

# Young Public Policy Makers Case Studies: **Living out of stereotypes**

Edited by

**Daniel Klimovský**



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The Network of Institutes and Schools of Public Administration  
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## Young Public Policy Makers Case Studies “Living out of stereotypes”

Edited by Daniel Klimovský

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## Editor

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Apart from his academic tasks, he became a member of the Steering Committee of the Open Society Foundation in Slovakia in 2012, and since late 2013 he has been an independent/external expert of the Council of Europe. Furthermore, he has cooperated with central government in Slovakia as an external advisor, and he is a member of the Local Development Committee in the City of Kosice. In addition, he cooperates with the Association of Towns and Communities of Slovakia.



## Introduction

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*Daniel Klimovský<sup>1</sup> – Editor*

Young Public Policy Makers Jamboree: “Living out of stereotypes” was held in Bratislava, Slovak Republic from 26 to 28 March 2014. This event was organised by NISPAcee and supported by the International Visegrad Fund. The main project partners were the Charles University in Prague (Czech Republic), National School of Public Administration (Poland), and the Centre for Economic and Regional Studies, Hungarian Academy of Science (Hungary).

The event was organised for young public policy and administration professionals from V4 countries. They were represented by MA and PhD students of Public Policy and Public Administration and new graduates of PA and PP who are, in some way, involved in public policy making. NISPAcee, together with its partners, wanted, through the event, to initiate and encourage cooperation and networking and to find a new informal way of thinking for young public policy professionals and future policy makers in the V4 region. The programme for the event included several different activities. They allowed young public policy makers to share their experiences, improve their knowledge, and learn how to think “out of the box” in order to be ready to deal with various public policy issues in a more untraditional or informal way.

This e-publication is one of the main project outcomes. It contains a set of selected case studies that were elaborated by the participants of the Jamboree. The participants who took part in the event had been asked to develop case studies from their own countries/cities on innovations in public policy making and to present them during the Jamboree in order to share their knowledge and experiences. Consequently, the case studies were discussed and developed within the joint discussions. Despite their different nature and content, all of them could be utilised for educational activities and, at the same time, as a source of innovations for various practitioners who want to look “out of the box”.

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# Commercial Health Insurance for Immigrants in the Czech Republic<sup>1</sup>

*Olga Angelovská<sup>2</sup>*

## Introduction

In the Czech Republic, immigration is still a relatively new but important phenomenon, with quite significant effects on the social and economic situation. During the last decade of the last century the Czech Republic was the country with the fastest growth in immigration when the number of immigrants increased six times during the first ten years (Czech Statistical Office 2013) and over twelve times up until the end of March 2014 (Ministry of the Interior 2014). There is an awareness amongst experts and the general public that health insurance for foreigners is, in reality, a problematic area of immigration in the Czech Republic (Trbola and Rákoczyová 2010) whilst the mass media refers to the fact that foreigners owe payments for medical care provided or to the difficult access to the health care system.

## General overview of immigrants' health insurance

All foreigners staying in the Czech Republic on a long-term basis are legally obliged to participate in health insurance using either public (Zákon č. 48/1997 Sb.) or commercial insurance (Zákon č. 326/1999 Sb.). At the same time, health insurance is one of the preconditions for the acquisition of a visa for a long-term stay (ibid.) which means that foreigners with no access to public health insurance are forced to participate in the Czech commercial health insurance. Whilst public health insurance covers the accessibility to all necessary care, commercial health insurance is based on market principles, including the fact that it is not claimable and despite its title “complex care” it, in fact, covers a significantly narrower range of health care. The scope of care covered is not regulated by law and is merely a minimum coverage of medical expenses (€60 000) without any co-payment by the insured

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1 This text was supported by grant SVV–2014 260 112.

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person. A common practice in commercial health insurance companies is to withdraw from the contract in case of indemnification. There is also group of applicants who remain uninsured because of their higher health risk, for example, congenital defects (especially in case of new-borns) or chronic diseases. (Dobiášová et al. 2006, Hnilicová et al. 2010).

There are some differences between EU citizens and non-EU citizens in the legal entitlement to Czech general health insurance. While EU citizens residing in the Czech Republic have the same access to general health insurance as Czechs do, non-EU residents can only gain access under one of the following conditions:

- they have permanent residence,
- they are an employee of a company or institution registered in the Czech Republic,
- they are in the country under special conditions such as asylum seekers, refugees etc.

The problem of private health insurance relates to non-EU migrants, mainly in the following three groups

- self-employed persons,
- family members of non-EU immigrants, including children up until the age of 18, parents and partners who are not EU citizens and do not have a permanent residence permit,
- students who are not covered by international agreements.

Estimates of the total number range between 100 000 to 120 000 (Hnilicová and Dobiášová 2011, Czech Statistical Office 2013), which actually means one-quarter of all immigrants.

## **Reasons for changing the policy**

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There are several reasons why the current situation should be changed. First, it is unjustifiable and unethical to differentiate access to health care between EU and non-EU immigrants. It is also contrary to international conventions (Universal Declaration of Human Rights, the Convention on the Rights of the Child, the Charter of Fundamental Rights of the EU, the European Social Charter and others). Leading European experts in the field of health and health care for immigrants in the EU (for example Professor Ingleby, Utrecht University; Mighealthnet) consider that a significant number of non-EU immigrants depend on commercial health insurance which is very unusual and inadequate. In principle, in EU countries, immigrants with residence permits are under the same obligations and have the same rights as citizens of Member States (Tulupová 2012). This approach also applies to the provision of health care. In most EU countries, commercial health insurance is intended mainly for the richest members of the population (e.g. in Germany and the UK) and not for foreigners or other disadvantaged social groups.

The current situation pertaining to health insurance for immigrants is contrary to the updated Concept of Integration of Foreigners in the Czech Republic, approved by Government Resolution in 2006 (Usnesení vlády ČR 2006) and which, since 2005, highlights the need for the inclusion of foreigners in the public health insurance system, as a condition of their socio-economic integration. However, this situation is constantly criticised by other actors, for example, by NGOs, Government Council for Human Rights (2013), Czech Public Defender of Rights (2012) or different international organisations such as the United Nations or the European Network against Racism (2012). The Czech Public Defender of Rights highlighted the unsatisfactory situation of family members of employed third-country nationals when such family members (typically the husband, wife, children and grandparents) do not have access to public health insurance during the first five years of residence in the Czech Republic. The most current criticism was made in May 2014 by the Economic and Social Council of United Nations when in its report stated that “... the Committee is concerned that migrants who do not hold a permanent residence permit, including dependents of migrants holding a permanent residence status, are not eligible to participate in the State party’s contributory health insurance scheme. The Committee is further concerned at reports that migrants have been refused enrolment in private health insurance schemes or asked to pay prohibitive premiums, in contravention with the provisions of the Covenant and the State party’s Anti-Discrimination Act (art. 9)...” (UN 2014, 5) Furthermore, different access to health insurance in the Czech Republic is against the directive of the European Parliament and of the Council 2011/98/EU on the single permit (Jelínková and Čížinský 2013). The European Network against Racism, in its shadow report 2010–2011, already stressed favouring access of family members of EU citizens compared to family members of Czech citizens, when stating “Family members of Czech citizens who are third country nationals must pay for health care or have commercial insurance for the first two years of their stay as family members in the Czech Republic, while the family members of EU citizens have access to the public health care system immediately.” (ENAR 2012, 18)

We can divide the negative impacts of the current situation of health insurance for immigrants into two groups, depending on the impact on immigrants or the impact on the entire health care system.

Concerning the negative consequences for immigrants we have to highlight at least three. First, even the so-called “complex care” covers a significantly narrower range of health care than in the public health insurance system. The narrower range is determined by a number of exclusions, which lead to the low level of insured foreigner’s rights. It leads to a situation where immigrants become negligent regarding their health (especially preventive medical care).

Second, the public element consists only of the duties of foreigners (Trbola and Rákoczyová 2010), but does not relate to any obligation of an insurance company

and because of their private character, commercial health insurance companies are not obliged to cover the economically less attractive (e.g. chronically ill) immigrant.

Lastly, commercial insurance companies offer disadvantageous payment terms (premiums are paid in a lump sum for the entire insured period, in advance, which causes financial problems for families). Premiums are dependent on gender and age, which leads to them being expensive for children and the elderly.

However, we should also discuss the negative consequences of the whole Czech health system. There is the hypothesis that many immigrants sooner or later obtain permanent residence, or even citizenship, and become a part of the public health system. An immigrant's neglect of preventive health care during the first years of their stay will deteriorate their health status, and their treatment (already in the public health insurance regime) will be more costly. There is also a quite high probability that it will burden public sector finances (health care) in the future.

It is a reality that those immigrants who are most ill, whose treatment is expensive (e.g. children born with hereditary defects), are finally granted asylum or permanent residence on humanitarian grounds (by the Ministry of the Interior Affairs) and the public health system bears the cost of their treatment.

There are also risks for the public health system because commercial health insurance excluded sexual and sexually transmitted diseases including HIV/AIDS whose treatment, for obvious reasons, is mandatory (Act No. 258/2000 on the protection of public health).

Because of the treatment, which is not covered by commercial health insurance, or because the commercial health insurance company withdraws the contract in the case of indemnification, there are debts belonging to insolvent immigrants relating to healthcare facilities (approximately 8% of the total debts).

Because of the “health migrant effect” (Dobiášová and Vyskočilová 2004) the immigrant population is healthier (and younger) than most of the population at the time of their arrival in the host country but they lose this advantage during the following ten years and their health becomes worse than the health of the majority. Commercial health insurance companies profit from the first “healthy” years but when their suffering increases, immigrants usually become part of the public insurance system. Therefore, for public health insurance it could be economically very advantageous to include current non-EU immigrants whose age structure is now relatively favourable, to the public health insurance. As we know, public health insurance works principally so that those insured pay the largest contributions to the Insurance Fund when they are younger and healthier, and they receive health care at a time in their lives when they are older and sicker and no longer working and thus no longer contribute.

Commercial health insurance for foreigners is, for all insurance companies, a very convenient product, because the premium collection greatly exceeds the cost

of the insurance benefits, which ranges from 6 % to 30 % of the premium. In contrast, insurance companies have extremely high operating costs, which represent 47 % to 80 % of all premiums collected. The data that insurance companies publish do not offer any explanation or information that would justify this amount of operating expenses. In many countries, such a disproportion is considered unethical and operating expenses are limited by law. In comparison – in the case of public insurance in the Czech Republic, this limit is set at the rate of 3.5 %. (Hnilicová et al. 2012)

## **Space for innovation**

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The easiest solution, both administratively and financially, would be to include immigrants in the public health system. This solution would be beneficial to all stakeholders (immigrants themselves, health care facilities and public health insurance system) with the exception of private health insurance companies which would lose their profit.

Discussing the concrete details we must be aware of the risk of “health tourism”, which leads us to suggest the requirement of at least one year’s legal stay in the Czech Republic in order to be allowed entrance into the public health insurance. A good suggestion would be to formulate the precondition as “to be a non-EU citizen and stay at least one year during the last fifteen months in the Czech Republic” which gives immigrants the opportunity to travel abroad for short periods without losing their opportunity to claim public health insurance. The same condition would be relevant for family members of Czech citizens who are third country nationals, which actually shortens the contemporary precondition of a two years’ stay by half.

One exception should be for new-borns who should become part of the public health insurance system immediately after birth. Again, to prevent the system being abused there is a precondition that the mother has to have been legally staying in the Czech Republic for a period of more than seven months. This period prevents situations where premature birth would lead to excluding the new-born from the public health insurance system but at the same time, the mother’s access to the public health system still depends on the precondition of a one year stay.

The new approach suggests including the following groups of immigrants:

- immigrants with permanent residence (contemporary situation)
- immigrants with employee status in a company or institution registered in the Czech Republic (contemporary situation)
- immigrants with special conditions such as asylum seekers, refugees etc. (contemporary situation)\*\*\*

- other immigrants who legally stay in the Czech Republic for a period longer than one year:
  - self-employed persons
  - family members of non-EU immigrants (children up to 18, parents and partners who are not EU citizens and do not have a permanent residence permit)
  - students
- new-born children born in the Czech Republic whose mother has legally stayed in the Czech Republic for longer than seven months.

The amount of the paid premium will be equivalent to the premium paid by Czech citizens. Self-employed immigrants would pay 13.5% of the assessment base with a minimum premium amount of 1752 CZK per month. Immigrants of third countries, who are students or family members of non-EU immigrants or Czech citizens who are not employed or self-employed would pay 1215 CZK per month. Children under 18 years of age would pay 787 CZK per month, which is the equivalent of the amount paid by the State for Czech citizens up to the age of 18 with the difference that in the case of non-EU citizens they must pay for themselves.

Immigrants would have the possibility to choose any health insurance company, in the same way as Czech citizens. The insurance companies would not have the possibility to refuse the potentially insured.

## **Conclusion**

The case study deals with the Czech health policy in relation to immigrants who have an insufficient guarantee of legal entitlement to health care. This problem touches a large group of non-EU immigrants with long-term residence. According to the available data, about one-quarter of all immigrants in the Czech Republic (approximately 100 000 immigrants) must use commercial insurance. Despite this fact, health care is a crucial aspect for immigrants' integration into the host country; the commercial (market principles based) insurance creates barriers to the accessibility to health care; it is non-claimable and subjects with high health risks may be refused. On the other hand, health insurance is one of the preconditions for the acquisition of a visa for a long-term stay.

Generally, the current system of commercial health insurance for immigrants is a typical case of privatisation of profit and socialisation of risk. The recommendation for a system change consists mainly of the extension of the coverage, which would include non-EU immigrants with long-term residence entering into the public health insurance system under specific conditions. The basic limiting condition is a one-year stay in the Czech Republic and this is less strict for new-borns. The premiums paid are equivalent to those for Czech citizens, in the case of children the



premium is not paid by the State but by the immigrants themselves. The insurance companies also lose the possibility of refusing the insurance.

The new approach will be more just because it decreases the discrimination aspect of the contemporary system in which migrants face more expensive and, at the same time, worse access to health insurance and to health care services, with a high risk of indebtedness. The new system is also more economically advantageous for the public health system because it corrects the contemporary practice whereby the private sector profits from the health insurance in the immigrants' first "healthy" years whilst in the later period when immigrants usually become part of the public insurance, they bring a higher financial burden. Including immigrants would also lower their debt towards the health care facilities.

Last but not least, the Czech Republic would finally react to domestic and international criticism and would meet international conventions.

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# Good Governance Research Centre

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*Réka Tózsá<sup>1</sup>, Gábor Bozsó<sup>2</sup>*

## Questions before reading

What is Good Governance? How would you describe it?

What areas is the government responsible for?

What do you think are the 5–7 main fields of indicators measuring Good Governance?

What makes a good indicator to measure Government Performance?

What types of indicators would you use besides statistical data?

How do we distinguish separate fields because of the similarities and overlapping?

## Purpose of the project

The purpose is to deliver a status report to the government, provide feedback for ongoing reform measures and to indicate areas where public policy measures are required to be taken, and furthermore to assess the quality of the public administration's performance against a range of indicators.

Show sincere self-assessment of the government as well as the numerous international evaluations and indexes. This index aims to provide a complex index relating to the local characteristics of the country.

The project also aims to better understand and situate our own practices, benchmark our achievements and learn from the experiences of other countries.

## Towards the foundation of the project

The main purpose of the reorganisation of the Hungarian State is the accomplishment of Good Governance, which is the realisation of the values derived from

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Hungary’s Fundamental Law and the concept of the common good. According to the Magyary Zoltán Public Administration Development Programme: “A state may be regarded as good if it serves the needs of individuals, communities and businesses in the interest and within the boundaries of the common good, in the best possible way.”

The concept of a Good State, by integrating ethical norms, academic researches and practices of the civil service, is strongly linked to Good Governance and Good Public Administration concepts. Our point of reference is value-based good governance, which can be accomplished on the basis of measurable and conversable government ability, supported by a professional and good public administration.

At the National University of Public Service (NUPS) it is of particular significance that its faculties, institutes, doctoral schools and research groups contribute to the creation of the modern state and to the establishment of the conditions and operation of an efficient national public administration with an interdisciplinary approach and objective, research-based knowledge.

Accordingly, the NUPS established a Good Governance Research Centre.

The general purpose of the Research Centre is to provide a unique measurement framework to Good Governance development programmes. The Good Governance Index (GGI) is to be set up in accordance with the priorities of the Magyary Zoltán Public Administration Development Programme by carrying out interdisciplinary, academic researches and related efficiency measurements on state operations in the following subjects:

- “Good Governance” and “Good Public Administration”;
- Measurability of government efficiency;
- Good Governance competitiveness measurements and rankings;
- Partnership with the OECD in researches on public management, governance and public administration;
- Complex and comparative research on European values related to the concept of “Good Governance” and effective judicial protection.

