

Country Profile – Poland

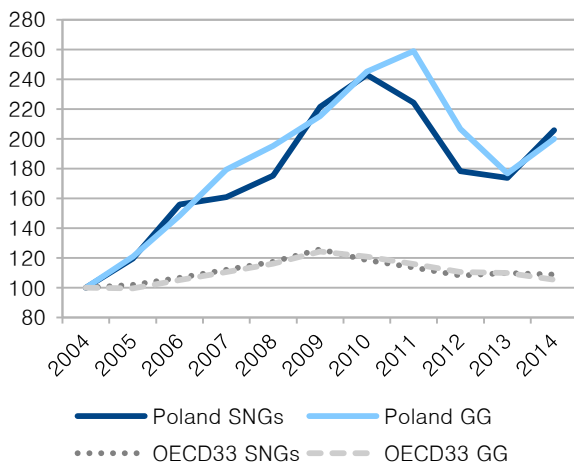
Multi-level governance of public investment 2017

Table 1. Facts and figures related to direct public investment

2014	General Government	Subnational Governments
USD billion	39.3	20.9
USD per capita	1020	543
% of GDP	4.1%	2.2%
% of public expenditure	9.7%	16.1%
% of total public direct investment	100%	53.2%

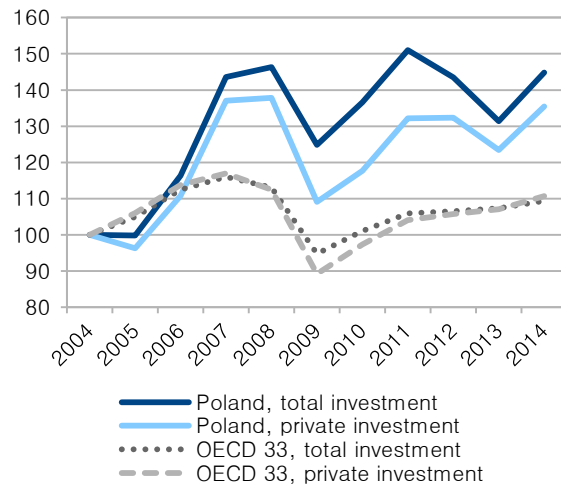
Source: OECD (2016), Subnational governments in OECD countries: Key data, 2016 edition (brochure).

Figure 1. Trends in direct public investment in Poland (2004–14)



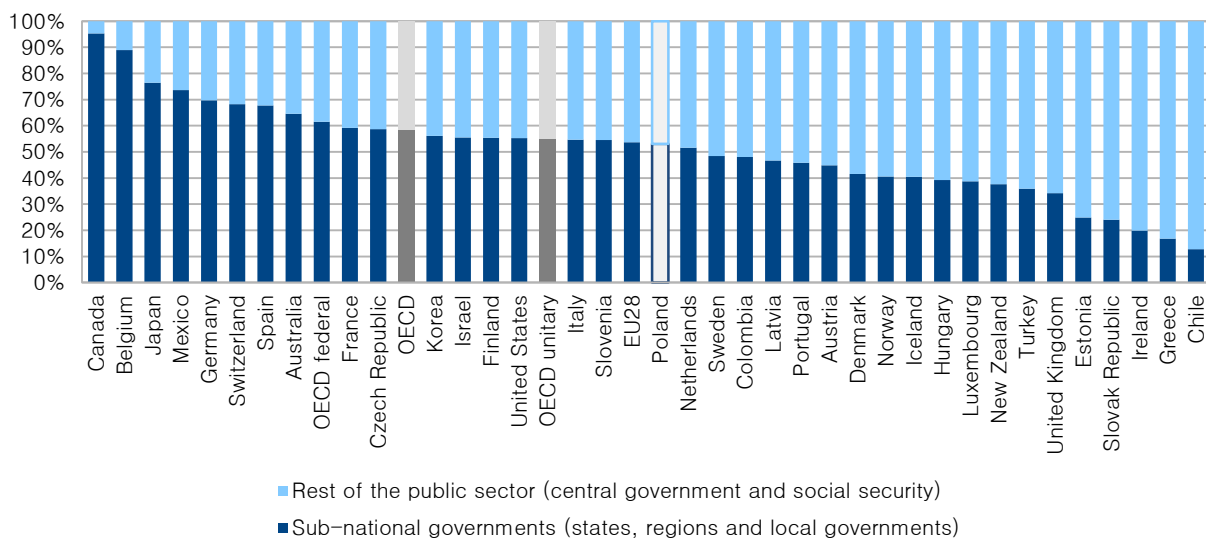
Source: OECD National Accounts. In real terms, base 100 in 2004.

