,2	1,5	4,2
Health	4,1	3,1	3,7	0,8	1,0	0,9	0,8	2,1	0,9
Communal services	31,1	17,1	16,5	47,6	44,3	31,7	49,2	47,9	36,5
Transport	32,0	48,5	43,4	20,9	17,8	27,5	18,4	20,9	28,1
Housing	9,5	9,9	7,3	7,1	7,8	7,2	2,9	1,9	2,9
Administration	3,0	2,2	2,2	2,4	2,0	2,2	2,2	2,1	1,8
Other	2,0	4,1	9,0	0,2	3,2	7,0	6,2	0,4	5,2

Table 3. Structure of municipal government current expenditures (in %)

	Cities of district status			Other cities			Rural local government		
	2000	2003	2006	2000	2003	2006	2000	2003	2006
Education	42,8%	34,8	38,8	43,7	40,5	42,8	53,9	50,3	46,2
Social welfare	12,2	13,7	17,1	13,4	14,9	24,8	12,1	10,9	24,9
Culture	3,1	3,2	3,4	3,8%	3,7	3,5	2,7	2,7	2,4
Sport	1,1	1,2	1,3	1,8	1,9	2,0	0,9	0,7	0,7
Health	2,5	1,4	1,4	1,5	1,1	0,9	1,0	0,8	0,7
Communal services	10,1	3,7	3,4	11,8	5,8	5,2	4,9	5,4	4,9
Transport	4,4	13,2	14,3	3,2	3,2	3,9	3,1	3,2	3,6
Housing	4,5	3,8	5,7	3,9	3,0	3,2	2,5	1,1	1,0
Administration	7,9	8,7	8,1	13,3	13,4	11,4	16,6	16,5	13,1
Other	11,4	16,3	6,5	3,6	12,5	2,3	2,3	8,4	2,6

And since that date, spending on education have become the major item of local government budgets, in several rural governments constituting well over half of the whole current budget.

Apart of own functions, municipal government delivers also so called "delegated functions", which are mostly of administrative nature, for example registration of births and marriages, registration of cars etc.

District governments' functions are much less numerous than those of municipalities and include:

- secondary education,
- health care (districts manage only hospital and polyclinics buildings, while current expenditures are covered by separate health authorities),
- roads of district importance,
- several social services,
- labour offices (coping with unemployment),



- protection against natural disasters,
- consumer protection,
- land surveying,
- various inspections such as sanitary, building etc.

For a few years after 1998 counties were also financing police operation, but from 2002 the relevant funds have been kept in the national budget. The structure of district expenditures is presented in the table 4.

The role of regional self-government in direct delivery of services is very limited (although there are also some examples of such a role i.e. higher education,

maintenance and construction of main roads, organisation of regional railway services) but they are mostly focused on strategic planning and regional development programmes. The strategic regional development role has been significantly strengthened by the EU structural funds. The 2007-2013 Regional Operating Programmes funded by the European Union have been prepared by regional governments, who are also responsible for selection of actual projects to be financed. The structure of regional government expenditures is illustrated in the table 5.

Table 4: Structure of regional government expenditures

	Current expenditures			Capital expenditures		
	2000	2003	2006	2000	2003	2006
Education	17,1%	13,7%	14,1%	0,9%	0,6%	2,4%
Social welfare	0,9%	2,1%	8,6%	0,3%	0,3%	0,5%
Culture	19,3%	18,0%	11,6%	4,6%	6,2%	8,3%
Sport	1,1%	1,2%	1,0%	1,0%	1,0%	0,8%
Health care	4,5%	8,2%	5,7%	39,1%	15,5%	18,3%
Public safety and fire protection	7,9%	6,3%	0,1%	27,1%	24,8%	0,3%
Transport	21,6%	34,9%	31,6%	17,8%	41,6%	50,4%
Administration	9,5%	8,2%	7,7%	7,0%	1,4%	3,3%
Other	18,1%	8,4%	19,5%	2,2%	8,6%	15,7%

Table 5: Structure of district level expenditures

	Current expenditures			Capital expenditures		
	2000	2003	2006	2000	2003	2006
Education	36,5%	47,3%	45,9%	18,8%	14,3%	15,5%
Social welfare	14,0%	21,5%	21,0%	10,6%	5,1%	6,2%
Culture	0,9%	0,5%	0,5%	0,1%	0,1%	0,8%
Sport	0,3%	0,1%	0,2%	0,3%	0,7%	0,9%
Health care	5,6%	3,2%	3,3%	38,1%	26,7%	15,3%
Public safety and fire protection	15,8%	6,0%	5,6%	6,5%	4,2%	3,4%
Transport	6,8%	6,1%	7,7%	18,4%	40,2%	48,3%
Administration	11,2%	12,4%	12,8%	6,0%	5,2%	3,8%
Other	8,9%	2,9%	3,0%	1,2%	3,5%	5,8%



6. Local finance and management

6.1. Local government finance

In general terms, there are four types of Polish local government revenues:

- "Own revenues", mostly local taxes with a limited power of setting tax rates for local authorities (the maximum rate is set by the Parliament);
- Shares in personal and corporate income taxes;
- General purpose grant (with rules of allocation decided by the Parliament in the Law on Local Government Revenues);
- Various specific (conditional) grants.

Municipal government is the only sub-national tier that has a (limited) power of taxation. The most important local tax is a property tax – levied both on buildings and plots of land – which provides more than half of all municipal revenues from own sources. With some exceptions the property tax is not directly related to the value of the property but it is paid per square meter (with different maximum rates for commercial and housing properties). In practice, due to variation of maximum rates, about 80% of property tax revenues is collected from commercial buildings. Other local taxes have relatively minor importance for municipal budgets and include: tax on agriculture lands (paid by hectare with account taken at quality of soil), tax on forests, tax on vehicles (paid by lorries, buses and tractors, but not by small passenger cars and motorcycles), tax on dogs and some other minor duties.