As a result of the research, the Good Governance Research Centre elaborates the “Good Governance Indicator System” and the measurement methodology required. The National University of Public Service periodically issues the “Good Governance Report”, which publishes the indicators of government performance and efficiency measurement conducted by a research-based methodology.

## **Academic and methodological concept**

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The goal of the “Good Governance Research Centre” is ambitious, but not overly so: to elaborate a well-established indicator system covering the entire public sector,

the GGI, by focusing on specified fields. The values of each field are expressed by the government's abilities, supported by the indicators. Its changes in direction and dynamism also allow the measurement of public good.

Consequently, GGI is the indicator system of field averages and government ability averages, which measures and evaluates the positive and negative changes half-yearly and yearly, based on three fundamental indicators: opinions, actions and statistical data.

Impact indicators created by the Good Governance Research Centre express the weakening and strengthening of government ability in the following 5+1 fields:

1. Security and trust in government.
  2. Community well-being.
  3. Economic competitiveness, fiscal stability.
  4. Sustainability.
  5. Democracy.
- +1. Efficient public administration (as a horizontal field).

Ongoing researches in each field are led by a field manager who can involve other researchers to collaborate, to gain a deeper insight in specific fields. At the milestones of the research, working groups will conduct workshops with the participation of other working group members and external experts in order to ensure the independent, external evaluation of professional progress and contribute to the national and international embedding and networking of the research.

Review analysis and flexible application that fits domestic goals and conditions, of methodologies, statistics and rankings elaborated and used by international, global and regional institutions, public policy institutes (OECD, IMD, WEF, WB, Institute of Public Administration, Quality of Government, etc.) play an important role, both in defining the fields and setting up the statistical indicators. This also means that the GGI does not intend to become a subsystem of international rankings, but intends to introduce an independent, institutionalised performance measurement method aimed at objectivity. The Good Governance Research Centre also aims to provide a good practice to other countries and international organisations with its "dynamic measurement" methodology.

## **The partners and work**

The Good Governance Research Centre is principally a research programme based on interfaculty cooperation which the foundation aims to grow into a research network, a public service and public policy community under the coordination of the National University of Public Service comprising the delegated experts of national and international partners.

The invited external partners of the Centre are: Ministries of the Government of Hungary, Central Statistical Office, State Audit Office, Hungarian Academy of Science, partner universities, research institutes, NGO-s.

The invited international and foreign partners: OECD, International Anti-Corruption Academy (IACA), Ecole Nationale d'Administration (ENA), Chinese Academy of Governance (CAG), Institute of Public Administration (IPA), Konrad-Adenauer-Stiftung, Poland Office (KAS).

The initiative was warmly welcomed and supported by Mr. Rolf Alter, Director of Public Governance and Territorial Development Directorate, OECD.

## **Building up methodology**

1. Defining Good Governance according to the field characteristics
2. Defining the subfields
3. Suggesting indicators
  - a. Opinion (measuring the perception of different target groups, opinion polls, experts' opinions)
  - b. Action (strategies, programmes, regulation, public policy measures)
  - c. Statistical data (national and international data)
4. Accumulation and conversion of indicators into an index
5. Coordination of different fields

The research methodology not only includes the listing of indicators, but also a brief supporting description.

Upon the selection of good indicators, the following quality requirements need to be applied: It requires no explanation as to why a good indicator has to be reliable. It should also be measureable so that changes, tendencies and comparisons can be concluded. The indicator has to be relevant, not just to the field, but also in terms of governance influence and significance in impact effect. Last, but not least, objectivity is a crucial criterion to a good indicator.

To take an example of an impact field structure, here are the subfields of security and trust in government.

- External Security
- Trust in Justice
- Trust in Legislature
- Public Security, Defence Against Terrorism
- Transparency of Governance
- Disaster Management
- Political Stability of Government
- Secure Standard of Living



There are types of indicators to define a subfield. Note: not all type-indicators need to be selected for each subfield.

Opinion: new or existing opinion measurement results are to detect the perception and sentiment of the personal or organisational target group (citizens, business, expert opinion).

Action: governance quality has many aspects that can hardly be quantified. There are strategies, schemes, programmes, regulations and measures to support the intensity of governance ability.

Statistical data: the regular part of statistical surveys makes them good quantitative indicators for international governance and public administration measurement standards.

Let's take an example from the above written subfield: Secure Standard of Living:

- opinion: OECD Better Life Index Evaluations,
- action: "Lunch for everyone" children's programme, local government housing programme,
- statistics: population under the poverty line.

## **Innovative public policy tool**

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GGI is the indicator system of field averages and government ability averages, which measures and evaluates the positive and negative changes half yearly and yearly.

There are several innovative features of this idea. There are few governments wishing to establish an objective self-assessment tool in order to provide an executive information system to policy makers. To distinguish itself from other measurements it aims to reflect the current Hungarian reality. Results will be evaluated in view of national capabilities, and special historical and economic conditions are also to be included in the assessment, as well as international practices.

The project is internationally open. A benchmark with countries similar to us in the region is one of the main objectives. The initiative might also attract the attention of V4 countries.

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No published working papers of the projects.



# A New Approach to Regulatory Impact Assessment in Poland

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Katarzyna Byszek<sup>1</sup>

## I. Importance of RIA

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The goal of Regulatory Impact Assessment (RIA) is to allow policy makers to adopt the most efficient and effective regulatory proposal. This is accomplished by presenting the impact of the regulatory options on stakeholders (citizens, entrepreneurs, and other interest groups) and the public sector, with respect to the costs and benefits involved. The transparent presentation of a problem and thorough analysis of all possible options facilitates a public debate, speeds up the decision-making process and improves the quality of laws through evidence-based policy making.

The importance of RIA has been highlighted by the OECD, commencing with the 1995 Recommendation of the OECD Council on Regulatory Quality, which underlined the need to undertake an assessment to ensure that the benefits of regulations justified their costs.

Also, the European Commission is seeking to design regulation which efficiently delivers its objectives, whilst respecting the principles of subsidiarity and proportionality. For this reason it has put in place an evaluation and impact assessment system to prepare evidence for political decision-making and to provide transparency on the benefits and costs of policy.

## II. Identified problems (2011/2012)

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Poland introduced RIA into the legislation process in 2002. In 2006, the Ministry of Economy published *Guidelines for Regulatory Impact Assessment (RIA)*. The RIA checklist (also elements in the RIA form) included: the results of public consultation, the identification of stakeholders, the sources of financing and impact on: the

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public finance sector, competitiveness and entrepreneurs’ functioning, labour market, regional development and environment. The Chancellery of the Prime Minister verifies RIA.

Despite the fact that Poland included RIA in the legislation process and made efforts to refine the mechanism of RIA verification, there are still unsolved problems:

- There is no preliminary stage when decision-makers (representatives of the government) can decide whether the cost of new regulation is justified, based on the verification of preliminary RIA at this very early stage of a regulatory proposal (primary impact on the public sector, stakeholders, cost and benefit analysis).
- Working on RIA is treated by many governmental bodies as a formal obligation and it comes down to filling in the form indicated in the Rules of work of the Council of Ministers. Advantages and disadvantages of a proposal have often been presented more descriptively than quantitatively. RIA is usually prepared when the regulatory proposal is ready and is not considered an analytical tool supporting the legislation process.
- The verification of RIA takes place when work on the regulatory proposal is so advanced that there is often insufficient time to thoroughly analyse alternative options or significantly modify the recommended solution, due to new arguments taken into consideration or results from additional analysis. In such a situation, the legislation process often ends up with a “take it or leave it”.
- Many of the RIAs that have been prepared lack pivotal information in the decision-making process or chosen methods of estimating cost and benefit are not justified, or the data presented are unreliable (e.g. quantitative impact on the labour market or on entrepreneurs).
- There are disparities in the analytical support between ministries and there is a need to hire more analysts and ensure their career development path.
- To address the problems regarding RIA, the Chancellery conducted a survey in 2012 of employees in the ministries. The survey showed that there is a demand for RIA training in the field of RIA in the ministries (in particular: cost-benefit analysis, economic modelling, methods used in ex-post evaluation, sources of data, and measuring administrative burden).
- The survey also revealed the need to share knowledge between employees regarding both methods applied in RIA, as well as organisational solutions implemented in governmental bodies to assure efficient internal verification of RIA before the RIA document is published.
- Last, but not least, an important conclusion from the survey was that there is a need to learn about best practices of RIA and evaluation in different fields of public policy in OECD/EU countries.

### III. Solutions

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Several years of experience in implementing RIA in Poland and a diagnosis of existing problems have led us (the Chancellery) to the conclusion that a new approach to RIA has to be found. The proposed multifaceted solution encompasses changes in regulatory frames (answer to the questions: “What to do re RIA and how to do RIA”) and building teams of analysts in the ministries (answer to the question “Who should do it?”).

#### 1) Procedures and regulatory frames

The review of procedures brought about changes in the Rules of the work of the Council of Ministers in 2013, which came into force in 2014 and which reflect already existing practices. These include, for example, the importance of the Board for Programming Government Work<sup>2</sup> in the legislation process. The Board decides at a very early stage of the work on the regulatory proposal whether it should be rejected or postponed and prevents any later wasting of resources. When the Board decides to include the proposal in the Government Work Programme, it may make recommendations on how the solutions should be modified or express the need to present a thorough analysis.

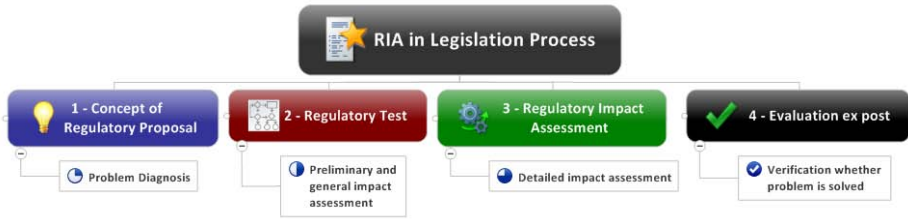
The purpose of the new framework was, for one thing, to provide ministries and other government institutions with guidance from the early stages of working on a regulatory proposal and assure RIA quality checks throughout the legislation process, as well as allowing a greater adjustment of the legislation procedure to the character of particular regulations (timeframes, consultation process). Every regulatory proposal is published; however, the time given to stakeholders to provide the government with their opinions may differ, depending on the type and character of the regulation being proposed. The Ministry of Economy promotes online consultation ([www.konsultacje.gov.pl](http://www.konsultacje.gov.pl)) and enables other ministries to use its website.

The guidance in presenting quantitative and qualitative analysis of cost and benefit for stakeholders and the impact on public finance in the legislation process are provided by:

- standardised forms of RIA with instructions (regulatory test, regulatory impact assessment and evaluation ex post) submitted to the Chancellery for verification, and
- cooperation with employees of the Department of Programming and Impact Assessment in the Chancellery of the Prime Minister.

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2 Members of the Board: representatives from the Ministries of: Economy, Finance, Foreign Affairs, Regional Development, and the Chancellery of the Prime Minister. The Chief of the Chancellery of the Prime Minister chairs the Board. Co-chairs of the Board are: the President of the Government Legislation Centre and the Plenipotentiary for Regulatory Impact Assessment in the Chancellery of the Prime Minister.



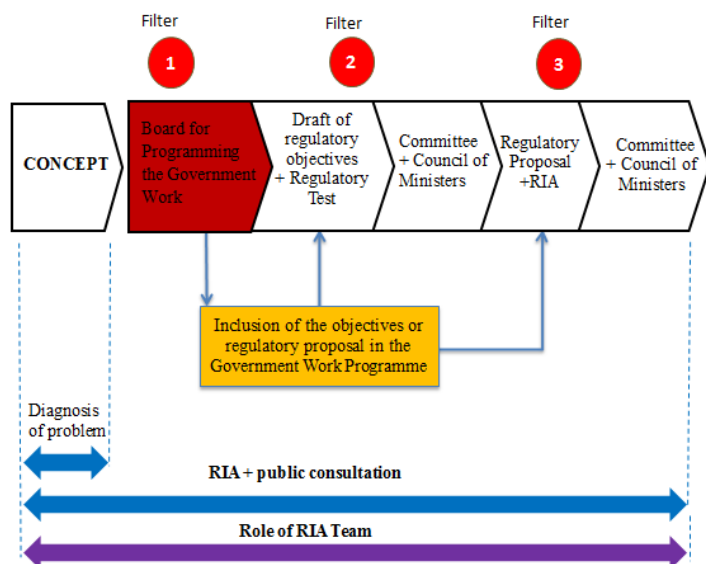
The standardised forms require quantification in presenting cost and benefit analysis on stakeholders: citizens, Small and Medium Enterprises and other interest groups. The forms also make it possible to present the impact on stakeholders, which cannot be feasibly measured.

Furthermore, the Ministry of Economy, in cooperation with the Chancellery of the Prime Minister, is preparing RIA methodology guidelines, together with case studies.

In changing the Rules of Work, the Council of Ministers considered a redesigning of the decision-making process, which includes RIA quality verification based on 3 filters:

- **Filter I** – The Board for Programming Government Work – at this stage government representatives decide whether the proposal will become part of the Government Work Programme, having considered the preliminary social, economic and legal (also the EU laws) impact;
- **Filter II** – The Committee of Ministers – reaches agreement and approves the regulatory proposal or decides whether there is a need for further analysis of the regulatory proposal;
- **Filter III** – The Council of Ministers – verification of agreements from the previous stage.

The scheme of the improved legislation process is presented below:



## 2) Improving analytical skills

This component of the new approach is focused on employees involved in the process of RIA in the ministries and on organisational solutions, which should facilitate their work on preparing RIA. The following actions were recommended and introduced:

- setting up a network of RIA teams in the ministries – the RIA team in a ministry would provide internal verification of RIA and could share its experiences with other teams;
- making a list of regulations which are priorities for the ministries – the list would enable focusing on the regulations which require complex impact analysis and prevent administrative overload;
- establishing a procedure of easy access to databases of the Central Statistical Office which can be used in preparing RIA;
- organising workshops on RIA for government employees. The workshops in 2012 and 2013 took up issues, including sources of data and possible use of databases, cost and benefit analysis with case studies, use of economic models to assess impact on public finance, interpretation of economic data, evaluation methods and the preparation of RIA at the EU level;

- organising internships for employees of Polish Ministries in the Departments of the British government to exchange knowledge about the RIA process and applied methods (the UK has, according to the OECD, the best RIA practices).

The role of the Chancellery in this part of the new approach to the RIA process is to enable knowledge sharing and support analysts in governmental bodies, as well as promote the best practices in the ministries.

#### **IV. Results and next steps**

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The new regulatory frames, on the one hand, provide flexibility for the ministries to speed up the decision-making process when the regulation does not require complex impact analysis. They also enable the Board for Programming Government Work to decide which proposals should be thoroughly examined (ex-ante and ex-post evaluation) due to their substantive impact, especially on citizens (entrepreneurs) and/or the sector of public finance.

The analysis of decisions taken by the Board for Programming Government Work in 2013 shows that:

- 7 % of the proposals submitted were rejected (or their inclusion into the Programme of Government Work was postponed);
- additional analysis was required in 23 % of cases;
- among the proposals agreed to be included in the Programme, recommendations were given to 33 % of submitted proposals.

Furthermore, embedding RIA verification throughout the legislation process and establishing three filters of quality checks allowed decision-makers to obtain better information on the consequences of introducing new regulation.

The process of establishing RIA Teams is still in progress in some ministries. The structure and responsibilities of established teams are adjusted to the particular policy framework of each ministry. The Chancellery of the Prime Minister facilitates cooperation between their members through organising meetings with coordinators and secretaries of RIA teams.

To ensure the efficient and high quality work of an RIA team in preparing impact assessments and planning evaluations ex post of a regulation, key regulatory proposals have to be targeted. A list of these proposals is currently being drawn up.

Despite the fact that approximately 150 employees in the ministries were trained during the workshops organised by the Chancellery, the analytical competence in the ministries requires further development. The results of a completed questionnaire following the RIA workshops showed that the concept of honing analytical skills in the public sector should be continued and elaborated in tailor-made programmes of professional training (a project “Analyst” is about to be launched).



In the long-term perspective, it is crucial to introduce guidelines for developing the careers of analysts in the Polish administration and provide incentives for them to grow professionally in the public sector.