Figure 2. Trends in total and private direct investment in Poland (2004–14)



Source: OECD National Accounts. In real terms, base 100 in 2004.

Figure 3. Subnational public direct investment in OECD countries, 2014 (as a share of public direct investment)

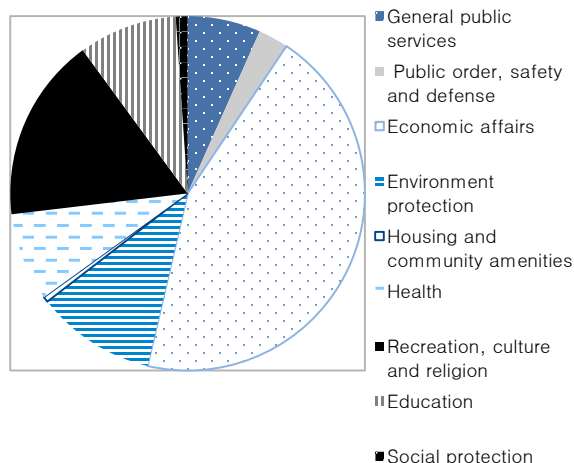


Source: OECD National Accounts.

Note: 2013 figures for Mexico, 2012 figures for Chile, 2014 figures for Turkey.

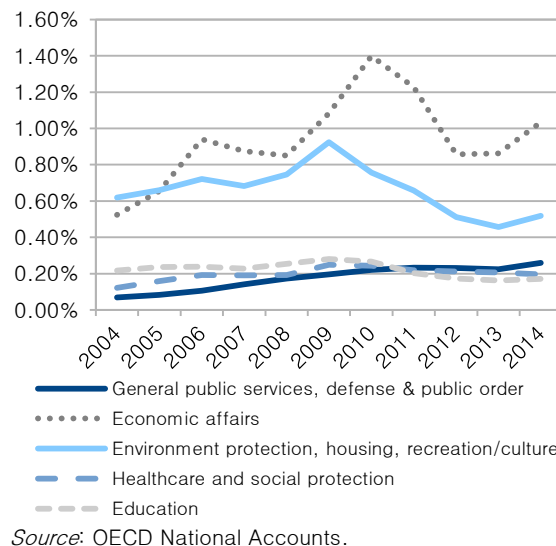
Most of subnational investments in Poland are dedicated to economic affairs (transport, general economic, commercial and labour affairs, industry, agriculture, etc.). Subnational governments are in particular responsible for local roads and transportation. Other major categories of investment spending include recreation, culture and religion, environmental protection, healthcare and education. In contrast, SNGs invest very little in social protection or general public services (Figure 4 and 5).

Figure 4. Breakout of subnational direct investment in Poland by economic function (% of total direct investment, average 2008–14)



Source: OECD National Accounts.

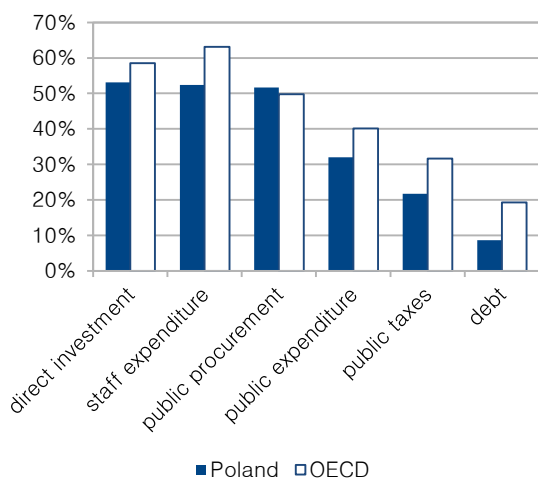
Figure 5. Trends in subnational direct investment by economic function (as a % of GDP)



Source: OECD National Accounts.