Shares in central income taxes are allocated proportionally to the amounts collected within territory of the jurisdiction (with no horizontal equalization mechanism). Altogether, more than half of PIT (personal income tax) and a quarter of CIT (company income tax) revenues are

allocated to sub-national government, the exact allocation is presented in the table 6. This allocation has been in force since 2004, when the sub-national shares were substantially enlarged comparing to the previous period.

Table 6: Allocation of PIT and CIT revenues among sub-national governments
(% of total tax revenues)

	PIT		CIT	
	1999-2003	Since 2004	1999-2003	Since 2004
Municipalities	27.6	39.34	5.0	6.71
Counties	1.0	10.25	0.0	1.4
Regions	1.5	1.6	0.5	15.9

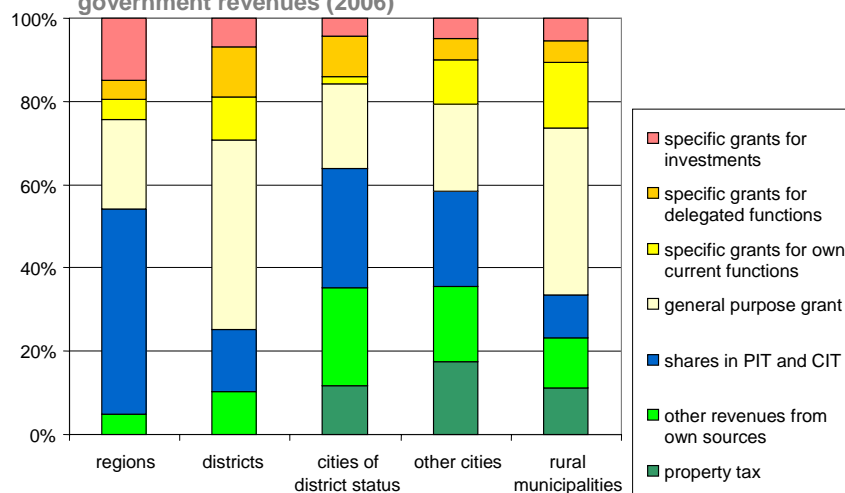
The general purpose grant consist of three elements:

- Education
- Equalization
- Balancing (in case of regions called regional).

Education part is by far the largest (over 75% of the total grant in municipalities and counties, about 40% in regions) and is intended to finance expenditures on primary and secondary schools. Basically, it is a per pupil transfer, but with some correcting coefficients, such as a special weighting for rural schools or handicapped pupils. Although it is called "education grant" it remains part of the general purpose scheme, so part of it may be freely spent on other functions. In practice, most local governments spend more on schools than the grant received, but there are also some in which part of the grant is used for other purposes. The precise rules of allocation are decided by the Minister for Education after consultations within the Joint Central-Local Government Committee.



Figure 5: Structure of Polish sub-national government revenues (2006)



The construction of equalization grant refers to per capita tax revenues. It is neutral from the point of view of local tax policies (i.e. reduction of local tax rates does not result in the increased equalization transfer). In case of municipalities the transfer compensates part of the difference between actual and 92% of national average per capita tax revenues. In case of counties and regions the transfer is received by all governments with below average tax revenues.

While the first two parts of the general transfer represent vertical equalization (transfers from the central level budget), the balancing (regional) part represents horizontal equalization mechanism. First a kind of "Robin Hood" tax is paid by local governments with over 150% of national average per capita tax revenues. The scale of this "tax" is relatively flat in municipalities (up to 30% of the "surplus") but it is very progressive in districts and regions (even up to 98% of the "surplus"). The funds collected in this way are then allocated to the group of poorer local governments, on the basis of specific criteria related to spending needs for some of local services. The overall role of this mechanism is not so substantial – in regions the horizontal grant constitutes

just over 20% of the whole general purpose grant, in districts it is just over 5%, and in municipalities it is even lower.

It is the most difficult to describe system of specific purpose grants, since they are numerous and they are regulated by various laws. However it should be stressed that after 2002 grants from European Union programmes have gradually became the

most significant part of specific grants. It may be illustrated by the fact that in 2006 already 30% of all sub-national investment spending was related to projects co-funded by the EU structural or Cohesion Fund.

The structure of sub-national revenues is illustrated on the figure 5.

The Polish financial system does not require separation of operating and capital budgets. Consequently, the law does not specify the purpose for which local governments can borrow. Although a vast majority of local governments takes loans in order to finance capital investments, it happens also that borrowing is used to cover current expenditure needs.

6.2. Management

The number of local government administrative staff is presented in the table 7. In addition to administrative staff there are a large number of municipal employees working in service delivery units, such as water and sewage companies, culture centres or teachers in schools run by local governments. But general statistics showing the numbers of such local employees are not available.



Table 7. Evolution in the number of local government administrative staff (,000)

	2000	2005
Regions	<i>6.1</i>	<i>9.6</i>
Districts	<i>39.8</i>	<i>47.0</i>
Cities of district status	<i>28.0</i>	<i>38.8</i>
Municipal governments	<i>104.8</i>	<i>106.9</i>

It is very difficult to give an overall assessment of qualifications of local staff, since it varies very much from one local government to another. One may provide both examples of innovative local governments trying modern management techniques, including those arising from New Public Management, and also local administrations which are very much rooted in the traditional, hierarchical, top-down management.

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