The Chancellery of the Prime Minister plans to evaluate the quality of the RIA, which should answer the question of whether or not the solutions implemented adequately addressed the problems presented.

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# Innovative Approaches in Measuring Performance of Local Public Services through Satisfaction and Trust

*Tomáš Černěňko<sup>1</sup>, Veronika Ferčíková<sup>2</sup>*

## Introduction

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The definition of “public performance” has acquired a number of confusing connotations with regard to methods, concepts and approaches and has resulted in a confusing situation with different implications. A higher number of levels, fields, management functions and stakeholders meant a more complex approach and more variables to be taken into consideration. In changing the environment, performance measurement became more extensive, intensive and external (Bouckaert 1996), which raises the debate about the true validity of current approaches to measurement of performance.

An innovative aspect of this paper is to look at the performance in the public sector through citizens’ satisfaction with public services and the consumption of them and on their trust in local government. The results on satisfaction are based on a few of public services (a detailed analysis will be published later) and trust in local government is substituted with trust in the mayor, which is more identifiable for our respondents).

## Theoretical background

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We understand performance as “the relationship of different stages in a process of public value creation within the characterised framework” (Hilgers 2010). For the purpose of this case study we will use the performance framework introduced by Bouckaert and Halligen in 2008. They speak about span and depth of performance, while defining performance as the “generic key concept for defining results and bot-

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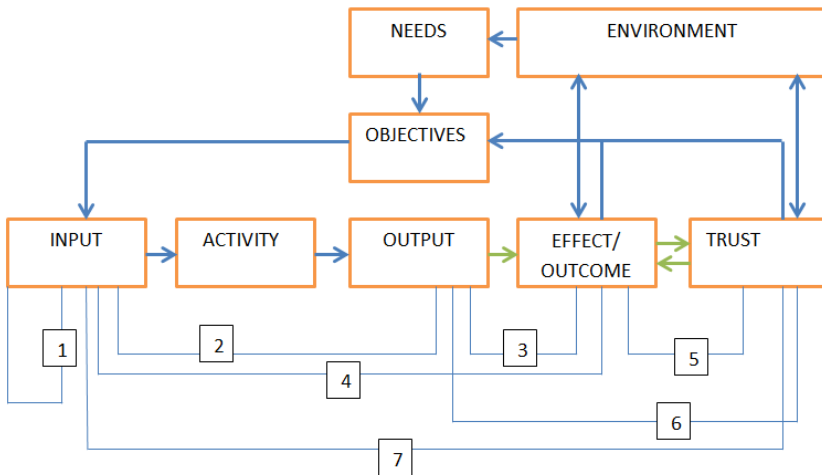
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tom lines, whereas a ‘span’ of performance (Figure 1) includes horizontal and depth of performance and (Figure 2) is a vertical expansion of the results dimension.”

Increasingly, more researchers emphasise the significant inefficiencies between inputs and outputs arising within public organisations, but, even more importantly – the inefficiencies between input/outputs and outcomes. Micro level is, according to Bouckaert and Halligen (2008), confronted with levels of expectations of citizens (e.g. about waiting times and error rates of service delivery) and that way, their satisfaction with the effects/outcomes result in a certain level of trust. Osborne et al. (2013) states that users expect a service to be “fit for purpose”, which means the prevention of a collision in the effectual design of public services in relation to its purpose and about the subjective experience of that service by its users. This is made up of the collision of their expectations of the service and their perceptions of the experience of the service delivery process – “and this collision profoundly impacts upon the actual performance of that service” (Osborne et al. 2013). The level of satisfaction and trust are definitely those aspects driving the level of performance of a public organisation.

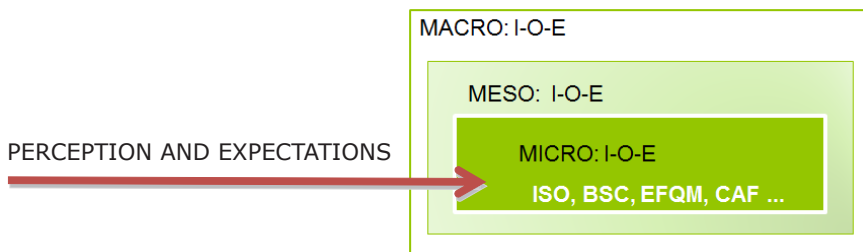
**Figure 1**  
Span of performance



1. Input/input: economy
2. Input/output: efficiency/productivity
3. Output/(effect-outcome): effectiveness
4. Input/(effect-outcome): cost-effectiveness
5. (effect-outcome)/trust
6. Output/trust
7. Input/trust

Source: Bouckaert and Halligen 2008

**Figure 2**  
Depth of performance



Source: Bouckaert and Halligen 2008

Research on citizens' expectations regarding providing public services has recently been carried out by Ipsos MORI/Accenture 2012 and demonstrates that only 36 % of citizens (surveyed across 10 countries – Australia, Brazil, Canada, France, Germany, India, Italy, Singapore, United Kingdom and the United States) are fairly satisfied or very satisfied with public services, and only 37 % feel fairly or very confident about their government's ability to meet their future expectations. According to the same research, the number one priority for public services should be “a better understanding of the needs of citizens and communities” (Accenture 2013).

Satisfaction data regarding the public services provided by municipalities in Slovakia have not yet been properly measured. Preliminary data collected by the University of Economics show a significant percentage of citizens are dissatisfied with public services in the smaller municipalities (communes).

## Methodology

To obtain a large and relevant sample, we decided to make a joint survey and put together three topics – well-being, satisfaction with public services and local democracy. The questionnaire's design was based on previous surveys. The first part focuses on well-being (inspiration by Ed Diener); the second on satisfaction with public services and the third part deals with local democracy (the third part, which deals with local democracy, is our own design). To obtain more information regarding satisfaction with public services, we adopted the *Survey on Perception of Quality of Life in 75 European Cities*. Data collection began in December 2013 and finished in April 2014. The questionnaires were distributed via various channels: *printed, web-based survey (Google Forms)* where the link was distributed via *e-mail, Facebook* (and other electronic channels) where cooperating students, colleagues, friends and relatives were asked to distribute the questionnaires to (and collect them from) friends, colleagues and relatives across Slovakia so that the whole country and selected strata (age, sex, education, region etc.) were covered.

We received 1060 responses (target sample by confidence level of 95 %; confidence interval of 3 % of a population of 5,400,000 was 1067 responses). We have chosen *non-random* statistical methods of data collection: *convenience sampling*, *snowball sampling* and *quota sampling*.

## Results<sup>3</sup>

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To calculate the satisfaction with public services we sum up the value of individual responses<sup>4</sup>. In this case, we combined the responses on satisfaction with the following services and facilities: culture (theatres, cinemas, museums), public space, streets, greenery, recreation, sport facilities and public transport.

As we can see, the satisfaction with the public services and public facilities provided increases with the scale of the city. Due to our sample, we are not able to make the relevant conclusions about the reasons, but according to our previous research, we assume it is a lack of money that small(er) municipalities can (could) spend on development issues and also a small market to start to provide those services or run facilities such as a museum or even public transport. To obtain more relevant data, further research is needed.

One of the questions was: “How satisfied are you with the work of your mayor?” More respondents were satisfied with the work of their mayor but what was really surprising for us, was the 35.08 % responses of “I do not know.” This raises another question for some further research: “What is the ability of citizens to evaluate their representatives?”

As mentioned above, the new task in performance management is trust. We have asked respondents to agree or disagree with this statement “Do you trust your mayor?” The results are a bit different – more of our respondents do not trust their mayor. But, again, the largest group of respondents was unable to give a positive or even negative statement and answered “I do not know”.

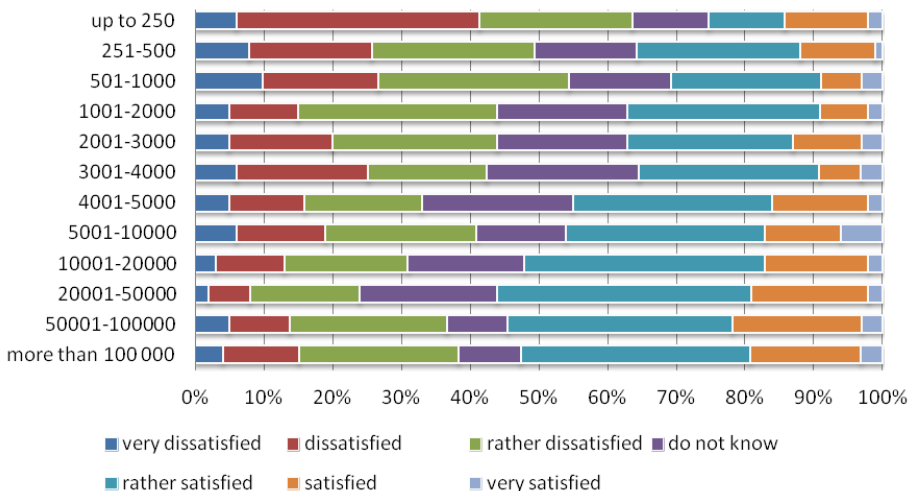
The last question was about the easiest way to evaluate a politician. We asked respondents if they would vote for their mayor again. What is interesting is that even if more people are satisfied than dissatisfied with the work of their mayor, 55 % would not vote for the same mayor again.

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3 In this case study we present only brief results; an indepth analysis will be published later in a scientific journal.

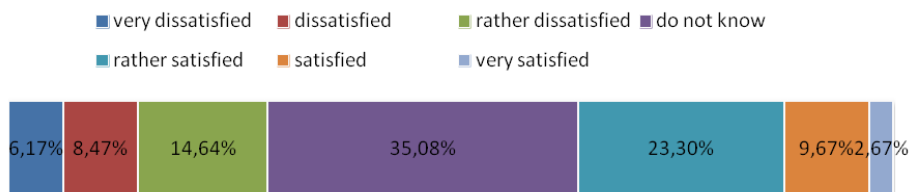
4 To be able to measure satisfaction, we have used the Lickert scale. Each question was answered by choosing an answer from a group of 7 predefined answers, ranging from very dissatisfied (value 1) to very satisfied (value 7). Total satisfaction is represented by a score of all responses divided into those same 7 intervals.

**Chart 1**  
Satisfaction with public services (by municipality size)



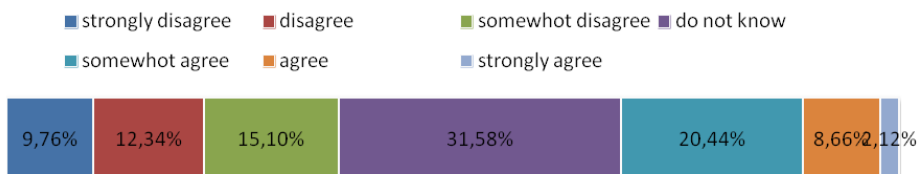
Source: own research

**Chart 2**  
How satisfied are you with the work of your mayor?



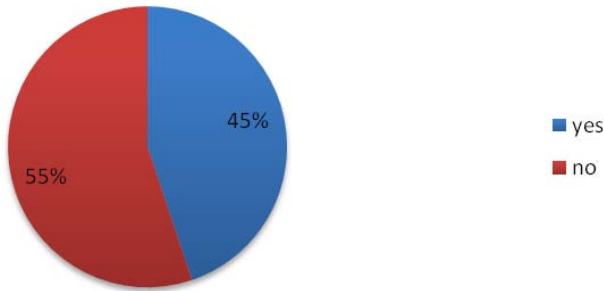
Source: own research

**Chart 3**  
Do you trust your mayor?



Source: own research

**Chart 4**  
Would you vote for him again?



Source: own research

## Discussion

Data from surveying citizens in many countries recorded high rates of distrust in public administration. One of the reasons is disagreement with actions taken and the low performance of public bodies and organisations providing public services resulting in low rates of satisfaction. In the private sector, customers are accustomed to choosing a product which is fit for purpose. In public administration, resembling more a monopoly, the situation is slightly different.

In order to avoid a collision between the expectations and real citizens' perceptions of services, municipalities must learn to collect data and create valuable datasets by using modern tools, in order to make an appropriate analysis of expectations for the future. This will help the municipality to shift from reactive mode to an insight-driven provider of public services, which is able to customise and design public services and plan development strategies continuously in improved collaboration with citizens and other stakeholders.

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# Assessing the Limitations and Innovative Qualities of E-Procurement in the Czech Republic

*Steven Earl Gawthorpe<sup>1</sup>*

## Introduction

There has been a growing interest in all public contracts being provided online and making them available for public scrutiny. However, e-procurement is merely a tool which needs to be integrated into a system that has the institutional capacity to produce the expected results that the technology has to offer. Sometimes this can be more costly than the technology itself. The key lesson to be learned from this analysis is to rethink the innovative features of e-procurement as a panacea for policy problems. By critically considering the limitations of e-procurement, one can maximise the strengths and incorporate these features into more productive public policies.

As public procurement is significantly wide in scope, this paper does not attempt to exhaust every risk-prone area of the public procurement sector in the Czech Republic. Instead, this analysis will emphasise content, comprising two sections: The first part will look at the sector of public policy and how the use of e-procurement as an information technology is shaping the environmental circumstances of this sector. The second part will look at contemporary challenges in the Czech Republic surrounding administrative capacity, regulation and prevention, and firm-level competition. The third part will provide a policy area to consider effectively enhancing the innovative qualities of e-procurement.

## Public procurement sector and e-procurement technology

Public procurement is the government acquisition of goods and services from the private sector. It is tasked with the ability to purchase high quality goods and services at near-market prices. Rather than fulfil the “in-house” production of such

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services, the government uses public tendering as a form of limiting its grip on key industries within a state (Carayannis and Popescu 2005).

Public procurement is one of the most highly legislated and regulated fields of government (Lloyd 2004). The rate of regulation is not strictly due to the areas involved with purchasing as the government has the responsibility of disseminating goods and services online with strategic government objectives. The role of public procurement has both a social responsibility and an economic responsibility. Government acquisition must account for equity, fairness, and transparency in its procedure. It must also encapsulate existing public policy initiatives (Hardy and Williams 2007) such as expanding infrastructure, economic development, and quality of public health.

E-procurement is the technological means to facilitate the acquisition and procurement process. Croom and Brandon-Jones (2005) define e-procurement as:

(a) ... generic term applied to the use of integrated database systems and wide area (commonly web-based) network communication systems in part, or all, of the purchasing process (369).

It is used as an IT platform to facilitate the rapid exchange of information and reduce the administrative burden of information storage and management. Across existing government e-procurement systems there are three ubiquitous features of its use:

- Information storage and management of contracting information.
- Online advertisement of tenders available for eligible contractors.
- Host electronic auctions.

The Czech Republic established its e-procurement system in 2006 (Chvalková and Skuhrovec 2010). The system offers significant advantages as contracting authorities are equipped with standardised information-sharing programmes and templates to publicly display tender notification. In other governments, e-procurement has proven to be not only cost-effective but a responsive mechanism to transparently fulfil government purchases.

International enthusiasm frames e-procurement as more than just technology, but a source of transparency. However, a successful procurement regime must institutionalise preventative measures against collusion, market-entry barriers, ties with political ownership, and monopolisation (to name but a few). An e-procurement platform is entirely ineffective at mitigating adverse market consequences on its own. Its power derives solely from coordination. The state must conjoin its administrative and regulatory framework with the e-procurement platform.

A worldwide comparative case study by Spector et al. (2001) determined that institutional and regulatory reforms are more significant in the success of anti-

corruption reform than awareness related programmes, which tend to be weak in long-term sustainable impact. However, transparency- and awareness-related programmes appear to be the common catalyst for effective anti-corruption initiatives. This analysis sees the power of transparency in its combinative form, not as a sole initiative. The examples from this case study serve as a reminder that policy initiatives, used to promote transparency, such as e-procurement, should be used in conjunction with institutional changes to combat illicit activity in public-procurement.

## **Challenges to e-procurement**

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Unfortunately, the Czech Republic currently faces the challenge of integrating both administrative measures as part of its institutional integration with e-procurement technology. EU directives require contracts, set at a specific market threshold value, to be publicly advertised and procured online. Contracts above a certain value require procedures to be performed within EU regulatory requirements, whereas below-threshold contracts are subjected to national regulations. The situation in the Czech Republic is quite unique because contracting authorities tend to prefer large high value “bundled”<sup>2</sup> contracts, as it reduces the administrative burden of procuring additional contracts (Clark and Moutray 2004). Czech contracting authorities exercise counter-conventional behaviour because below-threshold values allow them to circumvent EU regulatory procedures. Approximately 55 % of all contracts are procured below-threshold (Palguta 2013). So long as there are administrative loopholes, the expectations of e-procurement will never fully materialise.