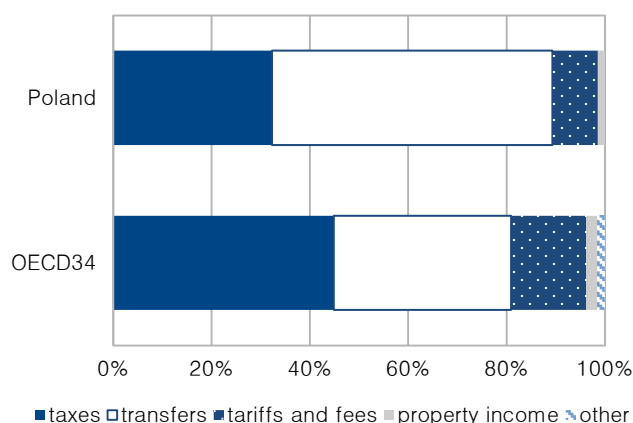
The subnational expenditure is lower in Poland than the OECD average for most large categories of spending (total expenditure, investments, staff expenditure, public procurement). The share of SNG debt in total public debt is also way smaller (Figure 6). Subnational governments also have a smaller share of revenues from taxes (Figure 7), which is compensated by a greater reliance on transfers from the central government.

Figure 6. The role of subnational governments in public finance in Poland, 2014



Source: OECD National Accounts.

Figure 7. Indicators of subnational fiscal revenues in Poland, 2014



Source: OECD National Accounts.

Examples of good practices or recent developments for effective public investment

Vertical co-ordination:

Since 2011, contracts across levels of government in Poland supported vertical co-ordination and capacity building. Negotiated and agreed between the central state (the Ministry for Regional Development) and regional governments, Regional contracts were initially designed to serve as a learning device preparing the regional authorities for the management of the EU Structural Funds in a multi-level governance setting. They established a legal agreements between the government and regional self-government authorities under which regions received a set budget for investment in a range of policy fields (e.g. road infrastructure, health-care, educational facilities, sports infrastructure, and tourist and leisure or cultural facilities) (OECD 2008, 2013). More recently, Territorial Contracts replaced the regional contracts. The new generation of contractual arrangements, the “territorial contract”, was introduced with the National Regional Development Strategy 2010–2020. In an effort to create synergies between all policy instruments having a territorial dimension, these territorial contracts aim to ensure the effective co-ordination of initiatives implemented by the regional self-governments with those implemented by the national government in the region. The territorial contract covers:

- the central government’s regional development strategic priorities for each of the 16 regions;
- the relevant strategic objectives in the remaining integrated national strategies having an incidence on territorial growth and development;
- the EU’s Cohesion Policy strategic objectives;
- the regional self-government’s own regional development policy priorities as defined in their own development strategies.

Multi-level dialogue:

Poland introduced in 2007 a forum for vertical co-ordination of strategic programming for EU investment funding, named the Committee for Co-ordination of the National Development Strategy. The Committee for Co-ordination of the National Strategic Reference Framework is headed by the Ministry of Regional Development and includes representatives of various ministries, subnational authorities and economic and social partners. Its mission is to monitor the implementation of the development strategies and ensure complementarities between the operational programmes and sectoral policies. In addition, a so-called “demarcation line” has been used as a somewhat “soft” mechanism for co-ordination, demarcating the tasks of each level of government and the fields of intervention for each of the operational programmes in order to avoid duplication.

Performance monitoring:

Programme monitoring on investment financed by EU funds focus attaining strategic and interim objectives specified in the programme (monitoring of delivery) and full absorption of EU allocated funds (financial monitoring). Progress and effectiveness of implementation are measured by means of physical and financial indicators specified in the different programmes.