The regulatory environment for enforcement is also underdeveloped. The use of debarment or “blacklisting” is a strategy to deter and sanction firms from violating contracting procedures. Currently, the use of blacklisting as an enforcement measure is seldom used. According to Pavel (2012), only about one-third of subjects punished by the Office for the Protection of Competition (ÚOHS) have identified the person responsible and enforced a penalty. Due to the low levels of participating firms in government contracting, the office of competition may be unwilling to blacklist companies because it may reduce the active participation of bidders and prevent new entrants through fear of economic sanction.

Competing tenderers can be one of the best sources of information for illicit activity in the procurement process as they have a strong incentive to use the information to check unjust advantages against a competitor, either through political affiliation, price collusion, or other competitive advantage. However, even with an increased number of competitors there is little incentive to actively exercise the use of a formal complaint mechanism. The ÚOHS is inundated with a wide range of tasks to develop a robust regulatory environment. Many companies are fearful that

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2 Bundled contracts refer to packaging contracted goods and services into one large contract as opposed to breaking down the contracts into smaller government opportunities.

exercising a complaint mechanism may irritate the ÚOHS and jeopardise future contract participation; therefore, the complaint mechanisms do not offer a constructive way to make the process serve the best interests of businesses (Chvalková and Skuhrovec 2010).

A lack of participation amongst businesses can have a detrimental effect on price stability. As of 2012, the average bid number was 3.7 with the EU average averaging 5.4 (Pavel 2012). A study conducted by Pavel and Sičáková-Beblavá (2013) demonstrated that having as little as one additional contract per bid may yield a 33% improvement in price and that improving procurement efficiency by 10% would reduce the structural finance debt by 50%. The opportunity for improvement is high, given the low number of bidders. Electronic tendering is supposed to encourage participation by off-setting the financial costs of submitting bids and finding government opportunities. Yet, participation is comparatively low compared to other OECD countries. So which impeding factors need to be considered to better involve firm-level participation?

The first thing to consider is the range of impediments small-to-medium sized enterprises (SMEs) face in their relationship with e-procurement and participation in the public procurement process. SMEs have a distinct disadvantage compared to large businesses when it comes to accessibility to financial capital (Tanzi and Davoodi 2002). The limited financial capacity not only exposes SMEs to dramatic shifts in contracting opportunities, but limits their financial diversity to structure in-house costs to utilise the e-procurement system. According to Vaaland and Heide (2007) SMEs have deficient resources to incorporate the use of e-systems, as opposed to large businesses. The OECD (2013) asserts that in the Czech Republic, one in three citizens use e-government to communicate with government. It is one of the lowest rates of any OECD country. The limited usage of e-government may be a supplemental explanation as to why so many SMEs are relegated to municipal level contracts.

A case study conducted by Karjalainen and Kempainen (2008) demonstrate that micro enterprises and SMEs believe that legal expertise and administrative resources are a primary barrier to the procurement market and that the lack of an IT e-procurement system is not a significant obstacle to doing business as a government contractor.

E-procurement may have limited success as the distinctive characteristics of firm participation are in need of development. A final consideration for SMEs is that they are not a homogenous unit. The range from micro, to small, to medium-sized enterprises is highly divergent in the overall composition of the firm. Levenburg (2005) stresses that larger SMEs are afforded greater competitive advantages than smaller firms. There is a need to articulate the vulnerabilities of firm size in the market place, but it is even more important to provide in-depth analysis into the

interaction with the *procurement* market. Greater research is required, not just for SMEs, but for SMEs that serve as public contractors.

## Potential policy area to consider

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Additional information is also needed in both the *pre* and *post* stages of the procurement process. There are vulnerabilities within each chain in the procurement process (Ware et al. 2007) imposing a set of unique challenges at varying stages in the process. Monitoring the procedures throughout the contracting life cycle is the best protection against corruption related activity and e-procurement has been implemented in a number of procurement regimes to assist in a transparent process.

The post-contracting phase of the Czech Republic, however, is severely limited in scope. Apart from selected contracts and bundled expenditure data, the post phase is currently not available in a useful context. Without sufficient exposure in the post-award phase there is little to no exposure to the scrutiny of parliament, the media, and watchdog organisations.

Most of the e-procurement technology in the Czech Republic focuses on acquisition resources and the means to publish the availability of current tenders. The life of a contract does not end at the award phase. These are important areas for promoting transparency in the following areas: forecasting needs, amending existing contracts, re-competition, evaluating contractor performance, and monitoring government obligations in real-time. It focuses strictly on the purchasing and final award of the contract.

A good resource to consider for future development is the United States' use of the Federal Procurement Data System<sup>3</sup>. It is an online system that provides consistent access to financial obligations delivered from the federal government to contractors. Importantly, it provides information on a "de-obligation," when a contractor must return a transaction. Such information is useful for determining the quality of work and performance of an existing project.

## Conclusion

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The expended advantages of e-procurement in the area of transparency and ease of accessibility must be deeply considered as an innovative policy solution. Louis Brandeis (2009) asserted that: "Sunlight is the best of disinfectants" (62). But what good is sunlight when policymakers are blind? Illicit activity in the Czech Republic hides in plain sight. Transparency will have a limited impact so long as adverse behaviour escapes formal sanction. The real accomplishment of the effective use

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3 For more information, please refer to [www.fpds.org](http://www.fpds.org)

of e-procurement is the coordination of administrative and regulatory efforts to facilitate a transparent process.

There seems to be two overarching features of the problem in the Czech Republic’s use of e-procurement. The first issue is that e-procurement has been implemented but has not realised its full potential. The instance of providing an online resource to show the post award phase is a specific example. Maximising the efficiency of an existing e-procurement platform is relatively simple and a cost-effective means to obtain positive results quickly. The second issue is that regulatory and administrative mechanisms have not coordinated efforts with the use of IT technology. The previously mentioned instance of blacklisting is a clear example of how authorities are making a feeble attempt to publicly deter vendors from adverse behaviour.

Regardless of the level of sophistication of information technology, e-procurement is incapable on its own to prescribe the necessary regulatory and institutional changes to achieve the objectives of a state’s procurement regime. The fundamental lesson to consider is that e-procurement is simply a tool, not a solution.

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# Small Size Procurement Issues and Possible Solutions

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*Matúš Grega<sup>1</sup>*

Slovakia has over 2900 villages and small municipalities, which have to follow public procurement law. In small cities and villages, the mayor is usually the person responsible for accounting, procurement, and law issues etc. Since 2006, when Slovakia set up a new public procurement law, there have been over 25 changes to it. Is it possible for small municipalities to keep themselves updated at all times and make procurement efficient?

This paper analyses public procurement in the 41 villages in the same region in 2012. We found that small municipalities do not provide sufficient data about procurement and the last part of this paper is devoted to our proposals. The aim of our proposals is to increase competitiveness in small sized procurements and increase transparency.

**Keywords:** public procurement, small municipalities, e-auction, competitiveness, website, XML feed

## 1. Introduction

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Most of the research studies are focused on the above-EU threshold public procurement. On the one hand it is reasonable, because in these types of public procurement we are focusing on hundreds of millions of Euros in every procurement. On the other hand, OECD (2011) data says, that only 15 % of all public procurement in Slovakia is going through above the EU threshold for public procurement. It means that over 84 % of the entire procurement in Slovakia falls under national directives and does not need to appear in Tenders Electronic Daily (TED) – the EU award website for public procurement.

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The reason for our proposals is the low number of bids in Slovakia public procurement, compared to the EU 27. The same issues apply to other states from Eastern Europe – Estonia, Poland or Hungary. Other problems are bureaucracy and passive waste. Slovakian authority, which needs to buy works, supplies or services via EU public procurement, will need to have an employee ready for 38 working days on average, just to prepare and evaluate procurement. It is the fourth worst place amongst the EU 27 countries.

Public procurement policy should also aim at strengthening SMEs’ participation in public procurement and supporting the other EU and national objectives: innovation, green growth, employment and other. We believe that our proposals will be efficient and can help to increase competitiveness in Slovakian public procurement. A positive impact can easily be applied to other countries with similar procurement issues.

## **2. Current situation in national public procurement in Slovakia and our proposal**

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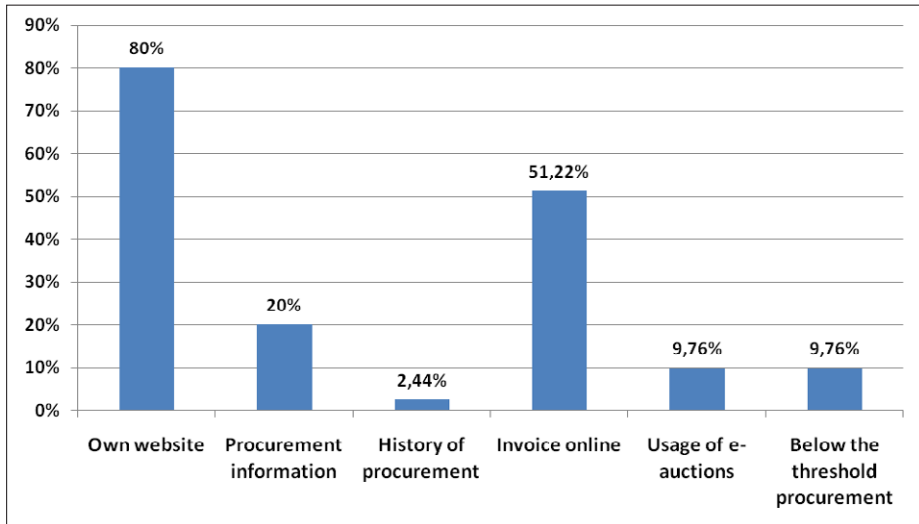
If the public procurement is below the EU threshold (the expected amount for works is below 5,186,000 euros and for supplies and services below 207,000 euros), public procurement is regulated only by national law and directives. In Slovakia, we have two types of public procurement below the EU thresholds – “low amount” and “below the threshold” procurement. “Below the threshold” procurement needs to follow similar rules as the above-EU threshold procurement, except for the promotion in TED, and time limits slightly shorter. In any case, this procurement needs to be included on the national procurement authority website.

“Low amount” procurement (the expected amount for works is below 30,000 euros and for supplies and services below 20,000 euros) does not need to be promoted by the website of the national procurement authority, but it is recommended to include these types of procurement in the municipalities’ websites at least 3 days prior to the deadline for submitting a bid. Generally, contracting authorities need to make sure that their procurement is transparent, efficient, effective and open to every competitor in the same way.

We analysed public procurement in the central Slovakia region, in 41 small and medium municipalities. Based on our statistics, we can assume that public procurement below the EU limits is not properly communicated and we are missing centralised information about public procurement.

**Scheme 1**

Public procurement in 41 villages in the central Slovakian region in 2012



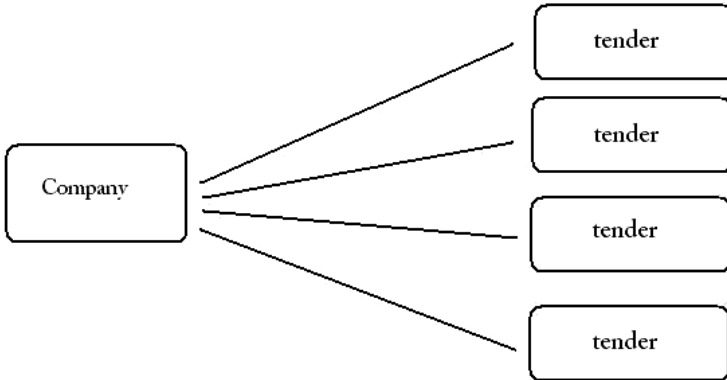
Source: own research, 2013

Only 2.44 % of all villages provide a history of procurement in their municipality. Also, 20 % of municipalities still do not have a website and another 60 % of them, even if they do have their own website, do not provide any information about public procurement.

Public procurement size in these municipalities is usually very low. Any additional cost to promote procurement can have a zero pay-off. Also, competitiveness was low, if not non-existent (usually one bidder). How do we solve these issues if the municipalities cannot afford to hire someone to award procurement or to pay advertisements? On the other hand, companies have minimum information about procurement; it is difficult to find it and also, they usually cannot afford to hire someone to look for business opportunities in public procurement.

We were looking for a low-cost solution, with minimum additional expenses for both the municipality and the bidder. Our main goal is to increase competitiveness in “low value” procurement. Right now, if companies are looking for a business opportunity in “low value” procurement, they need to open the website of each municipality, as Scheme 2 shows, and find the procurement information by themselves.

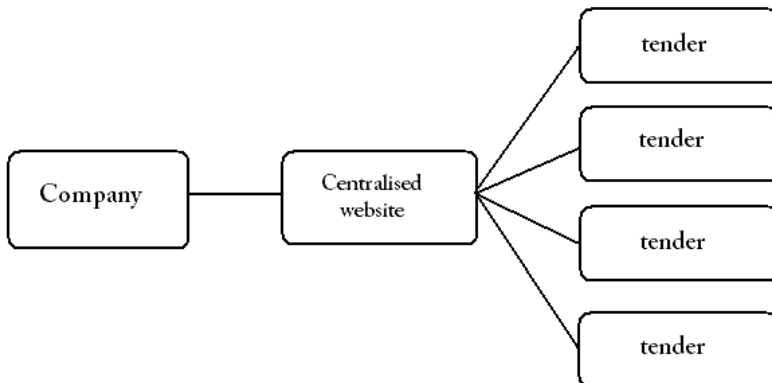
**Scheme 2**  
Current situation of searching information about a tender



Source: own research, 2013

Our proposal is to create a centralised website with procurement opportunities. Every registered supplier will need to provide the necessary information about the background of the company, which will qualify that company to place a bid in the awarded procurement. Everything will go through an automated website system and each municipality will be responsible for providing the correct data. Scheme 3 shows an example of a centralised procurement website.

**Scheme 3**  
Centralised procurement website scheme



Source: own research, 2013

Websites will be connected by XML feed, which is a data format used for providing users with a frequently updated content. It is an automated system with min-

imum requirements for service. A municipality will be asked to set up an XML feed on their own website and they do not need to even visit the centralised procurement system – all information will be instantly downloaded from their internet page.

Companies will need to visit only centralised procurement websites to find out about new business opportunities in public procurement and in this way, municipalities will reach more possible contractors, which will, in turn, increase the number of competitors. The final result will be a higher efficiency in public procurement and a better business environment for companies and boosting SMEs, which is one of the EU priorities over the next decade.

The main reason for building an XML feed in the internet page of municipalities is to increase competitiveness and transparency. Public procurement in V4 countries has a lower procurement competitiveness level than countries in Western Europe such as Spain, the United Kingdom, Germany or France. The level of competitiveness in public procurement is described in Table 1.

**Table 1**  
Average number of bids in public procurement in 2008

<b>Country</b>	<b>Average number of bids per procurement</b>
Spain	8.8
Germany	7.6
UK	6.4
France	5
Czech Republic	3.7
Hungary	3.5
Poland	3.1
Slovakia	2.1

Source: Strand et al. 2011

As we can see from Table 1, Slovakia has an average number of bids in the above-EU limit procurement of only 2.1. Spain has more than 4 times more bids on average in the same type of procurement.

This example shows that even in the huge public procurement, Slovakia has the means to attract competitors. The situation in small size procurement is worse because of the lack of rules and deplorable transparency, as our research in this paper confirms.

### 3. Problems and benefits

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Many projects introducing the XML feed for municipalities may have several issues, which can diminish the positives and increase the risks. In this part of our case study, we will briefly mention the threats of an XML feed project.

There will not be any payoff during the next couple of years after this project begins. In the long run, the positive effect of this project can be significant and pay off is possible. Skilled risk management is crucial for the success of our proposed project, because of:

- Insufficient municipalities interested in a centralised website system;
- Companies will not be interested in a centralised procurement website;
- High costs and too long a payoff period;
- Missing support of the Slovakia procurement authority (UVO) or law issues.

The first two risks – low interest of municipalities and companies in the project – are manageable only if both sides will receive some benefits from a centralised procurement website. It is questionable whether the higher competitiveness will be welcomed by municipalities. Many authors claim that passive waste (Bandiera et al. 2008; Pavel 2013), unwillingness or resistance to any change, can be serious issues for our proposals and improvements. Also, active waste, well-known as corruption (Ackerman 1999), can be a factor, especially in V4 countries, where public officials are paid less than in Western Europe.