Emphasis is placed on output and results indicators. Monitoring of programmes co-financed by the structural and cohesion funds is performed by the managing authorities and monitoring committees appointed for each programme. The SIMIK IT system (Informational System for Monitoring and Controlling Structural and Cohesion Funds) is supposed to be used to monitor the financial and physical progress of programme implementation.

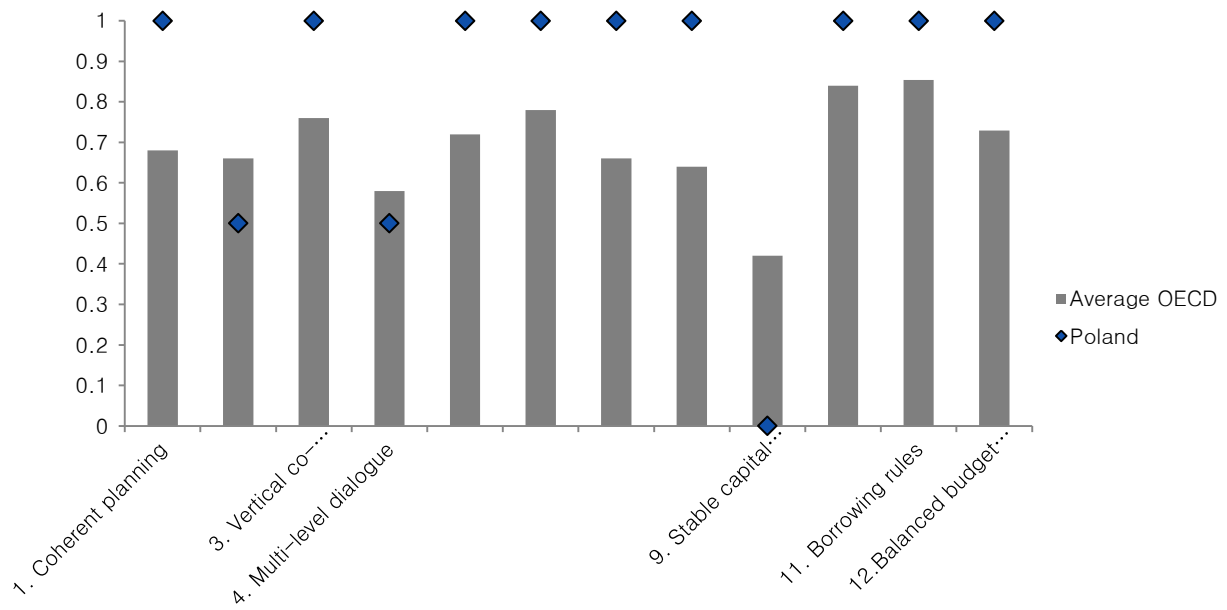
Transparent information:

Starting from January 2014 the following documents are subject to publication on the website of the Ministry of Finance³³:

- monthly data (with a one-month delay) – concerning the central government sub-sector and social security funds sub-sector,
- quarterly data (with a one quarter delay) – concerning the local government sub-sector,
- data concerning contingent liabilities of the general government of potentially material impact on the budgetary situation.

Preliminary indicators of MLG of public investment for regional development

Figure 8. Indicators for the co-ordination of public investment for regional development



Note: See Annex 1 for more detail on the indicators.

Source: OECD (2016b), Answers to the Regional Outlook Survey and OECD (2016c).

ANNEX 1

Indicators for the co-ordination of public investment for regional development

1. Coherent planning across levels of government

The country has regional development policies/strategies to support regional development and local investments.

- a No explicit national policies to support regional development
- b Explicit national policies to support regional development in all or parts of the country
- c Explicit national regional development policies completed by regional investment strategies aligned with it X

2. Co-ordination across sectors in the national planning process

The country has mechanisms to co-ordinate across sectors national policies and investment priorities for regional development

- a No mechanism
- b At least inter-ministerial committee and/or cross-ministerial plan X
- c Inter-ministerial committee and/or plan + other mechanisms

3. Vertical co-ordination instruments

The country has mechanisms to ensure co-ordination across levels of governments (regional development agencies, national representatives in subnational governments, and contracts or agreements)