The costs and benefits of implementing XML feed to the websites of each municipality are questionable. IT specialists are able to prepare new websites, which will fill the needs of each municipality for approximately 500 euros (based on results from the questionnaire), also including XML feed. If we are counting 3000 municipalities in Slovakia, the total costs (centralised website not included) are 1.5 million. We are unable to calculate the possible payoff, because of the non-existence of statistics regarding the small size of public procurement in Slovakia. Using XML feed should increase the efficiency of public spending, but we are not able to come up with an estimated amount because of the missing data.

### Summary and discussion

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Benefits for the companies are definitely there – more business opportunities and easier access to public procurement. Chances to manage the last, law connected issues are possible, if the Slovakian procurement authority supervises and finances this project.

Also, there are many opportunities on how to improve centralised procurement website and make it more “user friendly”. The example should be taken from the discount websites such as [Groupon.com](http://Groupon.com), [Livingsocial.com](http://Livingsocial.com), [Zlavomat.sk](http://Zlavomat.sk) and



others. Better connections between suppliers and buyers, detailed information about procurement (GPS position on Google map, pictures, etc.), automated feedback, automated benchmarking, direct email and the online procurement “eBay” system are some examples. This website can also be used for sale or leasing opportunities of municipal property.

Similar websites for “below the threshold” procurement should be introduced in 2014/2015 in Slovakia (called the e-marketplace), but there should not be any automatic connection (such as XML feed, in our proposal) and our concerns are about the “user friendly” environment of this website. The estimated price for e-marketplace in Slovakia is 22 million euros, which is way higher compared to our proposal. For example, the Czech Republic, with a larger public procurement market than Slovakia, paid 1.21 million euros in 2013 for five, privately managed, e-marketplaces.

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# Estimating a Living Wage Globally

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## **Abstract**

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During the last decade, the concept of a living wage has received renewed international attention. This paper contributes to the living wage discussion and introduces a method to calculate a living wage globally. The proposed approach is innovative in the way that it uses prices collected through web-surveys in order to provide timely, reasonably accurate and globally comparable estimates. The living wage is estimated for 100 countries and rates are contrasted with the indicators of the relative poverty line and national statutory minimum wage. The living wage is normatively based and therefore offers an additional metric of economic adequacy that reflects the needs of workers and their cost of living. Findings demonstrate that many workers in countries of Eastern Europe and in the most middle-income countries do not receive a living wage.

**Key words:** living wage, international comparison, minimum income

JEL Classification: I32, J30, J80

## **1. Introduction**

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The income level necessary to secure a decent standard of living is an important economic yardstick of income adequacy. A living wage is defined as a wage paid for a standard working week that meets the basic needs of workers and their families and provides some discretionary income. The need for a living wage has also been recognised by the international community. In 1919, the International Labour Organisation (ILO) defined a living wage as a basic human right under their conventions and recommendations to the Universal Declaration of Human Rights Article 23 (ILO 2008). In 1948, the United Nations Universal Declaration of Human Rights officially recognised the need for workers to receive a living wage. There was never

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a consensus on how to define a living wage, but in recent decades, governments, municipalities, international and local trade unions, and labour research institutes developed their own definitions and measurement methods of a living wage.

This paper contributes to the living wage discussion and suggests a method to calculate a living wage globally. The proposed approach is innovative in the way that it uses prices collected through web-surveys. Online survey tools can be a very cost-effective way for gathering data quickly and easily. The data collection through one central system is very efficient when a current global overview is needed. The remainder of this article is divided into three sections. Section 2 describes the data sources and the calculation method. Section 3 presents the living wage estimates and Section 4 concludes.

## **2. The concept of an internationally comparable living wage**

This paper introduces the concept of a globally comparable living wage that demonstrated how costly it is to lead a decent life in different parts of the world. It is the first attempt to provide globally comparable estimates of a living wage for a large number of countries.

### **Data sources**

Every attempt to calculate a living wage internationally requires considerable information from various national data sources or international databases on consumption patterns, food prices, and labour statistics. Even if data of the required quality can be obtained for a large set of countries, it is very likely to be outdated with limited use and without further adjustments. This paper uses the data base of prices collected through web-surveys in order to provide timely, reasonably accurate and globally comparable living wage estimates. The data base is collected by the website [Numbeo.com](http://Numbeo.com) which uses the knowledge of web visitors to obtain the prices of different items. Web visitors are invited to provide information on prices of about 50 items in a particular city. Users are aware that by updating information about their city they contribute to the project and help the others looking for information. The database collected by [Numbeo.com](http://Numbeo.com) is the world largest database of user-contributed information about cities and countries. The calculation of a living wage presented in this paper is based on prices posted at [Numbeo.com](http://Numbeo.com) from January 2012 until November 2013. All prices are converted to EUR with the exchange rate taken on the day of entry. For the estimate of a living wage the prices are taken at the mid-point of responses submitted for a given country. The final selection includes 100 countries for which the prices are provided from at least 50 web visitors.

## Components of a living wage

Whilst the definition of living standards can vary between countries and individual preferences, the emphasis is on ensuring comparability across the globe. The universal principle is applied to provide the estimation of a living wage in all countries. The living wage is defined as the amount of money for a single person, sufficient to cover food expenses, cost of accommodation, transportation and some discretionary income on a monthly basis.

Food expenses are based on a personal consumption of 2,830 food calories (kcal) per day recommended by the Food and Agricultural Organisation (FA-OSTAT 2009). A balanced food basket is constructed following the food guide developed by Katamay et al. (2007) for the Government of Canada.<sup>2</sup> Canada's food guide describes the types and amounts of foods that should be eaten in order to meet nutrient standards and to reduce the risk of nutrition-related chronic diseases. The guide divides all food into four groups: i) Grain products; ii) Meat and alternatives; iii) Milk and alternatives; and iv) Vegetables and fruit, and prescribes the number of servings that should be eaten from each food group. The guide allows us to construct a diet model composed of food items for which [Numbeo.com](http://www.numbeo.com) database collects prices. Table 1 in Column 1 lists 11 food items for which we observe prices. Columns 2 and 3 show the four food groups and the standard size of one serving. Column 4 provides the amount of food calorie equivalent for one serving and the information is taken from McCance and Widdowson (2002). Canada's food guide suggests a daily consumption for an adult person of 8, 3, 2 and 8 servings from the grain, meat, milk and vegetable food group respectively. Column 5 presents the diet model that delivers a daily consumption of 2,830 kcal and complies with the total number of servings per day recommended by Canada's food guide. The food calorie of the diet model is expressed in Column 6. Obviously the construction of the diet model is limited by the number of food items included in the [Numbeo.com](http://www.numbeo.com) database and based on the assumption that observed food items are representative of its food group (in terms of price per food calorie). The calculation of monthly food expenses is then calculated as the cost of the food items specified in the diet model and multiplied by 30 days. The cost of food baskets varies with the diet model but the differences are small (e.g. when the diet model with less meat is evaluated, the maximum difference in monthly food cost is about 10 EUR).

The cost of housing is the major component of a living wage and so the housing price has a substantial influence on the final estimates. The [Numbeo.com](http://www.numbeo.com) data base includes the rental rate of a 1-room apartment outside an urban centre that is used as an estimate of housing cost. The living wage accounts for the cost of transportation, while most people commute to work or travel for their daily activities (e.g. shopping). In most places the transport service is available for use by the general public so the price of a monthly public transportation pass is taken as the cost

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2 <http://www.hc-sc.gc.ca/>

of transportation. The average cost of a monthly pass varies between countries in the sample from 5 to 100 EUR but the price is higher when a city level is observed (e.g. the price of a monthly pass in London reaches 150 EUR).

**Table 1**  
The construction of a diet model

<b>Food item in Numbeo (1)</b>	<b>Food group (2)</b>	<b>One serving in kg (3)</b>	<b>Food calorie per serving (4)</b>	<b>Diet model in servings (5)</b>	<b>Diet model in kcal (6)</b>
Bread	Grain	0.035	76.7	5.7	437
Rice	Grain	0.125	448.8	2.3	1032
Eggs (1pc=53g)	Meat	0.106	160.1	1.5	240
Chicken breast	Meat	0.125	221.3	1.5	332
Milk	Milk	0.250	165.0	1	165
Cheese	Milk	0.050	205.5	1	206
Apples	Vegetable	0.125	58.8	2	118
Oranges	Vegetable	0.125	46.3	2	93
Tomato	Vegetable	0.125	21.3	2	43
Potato	Vegetable	0.125	98.8	1	99
Lettuce	Vegetable	0.250	65.0	1	65
<b>Total</b>					<b>2828</b>

Source: Author’s calculations

To summarise, the living wage is the sum of food expenses, housing rent, and public transportation pass. Following the practice observed in other studies (e.g. Anker 2006; London Living Wage campaign) the final estimate of the living wage is increased by a 20 per cent margin to account for spending on non-specified discretionary purchases (e.g. clothing, health care, etc.). In other words, the assumption is made that expenses on food and housing account for 80 per cent of the total monthly budget.

### 3. Living wage estimates

Living wage estimates are provided for 100 countries for which the information is sufficient in the [Numbeo.com](https://www.numbeo.com) database. The sample includes approximately two-thirds of all high-income; half of upper middle-income, and one-fifth of lower middle-income countries. Zimbabwe is the only representative of a low-income country in the sample. In the future, the set of countries can be easily expanded when more data is available.

### 3.1 Living wage estimates in the “Eurostat” countries

Table 2 presents the living wage estimates for 30 European countries which are also included in the Eurostat database. We construct two estimates of a living wage; the first is the living wage for the country and the second is the living wage for the country’s capital city (the only exceptions are Italy and Switzerland for which figures refer to Milan and Zurich respectively). Not surprisingly, in many countries, the cost of living is higher in the capital city. The largest difference is observed in the UK, where the estimated living wage in London is 50 per cent higher compared to the country average. Interestingly, the living wage estimate for London of 1,740 EUR is consistent with the hourly rate of £8.80 promoted by the London living wage campaign in 2013.

The poverty threshold, defined at 60 per cent of the national median, equalised disposable income in 2012 (in Column 3) and the official national statutory minimum wage (in Column 4) are included to provide a comparable metric of living standard. As one would expect, the poverty threshold is generally stated below the minimum wage, also because the minimum wage refers to a gross amount. The important observation is that living estimates are, in many countries, found close to the minimum wage level. It means that the living wage is capable of providing a practical basis for helping to set the level of a statutory minimum wage for a country, but also that statutory minimum wage is satisfactory and secures a decent standard of living. However, in a few countries of Eastern Europe (particularly in Bulgaria, Czech Republic, Latvia, Romania, and Slovakia) the living wage estimates are 50–120 per cent above the official minimum wage (and much more above poverty threshold). The living wage is normatively based and reflects the needs of workers and their cost of living, and therefore offers an additional metric of economic adequacy. By this metric, workers employed in the low paid occupations in Eastern Europe are likely to be earning below the level that allows an acceptable standard of living.

**Table 2**  
Estimates of a living wage for European countries

Country	Living wage country	Living wage capital city	Income poverty threshold	Statutory minimum wage
Austria	860	860	1065	0
Belgium	970	1010	1000	1501
Bulgaria	360	360	143	158
Croatia	450	500	270	400
Cyprus	730	740	846	0
Czech Republic	510	550	389	308
Denmark	960	1070	1329	0
Estonia	460	530	299	320
Finland	980	1230	1134	0
France	960	1310	1030	1430
Germany	740	760	979	0
Greece	510	510	475	683
Hungary	350	360	237	332
Iceland	1180	1180	968	0
Ireland	1060	1240	986	1461
Italy	800	1090	800	0
Latvia	420	430	221	284
Lithuania	360	420	216	289
Malta	510	510	569	697
Netherlands	1070	1240	1028	1477
Norway	1680	1730	2001	0
Poland	480	580	253	368
Portugal	600	670	416	565
Romania	340	400	105	179
Slovakia	580	660	346	337
Slovenia	630	630	606	783
Spain	690	930	598	752
Sweden	970	1060	1231	0
Switzerland	1610	1700	1696	0
United Kingdom	1140	1740	856	1189

Source: Author's calculations.

Note: Figures are stated in EUR on a monthly basis. The living wage estimates for country capitals refer to Milan and Zurich in Italy and Switzerland respectively. The income poverty threshold is set at 60 % of the national median equalised disposable income as of 2012, published by Eurostat.<sup>3</sup> The statutory minimum wage for 2013 is published by Eurostat.<sup>4</sup>

3 [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc\\_li01&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_li01&lang=en)

4 [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn\\_mw\\_cur&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn_mw_cur&lang=en)



**Table 3**  
Estimates of a living wage for other countries

Country	Living wage country	Poverty line	Statutory min. wage	Country	Living wage country	Poverty line	Statutory min. wage
Australia	1530	920	2095	Canada	1060	800	1430
Cambodia	310	199	0	United States	880	640	960
China	460	240	155	Argentina	510	280	593
Fiji	270	340	0	Brazil	480	240	283
Hong Kong	1020	640	505	Chile	500	440	325
Indonesia	410	240	68	Colombia	390	200	247
Japan	1090	1120	1087	Dominican R.	390	260	58
Malaysia	450	400	195	Ecuador	550	280	239
Mongolia	460	300	106	Guatemala	510	240	188
New Caledonia	1080	1080	0	Honduras	280	180	154
New Zealand	910	800	1460	Mexico	310	440	91
Philippines	260	240	95	Peru	250	180	214
Singapore	1710	720	0	Puerto Rico	540	720	0
South Korea	820	960	563	Uruguay	700	600	293
Taiwan	480	600	484	Venezuela	660	720	431
Thailand	400	200	189	Ethiopia	260	199	0
Vietnam	320	149	38	Kenya	520	199	43
Bangladesh	160	132	13	Namibia	590	260	0
India	170	99	43	South Africa	530	220	0
Nepal	120	116	70	Tanzania	510	199	19
Pakistan	150	99	80	Uganda	500	149	0
Sri Lanka	270	200	38	Zimbabwe	510	232	0
Egypt	210	140	0	Armenia	220	160	84
Emirates	960	480	0	Belarus	410	440	130
Iran	410	220	301	Bosnia&Herz.	270	200	158
Iraq	440	200	0	Georgia	280	200	41
Israel	680	560	841	Kazakhstan	520	480	94
Libya	430	400	269	Kyrgyzstan	250	132	13
Morocco	300	160	143	Macedonia	270	160	172
Oman	730	440	644	Moldova	250	160	56
Qatar	1070	520	0	Montenegro	370	440	186
Saudi Arabia	390	400	603	Russia	520	440	127
Syria	290	140	132	Serbia	290	180	170
Tunisia	180	120	100	Turkey	420	360	405
Yemen	250	182	0	Ukraine	360	180	112

Source: Author's calculations

Note: Figures are stated in EUR on a monthly basis. Statutory minimum wage is taken from Wikipedia websites. In countries with several minimum wages the lowest figure is chosen. The poverty level is estimated from the cost of food applying Engel's law (Anker 2005).

### 3.2 Living wage estimates for the rest of world

Living wage estimates for the remaining countries are shown in Table 3. Countries are grouped by geographical regions and then listed alphabetically. The living wage

estimates are compared with poverty lines and the official statutory minimum wage in the country. Since national poverty lines are not available for many countries, the Anker (2005) method is applied to estimate them consistently. In this way, the estimate of the poverty line is based solely on food prices, while the living wage estimate accounts for food, housing and transportation costs. In countries with relatively low housing rents the living wage estimate is observed below the poverty line (e.g. Belarus, Mexico, Montenegro) while the opposite situation arises when housing rents are high relative to food prices (e.g. Australia, Qatar, Singapore). The important conclusion is that in most middle-income countries, the level of statutory minimum wage is set below the living wage and below the poverty line in the majority of countries.

#### **4. Conclusion**

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Many workers in the world experience a large gap between the required level of monthly income and the existing regular wage received for their work. While a living wage might mean different things in different parts of the world, all living wage campaigns aim to ensure wages are sufficient to meet the basic needs of workers and their families. Despite its importance, internationally comparable estimates of living wage do not exist. This paper suggests a method to calculate a living wage globally, using prices collected through web-surveys. The living wage estimates are normatively based and provide a practical basis for helping to set the level of a statutory minimum wage in the countries.

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## Youth Participation in Slovakia

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Michal Imrovič<sup>1</sup>

### Introduction

It is very important to know what participation, and especially youth participation, means. In this context, youth participation in public affairs and society does not only refer to the right to vote, but also the right to be elected and have a say in local activities. It is based on the right of young people to be heard and to have their say in the matters that concern them.

Youth participation, *de facto*, means enabling them to implement their initiatives as individuals or groups; to enable them to engage in social activities; to speak freely and to contribute to making decisions and having a degree of influence. These decisions can have a social, political or civic dimension. The activity can manifest itself in many forms – whether it is activity within clusters (initiatives, organisations, networks) in the public decision-making process, and in the areas of support, protection and care of children and youth, or in the wider framework of the development of society, villages, towns and regions.

The aim of the paper is to focus on youth participation in Slovakia, especially youth as an actor in public policy. The case study also focuses on some forms of youth participation. The paper puts forward some suggestions on how to improve the youth approach to making decisions in both local and regional authorities. We must attempt find answers to the questions: *Why is participation important for the development of society? How do we increase youth participation?*

Today, we know that the issue of youth is very important, because young people will have influence on our future. Research, which was carried out in Slovakia and in the European area, shows that young people have no interest in participating in local and regional life.

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## **Theoretical and research aspects**

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Active youth participation in decisions and actions at the local and regional level/life is essential if we are to build a more democratic, inclusive and prosperous society. Participation in the democratic life of any community not only benefits both active and passive rights. Participation and active citizenship means having the right resources, space, and opportunities.

Participation reflects the way we live in a democracy and is instrumental in forming public policy. In this context, participation can be classified as both civic and political.

If we define citizenship and civic participation, we can say that citizenship has a wider scope because it contains all civil rights, whilst citizens’ political participation refers to political rights. Political participation is generally understood to be civic activities aimed at influencing government and public policy.

In general, the current involvement of young people in society can be seen at two levels – political participation and civic participation. The section devoted to political participation focuses on young people’s interest in politics and their efforts to apply for positions at European, national, regional or local level. The section entitled Civil Participation describes structured dialogue as a tool for involving young people in the decision-making process.

Political (civic) participation currently ranks amongst the fundamental pillars of democracy. “Participation therefore refers particularly to ‘citizen power’, i.e. an essential element of sustainable democracy through the individual’s right to participate in the public decision-making process.” (Machacek 2008.)

We consider that the most important aspect is that which enables citizens to participate directly in the creation and adoption of important policy decisions. Moreover, citizens’ participation means greater legitimacy of the decisions taken.

Levels of participation:

- Access to information (passive information)
- Adequate publishing of information (active information)
- Serious assessment comments
- Sharing the decision-making power
- Checking the decisions. (Sobihardova 2005)

Civic participation contributes to making political decisions and is an important component of planning, including policy making.

Influencing young people’s participation leads to more efficient decision-making processes. It allows them to see the decision, understand it, actively contribute to it and control it. Thus, involvement in decision-making leads to:

- better decisions in terms of content, because in making decisions they bring their own vision and expertise, which can often be a different perspective to that of adults,
- to influence change and the decision-making processes that impact young people which are becoming more open, more efficient and more democratic, together with the fact that when young people participate in the decision-making process it helps them to grow and develop, both in a personal and civil manner.

Due to the fact that active participation, both by young people from both government authorities needs to comply with certain conditions, these are formulated as a result of its dysfunction. This creates a model of participation that the authors have formulated (Jans and De Backer) in work entitled *Youth (work) and Social Participation*.

The first of the conditions for elements of a practical theory is the challenge. This challenge is being interested in participating and becoming involved in the environment for young people. Another condition of the competencies is that young people need to feel that they are able to change the things that need to be changed. This means that young people have the qualities, skills and competences to have a chance to achieve a positive outcome. The challenges that young people face, if their skills do not match, naturally end in failure. Moreover, a lack of competence can lead to a feeling of helplessness and frustration. A lack of challenges leads to routine behaviour and a feeling of uselessness. It is important that young people find an area where they can acquire these competencies. Last, but not least, for young people it is of fundamental importance that they feel the need to be connected and supported by other people, entities, organisations, institutions etc. It is logical that this support comes from adults. (*Manual Revised European Charter on the Participation of Young People in Local and Regional Life* 2008)

Tools for youth policy participation include the right to information, the right to petition and the right to assemble peacefully.

The *Charter on the Participation of Young People in Local and Regional Life* contains several forms of mechanisms and structures of youth participation; the actual selection of the most effective is still villages and towns. However, the most common forms are:

- Youth delegate, who takes on the role of defending the interests of young people, to help youth departments to oversee the consistency of village youth policy objectives and to coordinate decisions concerning young people (for example, choosing a suitable candidate, based on the recommendations of local youth associations and organisations),
- General Youth Council, which consists exclusively of young people, the mayor and the person in charge of youth issues. The General Youth Council is elected by their peers with their president leading negotiations with the mayor. The

tasks of the Youth Council of the village are broader, such as finding out the needs, desires and problems of young people in the village (housing, leisure, cultural facilities, etc.), proposing solutions and projects to address the problems, preparing budgets, participating in the implementation of projects and continuously recording the results,

- Youth Forum (can operate at the municipal council of youth), where young people publicly discuss problems and their visions.
- Consultative Forum, where there are regular and stable negotiations between representatives of the community and youth (leaders of youth associations, clubs, CVC, ICM, social centres), at which they draft and discuss specific policies.
- Young parliament, consisting of delegates of young people from local schools acting as an advisory body to the mayors. (Mihalikova et al. 2005) (European Charter on the Participation of Young People in Local and Regional Life 2003).

Participation of the young occurs thanks to more efficient decision-making processes. It allows them to see decisions, understand them, actively contribute to them and control them. Thus, involvement in decision-making leads to:

- Better decisions in terms of content, since the decision to bring their own vision and expertise brings a different perspective from that of adults.
- Influencing change and the decision-making processes that impact young people are becoming more open, more efficient and more democratic,
- Enabling young people to participate in decision-making helps us grow and develop, both in a personal and civil manner. (Kolíková et al. 2005)

## **The main results of the researches**

The results of the research which were realised in Slovakia and Europe clearly show a lack of interest in politics and young people are no exception (Research Professor Machacek, Political knowledge and participation of youth in the regions of Slovakia). According to the results, only 3–4% showed any profound interest in politics. Those under 18 years of age are significantly less interested and those over 18 showed a qualitative leap in their interest in politics. The unemployed are less interested in politics. According to research, the least amount of interest in participating in elections was shown by those aged 18 to 24.

According to the research, the reasons are:

- a portion of youth holds no interest for politicians – they have no right to vote;
- the situation changes after having obtained the right to vote and becoming first-time voters;
- fear of replacing the older generation with young people – dialogue,



- politicians are afraid that their young people will replace them in their functions.

If we do not increase the amount of youth participation we must respect the reasons and support this. In this context, one of the most used methods, so far, to involve young people in consultation and decision-making is structured dialogue.

## **New model for representatives of youth**

We must outline a model which can reasonably affect village matters for the young, because as citizens and residents we have the right to do so. The position of the Representative of the Youth Parliament should be introduced through the relevant legislation. He/she may become a member of the Commission on Youth, and collect the different opinions, comments and observations of young people etc. Besides these tasks, he/she should have the right to vote during council meetings in order to influence the decision-making processes in the community. Concerning his legitimacy, he/she should be elected by the young members of the community, and consequently, he/she should be controlled by his/her electorate. Any person who has some experience with youth work should have the right to be elected and, for this reason, young people might feel as if they are full citizens or city inhabitants. Thanks to such activities, the voice of youth could be heard by the regular councilors. Last, but not least, young people who can see the impacts of their activities would probably also be more interested in public affairs.

## **Innovative forms of youth participation**

Some remarks on innovative forms of youth participation have been compiled from the results of the research and analysis experience so far identified. We believe that this could be part of a youth policy:

- To facilitate legislation and define the concept of a Youth Parliament.
- Institute of delegated youth representatives.
- Ensure that the municipalities have an educationally trained worker engaged solely in youth.
- Need to involve a young person as a player in the decision-making authorities on matters concerning young people, to form a partnership and mutually respectful relationships between adults and youth.
- Active involvement of young people and entities working with youth and their inclusion in policy making and action plans regarding youth.
- Information via the Internet as well as government websites and through the local media.
- Transparency of information on government websites.
- Ensure secure sharing of the views of young people on social networks.
- Learning about e-democracy.

- Implementation of social networks.
- Informing young people about how to access their language.
- Informing young people about the importance of voting in connection with life in a village/town to initiate dialogue between young people, youth representatives, operators working with youths on the one hand and government on the other on issues relating to youth in local government.

## **Conclusion**

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In fact, youth participation is very important because as the researcher, Euyoupart said, “*participation offers youth who lack practical consequences and thus, remain mainly in the realm of theory, produce attitudes like ‘It is pointless trying to change things’.* These token offers need to be avoided because they are likely to reduce young people’s willingness to engage in political participation in the future”. (Euyoupart 2005)

Next, it is imperative to improve access to youth participation and try to increase political and civic participation. We agree with the main message to young people, which was declared by Euyoupart and is:

- Your involvement makes a difference – at least it is important to try to change the things that bother you.
- To strengthen young people’s political involvement, they need positive participation experiences: They need the experience that their efforts do, in fact, make a difference.

We think that the solution would be to increase political and civic participation, with emphasis on increasing youth participation in all topics relating to society.

In conclusion, it is necessary to say that “*young people see themselves as fully-fledged citizens with all the attendant rights and obligations. Investing in youth is an investment in the richness of our societies, today and tomorrow*” (European Commission 2002, 6)

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# Are Multi-Sector Partnerships an Innovative Instrument of Local Development? The Case of Local Action Groups in Poland<sup>1</sup>

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## Introduction

In the European Union Member States, the last decades have been marked by efforts to encourage innovative instruments of development, including at the local level. Simultaneously, institutional reforms have been pursued, including transition from government to governance and in local policymaking and policy implementation. The main idea of the intended change is to restructure the dominant mode in which societies have been governed and administered. Inter alia, the restructuring involves a more or less radical withdrawal of the state and its agencies from the centre stage as far as directing, steering and organising socio-economic development are concerned. Instead, various hybrid governance arrangements are proposed, which involve actors representing both the public and private sectors.

The New Public Governance approach (NPG), as it is commonly known in literature (Osborne 2010), seems to be well suited to regional and local contexts. This is because relations between the public actors (represented by local administration) and private (business and civic) actors are often based on their everyday interactions at the sub-national level. Therefore, there is an abundance of evidence documenting formal and informal co-operative behaviour of public and private actors in

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1 The present paper is based on the research project “Intersectoral Partnership In The Process of Creation and Implementation of Local Development Strategies in the Podkarpackie Region” which was carried out in 2010–2013 by the Unit for Public Administration and Public Policy at of the Department of Political Science, Rzeszow University (Rzeszow, Poland). The project was financed by the Polish Ministry of Science and Higher Education (no. N N114 250039); The presented case study draws on our earlier work: a published paper (Gąsior-Niemiec et al. 2012) as well as an unpublished paper entitled “Enhancing Local Governance through Three-Sector Partnerships? The Case of the Podkarpackie Region (Poland).”

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local contexts, taking the form of committees, forums and cross-sector associations. In addition, it might be assumed that in the framework created by local territorial self-government – typical of post-communist Poland – both institutional and social conditions appear; which should be conducive to such collaborative governance arrangements.

Networks and partnerships, which are key organisational elements of the New Public Governance approach, have begun to be created in Poland, largely as a result of the Europeanisation process (compare Radaelli 2000). The functioning of these new governance structures has been analysed in several public policy domains. The analyses performed so far at the national and regional level identified, however, some serious weaknesses on the part of both the public and private actors involved (see e.g. Börzel 2009, Gasiór-Niemiec 2009, also Kolarska-Bobińska 2009). Recently, research was re-focused towards the application of the new modes of governance at the local level. The case of Local Action Groups (LAG), which is discussed below, draws on one of the research projects, which was interested in pro-developmental networks and partnerships at the local level.

Established in rural areas, the Local Action Groups could be seen as a model embodiment of the type of organisational form which began to be encouraged in Poland due to the governance turn. They constitute formal partnerships which have been designed as an instrument to facilitate the processes of the creation and implementation of local public policies. Compared to the more widespread local partnerships for employment (whose aim is to improve the effectiveness of local labour markets by means of their more efficient governance), the Local Action Groups are partnerships whose aim is more general: they are made responsible for bottom-up triggering and sustaining of local socio-economic growth processes in rural areas. On the one hand, their goals seem thus to intersect, to a considerable degree, with the goals so far associated with local government, whose activities are usually, however, planned and executed in a top-down manner. On the other hand, the Local Action Groups' focus on improving local employability and entrepreneurship make them, to a degree, similar to partnerships established in order to foster the development of a social economy, such as those exemplified by centres for local activity. Nevertheless, the Local Action Groups are the most formalised, structured, participative and long-term goal-oriented of all types of local partnerships currently registered in Poland.<sup>4</sup>

The LAGs began to be established in the Polish rural areas following the country's accession to the European Union (EU) in 2004. Their organisation was based on a model of multi-sector partnership which had been devised in the framework

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4 Furthermore, the partnerships established during the 1990s were not initiated in the framework of the rural policy but other types of EU programmes, such as PHARE – The Socio-Economic Development – Local Initiative Programme, Umbrella Project, the Democratic Network “Dem-Net” (Programme USAID), PHARE 2000 and its following editions, as well as the EQUAL Initiative (see Juros 2007).

of the so-called LEADER approach. The notion of multi-sector partnership was understood in terms of voluntary, but highly institutionalised cooperation, involving actors who represented three sectors – public, private-economic and private-civic (not-for profit). The major declared aim of this kind of three-sector partnerships was for all of the representatives to identify and define common developmental problems that could be best tackled by jointly elaborated solutions. Within the framework of the partnerships, the participating actors were granted an equal footing irrespective of the represented sector – as stipulated by national and European regulations. This particular principle was expected to result in the empowerment of economic and social partners in the process of collaboration, with so far dominant representatives of the public sector.

### **The reception of the Local Action Groups and the LEADER approach in Poland**

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Apart from its linkages with theory of the New Public Governance, the idea of three-sector partnership is clearly related to new concepts of local development that have been gaining prominence across the European Union since the early 1990s. These new concepts emphasise the significance of endogenous inputs, decentralisation and subsidiarity at the local level – as opposed to previously practised top-down public interventionism. One of the main policy fields in which this approach has found its early application in the EU Member States is the field of rural areas' development, where it has been institutionalised in the form of the LEADER initiative. The multi-sector Local Action Groups have become one of the key organisational features of the LEADER approach (The LEADER Approach, A basic guide 2006). In Poland, the LEADER approach was first tested during the period 2004–2006. Positively evaluated, it was then launched in the programming period 2007–2013.

The 2004–2006 first steps in implementing the LEADER approach resulted in the creation of several three-sector partnerships across the rural areas in Poland, whose major task was to prepare their Local Development Strategies. Following the experiences of the 2004–2006 pilot action, the LEADER approach was granted a status of a fully-fledged policy programme to be carried out as part of the Rural Areas' Development Programme 2007–2013 (i.e. as the Programme's IV Axis). Several hundred new Local Action Groups then came into existence, covering virtually all of the Polish rural areas. Each of the LAGs was to encompass at least two of the smallest administrative units, i.e. *gmina*'s, grouping organisations and individuals from the public, economic and social sectors. With a view to implementing their jointly elaborated Local Development Strategies (LDSs), the LAGs were authorised to organise grant competitions for the local people and institutions to stimulate their pro-developmental activities. Guided by the criterion of the activities' congruence with the LDSs, the Local Action Groups published a call for applications

and reviewed, selected and recommended locally prepared applications containing developmental projects for EU financial support.

In this paper, the LAGs analysed are those which were established in the Sub-Carpathian region (Podkarpackie voivodship) and which occupy rural areas in the South-Eastern part of Poland, bordering Slovakia and Ukraine. Altogether, there are thirty-one Local Action Groups in the region, all of which constitute the aforementioned three-sector partnerships. Their analysis is concentrated on investigating mechanisms which were involved in those LAGs' establishing and functioning – with focus on the principle of multi-sector partnership. This principle introduces an innovative collaborative formula in the Polish rural areas. The research project, which was carried out in 2010–2013, enabled the collection of data concerning the legal forms taken by the LAGs, their membership structures, decision-making processes, promotion and information activities, as well as their strategies to carry out their role in the local/rural development of the region, including the empowerment of civil society and mobilisation of local communities around common developmental goals.

## **Innovative aspects of Local Action Groups in Poland**

Apart from their innovative position in the role of a key organisation involved in stimulating endogenous development, the Local Action Groups in Poland were also expected to contribute to changes in the patterns of cooperation between public administration, entrepreneurs and non-governmental organisations in local settings.