- a None of these
- b At least one of these mechanisms
- c At least one of these mechanisms involving many sectors X

4. Multi-level dialogue to define investment priorities for regional development

The country conducts regular dialogue(s) between national and subnational levels on regional development policy including investment priorities

- a No regular dialogue
- b Formal or ad hoc dialogue X
- c The platform has decision-making authority

5. Horizontal co-ordination across jurisdictions

The country has formal horizontal mechanisms/incentives between subnational governments to co-ordinate public investment

- a No mechanisms
 - b Formal horizontal co-ordination mechanisms at the municipal level
 - c Formal horizontal co-ordination mechanisms at the municipal level and other subnational levels (state, regions) X
-

6. Performance monitoring and learning

The country has mechanisms in place to monitor and evaluate regional development policy

- a No mechanisms
- b The country has indicators to monitor the effectiveness of regional development policy
- c The country has conducted evaluations of regional development policy X

7. Regulatory co-ordination across levels of government

The country has mechanisms to co-ordinate regulations across levels of government

- a No intergovernmental co-ordination mechanisms
- b Formal co-ordination mechanisms between national/federal and state/regional governments
- c Requirement of national government to consult subnational governments prior to issuance of new regulations that concern them X

8. Co-financing arrangements across national and subnational levels

There are co-financing arrangements for public investment

- a No co-financing arrangements
- b Co-financing arrangements exist but funds are not tracked
- c Co-financing arrangements exist and funds are tracked X

9. Subnational governments benefit from predictable capital transfers over time

Variations in total capital transfer from one year to the next

- a Large variation: more than 20% X
- b Medium variation: between 10% and 20%
- c Little variation: less than 10%

10. Transparent information across levels of government

Subnational fiscal situation is publicly available

- a Not available for any type of subnational government
- b Available for regions/states/some level of subnational government only (on an individual basis)
- c Available for each subnational government individually X

11. Fiscal stability: rules for subnational governments

There are limits on subnational borrowing

- a No limits on subnational government borrowing
- b Non-binding borrowing constraints
- c Binding borrowing constraints X

12. Safeguarding capital spending at subnational level

Balanced budget rules protect subnational capital spending

- a No balanced budget rule
 - b Balanced budget rule with no exception for capital spending
 - c Balanced budget rule protecting capital spending (type golden-rule) X
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ANNEX 2

Definitions and sources

Definitions:

- **General government (S.13):** includes four sub-sectors: central/federal government and related public entities (S.1311) federated government ("states") and related public entities (S.1312) local government i.e. regional and local governments and related public entities (S.1313) and social security funds (S.1314). Data are consolidated within S.13 as well as within each subsector (neutralisation of financial cross-flows).
- **Subnational government:** defined here as the sum (non-consolidated) of subsectors S.1312 (federated government) and S.1313 (local government).
- **Direct investment:** includes gross capital formation and acquisitions, less disposals of non-financial non-produced assets. Gross fixed capital formation (or fixed investment) is the main component of investments.

Sources:

National Convergence Programme Poland 2014.

OECD (2016a), *Subnational governments in OECD countries: Key data*, 2016 edition (brochure).

OECD (2016b), Regional Outlook Survey.

OECD (2016c), Overview and Preliminary Proposal on Indicators of Co-ordination of Public Investment for Regional Development, Room document discussed in the April 2016 RDPC meeting, unpublished material.

OECD (2015a), OECD National Accounts Statistics (database), <http://dx.doi.org/10.1787/na-data-en>.

OECD (2015b) Implementation Toolkit, Effective Public Investment Across Levels of Government <http://www.oecd.org/effective-public-investment-toolkit/>

OECD (2012) Public Governance Review of Poland.

OECD (2011a), *OECD Urban Policies Review Poland*, OECD Publishing.

OECD (2011b), OECD Network on Fiscal Relations across Levels of Government Survey on Sub-national Fiscal Rules and Macroeconomic Management, OECD, September 2011, updated in March 2015.

OECD (2008), *OECD Territorial Reviews: Poland 2008*, OECD Publishing. doi: 10.1787/9789264049529-en.