In legal and organisational terms, the very idea of formalised, multi-sector partnerships in rural areas was an innovation in Polish reality. Introducing the so far, unknown, instrument to enhance rural local communities' involvement in and ownership of local public policies, the Polish Legislator was, for example, “forced” to devise a novel legal form for the new type of not-for-profit organisation. As a result, the LAGs are special voluntary associations which may group not only the representatives of different sectors but they also admit membership by both collective (institutional) and individual members. In general, the innovative nature of multi-sector partnerships, such as the LAGs, could be analysed by taking into account several aspects, including:

- a) Their evolving legal basis: from an ordinary association/foundation to the special-type association as described above. This innovation has, for example, triggered a process of re-defining relations between collective/organised actors and individual citizens in the local contexts, empowering the latter and increasing their bargaining power.
- b) Their membership structure: necessitating not only the presence of representatives of three sectors (public, social and private) but also granting their equal shares and partner standing. As already mentioned, this innovation has resulted



in attempts to redefine the role of local government, aiming at enforcing transition from government to governance, which entails, *inter alia*, empowerment of the private – economic and civic – actors vis-à-vis the local government’s representatives.

- c) The mechanisms of their creation: the partnerships must have been formed based on bottom-up initiatives by local community members. This innovation was expected to raise the level of the local community’s responsibility for its development, stimulating the local actors’ actual participation in pro-developmental network formation as well as increasing the level of legitimacy enjoyed by pro-developmental public initiatives;
- d) The inclusion of local community members in the system of strategic planning: the main reason for creating the LAGs was to prepare enforceable Local Development Strategies (LDS) which were “owned” by the local communities involved. The strategies’ ownership – which was to be confirmed by the expected core role played by local community leaders in the process of the strategies’ preparation – was hoped to produce two crucial effects. One of them was related to increased compliance of the local community members with the directions of local development when those were included in the jointly elaborated LDS. The other concerned more accurate identification of local problems and solutions to the problems when those were co-authored by local actors, having also been consulted with the local communities at large.
- e) The multi-sector formula of the LAGs, with mechanisms to effectively strengthen the voice of the non-public actors, including that of not-for-profit, was also innovative in so far as it promised a broader and more differentiated approach to developing rural areas, which was no longer related to limited issues of farmland ownership and agricultural production but also took into account the various social and cultural issues.

In summary, the Local Action Groups as formal, multi-sector partnerships established in accordance with the LEADER programme could have been expected to generate several innovative impulses in the role of an instrument in support of socio-economic development in the Polish rural areas. Most importantly, they were expected to bring about a breakthrough as far as the process of participative strategic planning and the process of redefining the status, role and functions of local government units in public policy creation and implementation. The participative strategic planning was to be based on the genuine involvement of members of local communities (empowered by the principle of the three sector equality), therefore resulting in meeting their needs and solving their problems more adequately. The diminishing of the traditional hegemony of local government was linked to the institutionalisation of collaborative governance, which promised increased compliance, legitimacy and effectiveness of local public policies.

## **The specificity of the Sub-Carpathian rural areas**

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The Sub-Carpathian region (*województwo podkarpackie*) is one of the most rural of the Polish voivodeships. The rural areas in the region are characterised by low production potential – both agricultural and non-agricultural. This is mainly caused by their unfavourable natural conditions, and inefficient ownership structure which is dominated by dwarf farms and large hidden unemployment (see Wilkin 2007). Also, the regional system of institutional support for agriculture and rural areas does not seem particularly effective. During the post-communist transformation period, structural changes in this sector have been very slow (Ślusarz 2009, 39). As a result, the rural areas of the Sub-Carpathian region are recognised as one of the crucial developmental challenges: indicators of unemployment, ageing, and the quality of public services commodity value of local agriculture production is not impressive (Strategia... 2010, 43).

As of 2010, the total number of farms located in the Subcarpathian region amounted to 261.4 thousand which accounted for 11.5% of all farms existing in Poland. However, only just over 60% of the regional farms have been productively active. The average farm size in the region is 2.63 hectares. Only 3.7% of the farms cover an area larger than 5 hectares (Powszechny Spis Rolny 2011, 19–20). In terms of population, in 2010 the number of the region's residents amounted to 2,103.5 thousand. Out of those, 1,233.5 thousand lived in the rural areas, which accounted for 58.64% of the region's total population. The number of inhabitants employed in agriculture amounted to 255.2 thousand as of 2010. They were mostly members of the local farmers' families. These data show that the agricultural sector in the region is based on family farms, while their agricultural production covers basic family needs (Czudec 2009, 71–76). The age structure of the region's population living in the rural areas is also unfavourable. More than 67% of rural residents are aged over 44. Every 6<sup>th</sup> resident is over 65 years old (as compared to the national average, where every 10<sup>th</sup> inhabitant is over 65). Females constitute up to 70% of the population aged over 44 in the rural areas, which adds to the problem.

The rural areas of the Sub-Carpathian region are also characterised by increasing out-migration processes. This phenomenon is likely to be detrimental in the longer term: although the Sub-Carpathian region has a high share of youth in comparison to other regions in the country, the continuing outflow of young people from the region is likely to undermine its demographic structure in the future, generating problems in the labour market and reducing the competitiveness of the region's economy. In the next few years, the increased demographic burden (at present this equals 59 retired people per 100 economically active) might affect the sustainability of both the economy of the region and its social policy (Wyniki Narodowego Spisu... 2012, 12).

Summarising, the rural areas are an important part of the Sub-Carpathian region in terms of area and population. However, they are recognised as one of its crucial strategic challenges because of the several structural problems. The most serious of these problems include: unfavourable natural conditions for agriculture; fragmented land ownership structure; ageing population and increasing out-migration of the local youth; low rate of urbanisation and deterioration of public service delivery; low agricultural output and undeveloped non-agricultural economic activities.

Under these circumstances, partnerships such as the Local Action Groups may provide welcome innovative pro-developmental impulses in the rural areas. They may be expected to play an important role, not only in the diversification and stimulation of local economic growth. They could act in the capacity of an incubator of local self-organisation, reinvigorating local social capital and engaging local residents in deciding about their affairs. Also, they might contribute to changes in the unfavourable political and civil culture, which is permeated by paternalism. By modernising the style of local policy-making, they may contribute to triggering more favourable economic and social trends, thus making the rural areas more attractive to their present inhabitants and potential newcomers.

## **An innovative formula in action**

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The results of the survey, which addressed members of all of the Local Action Groups in the Sub-Carpathian region, reveal that in spite of a number of genuinely positive effects related to the LAGs' creation, several limitations and barriers exist that inhibit their effective functioning. Thus, those partnerships are not able to fully meet the expectations and assumptions which have been raised by their introduction in the rural areas. One of the major factors to block the innovative potential of those multi-sector partnerships seems to be related to the mechanisms of their actual establishment. In principle, the Local Action Groups were to be participative, "bottom-up" initiatives whose task was to jointly identify local needs and aspirations – as opposed to the so far dominant top-down model of strategic planning.

However, according to 74.8 % of respondents, the LAGs were initiated and established by local authorities (Table 1). Only slightly more than 12 % of respondents pointed at an NGO as an architect of their LAG. Just a few per cent identified a single social leader in this function. Even fewer respondents indicated a businessperson as an initiator of the rural partnership. The survey results thus leave no doubt that the leading role in the process to create the LAGs was definitely reserved for the local authorities in the Sub-Carpathian region. The authorities' dominant position could be explained by several factors, such as:

- 1) the local authorities’ better access to information about the LEADER Programme, including details regarding the procedures, required structures, organisational aspects, financing, evaluation and accountability rules;
- 2) the local authorities’ better working relations with the regional authorities which supervised the implementation of the LEADER Programme in Poland at the sub-national level in 2007–2013;
- 3) the local public administration’s greater experience in and know-how about the implementation of EU-supported initiatives;
- 4) the local public administration’s general proficiency in following legal-institutional procedures as well as providing local leadership (professionalism, knowledge, experience, political, economic and social capital).

**Table 1**  
Who initiated the partnership?

Partnership’s initiator	%
Local government	74.8
NGO	12.4
Representative of local business	1.9
Individual leader	4.8
Hard to say	5.9
Other	0.2

Source: the Authors’ own calculations.

As mentioned, the main reason for creating partnerships in the LAG formula was to improve the development of local socio-economic systems and involve members of the local communities in public pro-developmental initiatives. Therefore, respondents were asked about the motivations and reasons for their LAGs’ creation. Answering the question, they primarily indicated “local needs” (see Table 2). However, nearly half of the surveyed group also pointed to an instrumental need to institutionalise inter-sector (cross-sector) cooperation in order to qualify for access to financial resources provided by the EU. Only 20 % of the respondents indicated that traditions of previous cooperation at the local level were important when establishing LAG partnerships. This might be indicative of a generally low level of cooperative linkages in the studied region, which could also help to explain the leading role of local authorities in the LAGs’ creation and their functioning. It follows that the new partnerships were often perceived by the local administration as yet another opportunity for securing external funds for local development. This inference cannot be viewed as surprising, given that the local financial resources are

often limited, while the local needs (related to the authorities' mandatory tasks) are pressing.

**Table 2**  
Reason for LAGs' creation

<b>Reasons</b>	<b>%*</b>
Natural value of LAG's territory	37.4
Local needs	74.8
Rich traditions of local cooperation	20.9
Need to institutionalise local cooperation to get financial resources	46.5
Other	1.0
Hard to say	3.7

Source: the Authors' own calculations.

\* respondents could indicate more than one answer; numbers do not add up to 100 %

The next aspect of the multi-sector partnerships' innovative role was related to their recruitment rules. Partnerships in the LAG formula were designed as "bottom-up" initiatives. They were expected to be created by members of local communities who included representatives of social, economic and the public sectors. However, again, the actual practice in the Podkarpackie differed from the theoretical assumptions. In the membership recruitment process, the dominant role was again played by the local authorities. In the majority of the LAGs established in the Sub-Carpathian region, the individuals and corporate bodies that might be interested in participating were selected and invited by the local government (Table 3). Almost 10% of those surveyed indicated that only pre-selected organisations and citizens were actually invited to take part in the LAGs' creation.<sup>5</sup> On top of this, around 25% of the surveyed LAGs' members pointed to "informal relations" as a form of recruitment. On the one hand, this might suggest lacking transparency during the recruitment process. On the other hand, however, these answers can be indicative of the presence of social capital and self-organising potential in the local communities (compare Hardina et al. 2007, 357–359).

In the analysis, the financial aspects of the LAGs' functioning were also raised. As mentioned, these partnerships were supposed to organise grant competitions for the local people and organisations with a view to stimulating socio-economic activities, which were congruent with the particular LAGs' Local Development

5 What is more, the system of selecting and approaching the potential members is far from being clear. For example: what were the criteria of the selection process and who was responsible for their determination?

Strategies.<sup>6</sup> In relation to this task, the LAGs also had to support their administrative functions, as well as planning and implementing their own initiatives oriented to integration and stimulation of their respective local communities. All of the planned activities required substantial funding. An important question in this context was whether partnerships in this form (and burdened with the same tasks) could have been created without external (financial) support. In the opinion of the majority of LAGs’ members, the LAGs would not have been established without the financial support earmarked by the EU (Table 4). These answers could be interpreted in a more comprehensive manner: the EU initiative was not only the source of the money but also, or above all, the inspiration for the majority of the LAGs’ members to establish their cross-sector partnership. From this point of view, even if the partnerships in the LAG formula were treated instrumentally by the majority of the respondents, they did succeed in introducing innovative ways to organise local actors in the Sub-Carpathian region.

**Table 3**  
LAGs’ members’ recruitment

<b>Recruitment procedures</b>	<b>%*</b>
All institutions and organisations that could be interested in participating were invited	79.9
Selected institutions and organisations were invited	9.4
Information about LAG and invitation to membership was published on the website	20.5
Information about LAG and invitation to membership was published in the customary manner	18.7
Informal relations were used	26.7
Other	0.4
Hard to say	4.1

Source: the Authors’ own calculations.

\* respondents could indicate more than one answer; numbers do not add up to 100 %

The interpretation offered above seems to be corroborated by the replies given to the question concerning the future of the partnerships established under the LEADER Programme. Even although the majority of respondents foresaw financial difficulties in case the EU financial support was to be discontinued, (Table 5), approximately 30 % of them seemed confident that their groups would continue to act. This data can be taken as evidence of satisfaction with the LAGs’ functioning and, indirectly, as proof that their innovative potential was indeed appreciated in several

6 The core mission of Local Action Groups established under the LEADER Programme – axis 4 – Rural Areas Development Programme 2007–2013 is authorising, updating and implementing a strategy of local development (Local Development Strategy – LDS) (see: Van Depoele and Ertugal 2013).

local communities. Also, the majority of the respondents agreed with the statement that this kind of local partnership was an efficient instrument of local development as well as contributing to the reinvigoration of social capital across different sectors.

**Table 4**  
Would LAGs be created without financial resources from the EU?

<b>Yes</b>	6.4 %
<b>No</b>	68.3 %
<b>Hard to say</b>	23.4 %
<b>No data</b>	1.9 %

Source: the Authors' own calculations.

**Table 5**  
Will LAGs survive after EU financial support is withdrawn?

<b>Yes</b>	31.9 %
<b>No</b>	17.8 %
<b>Hard to say</b>	48.3 %
<b>No data</b>	2.1 %

Source: the Authors' own calculations.

## **Conclusion**

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Multi-sector partnerships in general and LAGs in particular, are expected to facilitate the pooling of developmental resources available in all sectors with a view to achieving local strategic goals. Moreover, they are also attributed with a positive, transformative impact on active participation by the different sectors' representatives in public decision-making which concerns the development of rural areas. Therefore, those multi-sector partnerships can be seen as an innovative instrument of both local development and local governance.

The presented research results revealed, however, that the key responsibility for the development of local communities continues to rest with local authorities – in spite of the assumption that it would eventually be shared by all local stakeholders (representing the public, social and private-economic sectors). Uninhibited by legal constraints, which were introduced to prevent the partnerships from domination by the public sector (whose share was not allowed to exceed 50 % of LAGs' members), public authorities still proved to be the hegemonic actor in the partnerships. Besides having the most influence on local development, they were also – in most cases – the LAGs' architects.

This situation is partially an effect of legal regulations that apply to the sphere of territorial self-government in Poland. However, it is also caused by the much greater resources of local administration units, compared to resources commanded by the other partners in local governance, including finance, expertise and experience. In the context of the strongly emphasised innovative nature of partnerships, such as the LAGs, the dominance of the public sector would seem to indicate their failure. However, as is also clear from the research results discussed above, a considerable part of the LAGs’ members – who represent not only the public sector – seem to genuinely appreciate these new organisational arrangements, the novel patterns of cross-sector collaboration and expanded scopes of developmental action which were introduced in the rural areas thanks to the LAGs. Therefore, it may be surmised that those partnerships’ innovative potential may genuinely unfold in the period 2014–2020.

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# **Transatlantic Trade and Investment Partnership Negotiations: Innovative Approach in the EU Common Trade Policy (Poland)**

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*Katarzyna Rozesłaniec<sup>1</sup>*

The policy paper describes the Polish perspective, engagement and coordination of the Transatlantic Trade and Investment Partnership negotiation process. The main contribution of this case study is to explain the unprecedented ways in which Polish administration, with the Ministry of Economy of the Republic of Poland as the lead ministry, has approached the negotiations of the world's most complex and multidimensional trade and investment agreement.

## **Transatlantic Trade and Investment Partnership – outline**

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The negotiations on the Transatlantic Trade and Investment Partnership (TTIP) between the European Union and the United States, once completed, will create the biggest ever free trade and investment area in the world. In the course of the talks, both partners have an ambitious task to eliminate trade barriers – both tariffs and non-tariff barriers (NTBs) – and adapt to each other's set of regulations in a wide range of economic sectors. It is underlined that TTIP is planned as a “living agreement” – until the negotiations are finished, the parties do not want to exclude any sector and are open to make further arrangements. This long-term vision and coherent standards will boost the necessary investment and ensure synergies to promote economic growth. The agreement will not only deepen trade relations between the world's two major economies, but it will also boost GDP per capita and

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1 Ministry of Economy of the Republic of Poland.

employment on both sides of the Atlantic, due to the fact that the EU and the US collectively represent 45 % of global GDP and over a third of global trade.<sup>2</sup>

On the EU side and according to the EU Treaties, the European Commission (EC) (and more specifically the Directorate-General for Trade (DG Trade)) is given exclusive power to pursue and conclude trade negotiations on behalf of 28 Member States (MSs). Given the cross-cutting nature of the TTIP, the coordination process inside the EC makes up an unprecedented challenge in order to reconcile different views from other engaged DGs, with an overriding role of the DG Trade. EU trade ministers adopted the mandate for the EC to launch TTIP negotiations on 14 June 2013, during their meeting in Luxembourg (Foreign Affairs Council – Trade). On the other side of the table, the negotiating party is the US Trade Representative’s Office (USTR). The EU Trade Commissioner, Karel De Gucht and his US counterpart, Michael Froman, are the leading voices. Both sides have been trying to hammer out the agreement in the course of four rounds of negotiations, since July 2013. The negotiations are scheduled to continue throughout 2014.

## **TTIP timeline**

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The first round of comprehensive EU-US trade talks took place on 8–11 July 2013 in Washington, D.C. after nearly two years of preparations. The negotiators gathered in 15 different working groups, the round of talks had a “warm-up” character and paved the way for a substantive second round of talks, which were finally held in Brussels on 7–11 October 2013 (the talks had been postponed due to the US government financial shutdown). The third round was held on 16–20 December, again in Washington D.C., and the fourth and most recent one – on 10–14 March in Brussels. There was, though, no further exchange of offers and it still remains unclear when the two parties will reveal how they plan to open their markets for services and public contracts. All issues will again be on the table in April, as five more rounds of negotiations are planned for 2014.<sup>3</sup>

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2 According to the study made by the Bertelsmann Foundation and the British Embassy: “The EU-US relationship already supports a combined 13 million jobs and nearly \$3.9 trillion in investment, and represents 45% of global GDP. The EU remains by far the largest destination for US exports and the largest source of imports into the US. Bilateral trade in goods and services passed the \$1 trillion mark in 2012. TTIP can only enhance these strengths”. Source: *Europolitics*, “TTIP and the Fifty States. Jobs and Growth from Coast to Coast”, September 2013.

3 So far, the negotiators have discussed a wide range of topics, such as: investment, government procurement, services, rules of origin (RoO), raw materials, intellectual property rights (IPR), dispute-settlement mechanism, competition, harmonisation of rules and regulations, or geographic indications (GIs).

## **Concerns around the TTIP negotiations – a concern for Poland, a concern for Europe**

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There are a few problematic areas emerging in the TTIP negotiations. The most delicate seems to be regulatory convergence, market access, audiovisual services (AV)<sup>4</sup>, financial services, intellectual property rights (IPRs), public procurement, and investment. The controversial investor-state dispute settlement mechanism, which will be included in the agreement, is also one of the main concerns of the stakeholders. On the other hand, as far as a range of consumer products is concerned (e.g. chemicals, medicines and cars), the unresolved issue remains as to whose regulatory standards will be applied. There are serious discrepancies between the American and European solutions. Another factor adding up to the complexity of the TTIP agreement, is the so-called Prism scandal – the US programme used on a large-scale by the US National Security Agency (NSA) in order to have surveillance over the EU offices and institutions.

## **Reaching out to the stakeholders – European and national level**

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Because of the broad range of the issues on the table, the spectrum of identified stakeholders interested and actively involved in the subject on both sides of the Atlantic is rather wide. It covers a broad representation of public administration institutions (both at governmental and regional level), industry lobbies, trade unions, academics, non-governmental organisations (NGOs), citizens' rights groups, consumer groups, parliamentarians and state regulators.

On the European and Polish side, the most active ones are large trade associations that are part of pan-European associations, such as Eurochambres, Cefic or Business Europe. They mainly represent key national industries (automotive, engineering, chemical, pharmaceutical and ICT industries). The voice of the largest associations is often considered as the voice of the entire business environment – however, sometimes it may result in the misrepresentation of SMEs or less significant sectors in the negotiating process. After each round, DG Trade and USTR organise a stakeholder event, which gives the EU and the US stakeholders an opportunity to explain their views on different aspects of the TTIP, by delivering their presentations.

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4 I.e. mostly access to the EU market of American companies (e.g. Google, Apple, Netflix).

## TTIP handling in the Polish administration: A step towards innovative policy-making<sup>5</sup>

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The Ministry of Economy of the Republic of Poland, which is the leading institution in the ongoing TTIP negotiation process, has been playing a crucial role in the elaboration and coordination of the Polish position. The TTIP agreement is undoubtedly one of the Ministry’s main priorities in the EU common trade policy. Due to the complex nature of the EU-US agreement, for the first time in Polish trade negotiations history, so many public and private entities have been involved in the process. On the administrative side, not only the leading institution, but also cooperating institutions, such as the Ministry of Foreign Affairs, Ministry of Agriculture and Rural Development, Ministry of Finance, Ministry of Culture and National Heritage, Ministry of Digitalization, Ministry of Labour and Social Policy, as well as Public Procurement Office have been playing an active role, exchanging views, experiences and knowledge during recurring multi-sectoral meetings. Taking into account the overall responsibility of the Ministry of Foreign Affairs in shaping the cross-cutting Polish-US cooperation, the constant collaboration between the Ministry of Economy and the Ministry of Foreign Affairs is of the utmost importance.

Apart from the cooperation with various ministries, the wide nature of the TTIP constitutes another level of coordination inside the Ministry of Economy. Taking a different line, departments responsible for SMEs, energy, better regulation and industry on board, make it even more demanding and challenging for the lead department for trade to work out a uniform position, to be presented on various EU fora, such as the Trade Policy Committee (TPC) or EU Trade Ministers’ meetings.

The ongoing consultation process of the Polish governmental administration with the Polish Parliament (especially in the run-up to the EU Trade Ministers’ meetings) makes a separate important strand of the comprehensive handling of the TTIP.

The Ministry of Economy has also been actively reaching out to trade associations, consumer organisations, industry and civil society. The Ministry has arranged a series of meetings with the representatives of business and industry that will be mostly influenced by the TTIP, sector by sector. So far, Polish representatives from five leading industrial sectors (steel, automotive, chemical, pharmaceutical, and energy) had a chance to learn about the negotiating process itself, the envisaged pros and cons of the agreement for the Polish economy and the EU as a whole,

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5 In the US, public hearings concerning the TTIP negotiations are being organised with a growing public and media interest. The US administration is usually represented by officials from the departments of state, commerce, agriculture, transportation, labour, treasury, health and human services, as well as the Food and Drug Administration. It is crucial to observe the issues raised by the American business community, as they provide a foretaste of what to expect from the US during forthcoming negotiating rounds. Delicate issues cover especially the automobile industry, financial services, postal sector, tobacco, cosmetics, dispute-settlement mechanism, software, diesel, soybeans-biodiesel, dairy, poultry and pharma-biotech sectors.

as well as potential profits and challenges their areas of expertise will be facing, once the agreement enters into force. They are offered the opportunity to discuss a range of strategic, pragmatic and economic issues around the TTIP. The meetings are also devoted to detailed elaboration of the Polish common position with regard to particular segments of the economy, planned to be covered in diverse chapters of the agreement. The stakeholders have a chance to ask questions concerning their sectors, exchange views and formulate both verbal and written comments and demands which are passed on to the EC. The aim of those meetings is also to identify which sectors of the Polish economy are most pertinent to the TTIP, and how their vital interests can be dealt with in the agreement. In energy, chemical, pharmaceutical and automotive sectors, which Poland classifies as the most vulnerable ones, interest groups are voicing legitimate concerns.

The Ministry of Economy has observed that in the course of negotiations, the role of stakeholders and civil society at large is only gaining in importance, and a gradual increase in their involvement and interest concerning the works and evolution of the government's position on TTIP negotiations can be noted. There are more and more events on the subject in question, such as seminars, conferences and debates, organised not only by the Ministry of Economy and the Ministry of Foreign Affairs, but also by the EC representation in Poland, embassies of the EU MSs, the American Chamber of Commerce in Poland (AmCham) and diverse think tanks (Polish Institute of International Affairs, THINKTANK Polska and demosEUROPA – Centre for European Strategy, are the most active ones). It is therefore expected that each round of negotiations will draw more and more public attention and will require more in-depth consultation at the policy-making stage. On the other hand, it also means that as the work goes on, additional demands and concerns signalled by the representatives of the various sectors may appear.

### **More transparency or less secrecy?**

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Nevertheless, even though it is claimed that TTIP negotiations so far have been more confidential than the WTO's Doha Round, both sides try to make the back-stage of the negotiations as transparent as possible. A certain degree of confidentiality is surely required in order not to show one's cards to the other party. Each round of formal talks is organised as a closed session and is followed by a public presentation with stakeholders and press conference. The negotiating mandate for the EC has not been officially published yet; however, it was made public throughout other channels – by leaks on various websites. It is considered to be a black spot on the claimed transparency of the negotiations.

## **Summary**

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Innovative and effective policy-making is a step towards achieving the main goal of the legislator, which, in this particular case, is reaching an ambitious and satisfactory agreement. In the case of the EU trade negotiations, there are two levels of dialogue: between the EC and the MSs, but also at the national level (inter-ministerial and between different departments inside the Ministry of Economy). The voice of the business community from both sides of the Atlantic, as well as the constant dialogue with the NGOs, plays a crucial role.

TTIP’s likely impact on the European economy, including that of Poland, potential benefits and challenges, as well as the increasing level of public participation in the policy-making process, make TTIP one of the top priorities on the current EU trade agenda and an unprecedented exercise for the Polish governmental administration in terms of a common position coordination.

The Polish administration has already learned a lot and has presented the most open and dialogue-oriented position ever taken in the EU trade negotiations since Poland’s accession to the EU in 2004. The evolution of the attitude and approach is the most innovative result of the TTIP – visible and measurable in contrast with the previous trade talks. However, much still remains to be done, and Poland is eager to learn from the experiences of our European neighbours, especially the V4 countries. TTIP, as a new generation trade agreement, is due not only to create the most powerful trading bloc worldwide, but also to pave the way for future negotiation standards in the EU common trade policy.



# ESO Reform in Slovakia: Great Idea with Poor Implementation

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*Adam Šibert<sup>1</sup>*

## Introduction

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ESO reform (i.e. effective, reliable and open public administration) is probably the most major reform of public administration in the last 20 years. It is being implemented by the Minister of Internal Affairs who is, because of this reform, perhaps the strongest Minister when it comes to raw political power in the state. Implementation of this reform is accompanied by a lack of public interest and undemocratic procedures which create an atmosphere of doubt about whether this reform will succeed or not. Reform is being presented as something big and new. Critics argue that all this reform does is move boxes from ten places to one place and that it will not save any public resources. The questions answered in this case study are: What are the reasons behind implementing this reform? What are the main goals of ESO? How will it benefit the people? How is it innovative? What are the pros and cons of this reform?

## Reasons for implementing ESO

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To understand any reform one must look at history. In this case 30–50 years is sufficient. Before the velvet revolution the situation was different. The Communist party had its own bureaucratic structure. There were strategically placed national committees in various towns. These strategic locations were based on the regionalisation of Czechoslovakia about 50 years ago when national economists, geographers and other experts chose about 70–80 towns which were the most significant to the national economy. Each town had its own national committee but other smaller towns also had their bureaus, although not as many as today. Common people could deal with the everyday agenda in the closest national committee which had its own building, usually very large, with various sections for education, environment,

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culture, health care or social services. The older generation often consider the old communist public administration as being much better for ordinary people because everything was in one building and no-one had to spend hours or days travelling and dealing with several bureaucratic institutions.

After the velvet revolution, our public administration changed dramatically. Suddenly there were different political parties and it was impossible for one party to rule on its own (this happened in 2012 after more than 20 years, when the social democratic party won the elections). The more parties in government, the more the bureaucracy grows. Every political party wants its own ministry and has to reward its voters and sponsors. Under the pretence of spreading democracy and decentralisation, the process I call the wild growth of public administration began. Old national committees split into several institutions and every institution had to have its own building, doormen, canteen, secretaries, accountants and other services related to bureau maintenance. The unwritten rule of transformation of public administration was “make it independent and as big and messy as possible”. The results we see today are catastrophic but surprisingly, no-one cared for 20 years. Both state and municipalities grew to no-one’s benefit (maybe with the exception of a few politicians and people employed in those bureaus). The state apparatus had two types of bureaus, general and specialised. The most interesting fact is that every part of public administration, municipalities, and two types of districts and counties, had different areas of competence. It was no longer the same as pre-1989 when a person could do everything in one building or at least in one town. It was complete disaster for common people since they had to use their vacation days for travelling to a number of bureaus scattered across the country.

## **Main goals of ESO reform**

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The aim of this reform is to deliver public goods and services in an improved manner. The Minister of Internal Affairs presents this reform as something new and wonderful. Sadly the only official information we have is from the government’s website, which contains only one presentation with more specific details of this reform (MINV SR 2013). The result of reform should be a whole state apparatus in a certain area integrated in one building. This main building should contain every state-related business a person has to deal with. The catchment area for each unified contact place (as this new building or bureau is called) is localised in a way that every citizen in this particular area should be able to get there within 1 hour via public transport or that the distance should be 50 kilometres maximum.

The second important goal is to limit corruption and introduce some standards via removing the personal contact citizens had with bureaucrats. The whole agenda of these integrated bureaus is split into so-called “front office” and “back office”. A person simply walks into this office and deals only with a type of “check-in”

employee; for example this person can file a complaint, ask for information, deliver some papers etc. That is the front office. The real work happens in the back office where bureaucrats process all the papers, demands and other agendas. It means that a customer cannot deal personally with anyone who has real power. This should, in my opinion, limit the corruption in the system to a certain extent.

The third goal is to save public resources. As I mentioned previously, the state apparatus was placed in large buildings, but after the revolution bureaus were scattered over several locations and buildings. Today, we as a state, have many buildings which will be useless when all the bureaus become integrated so some money will be saved from this integration into one building (electricity, water, gas, real estate taxes, rents, sale of these buildings, etc.). One integrated bureau saves 40,000 € per year just in energy savings, according to TASR, 20 March 2014. Many smaller bureaus have already been cancelled. In 2013 the reform integrated 248 bureaus and saved about 130 million € in total. This year up to 159 million € should be saved. The entire reform from 2012 to 2016 should save up to 700 million € (which is currently questionable). At the end of this process we should have 89 integrated bureaus in strategic locations. Legally, the state apparatus is already integrated into 72 districts (similar to regionalisation 50 years ago) but unified contact places (or client centres) are very slowly progressing because many towns already sold buildings used for this purpose prior to 1989. To this day, we have only 5 fully functional client centres. The implementation of e-government principles also contributes to these savings.

## **Difference between ESO and e-government**

ESO reform is being sold to the public as a whole package containing both restructuring of state administration and implementation of e-government in Slovakia. I strongly disagree with this interpretation because e-government officially began in 1995 and ESO reform in 2012 or 2013 respectively. Implementation of e-government is therefore a much older process and, in my opinion, can be done anytime and it does not really matter what kind of structure the public administration system has. An electronic government system simply ensures that it is not the citizen who runs around with the information but the bureaucratic apparatus. For this to happen we do not need every bureau in one building; it can be done in the disarray we currently live in. When we divide ESO and e-government into two separate processes we can see a possible problem. Our government is creating a whole new bureaucratic structure and is implementing e-government into this so far non-existent structure. The main problem I see in this unified implementation is that we do not know how the consumer behaviour of public goods will change after we fully implement e-government. What if people start massively using public services via the internet and some bureaus become totally obsolete in their physical form? What if we find out that we could simply move forward with e-government and that we do not need to reshuffle state administration at all but simply reduce it? Both e-government and

ESO reform greatly affect consumer behaviour, in my opinion, and therefore it is very risky to proceed with these processes at the same time. It is far easier to correct mistakes made in the implementation of e-government than in huge reforms like this. It is always easier to move a few pieces of electronic hardware than to fix a huge bureaucratic system. Perhaps a more careful approach should be applied.

## **Benefits for the people**

The biggest benefit for the people is time and money saved due to less travelling. Based on calculations by the Ministry of Internal Affairs, an average person visits a state bureau approximately 106 times in a lifetime. Travelling itself costs about 640 €, various payments and stamps cost up to 874 € and due to travelling and slow administration processes one spends about 51 days (an employee has 25 days of paid vacation per year so in this case this means about 2 years of vacation wasted on visiting state bureaus). ESO reform should save up to 25 days of vacation and 609 € of payments for travelling and stamps, 695 € if electronic communication with the bureau is used.

The Ministry will also monitor the entire reform and will also test a few options regarding office hours. Today, we have a strict bureaucratic regime but the Minister of Internal Affairs presented an option to have bureaus open after normal working hours (after 16.00–17.00) and place these bureaus in popular shopping malls. This way the customers could deal with state-related agenda after work and also go shopping or carry out other activities. The Minister also stated that if this experiment is successful, regular hours from 16.00 to 21.00 will be introduced for few days a week.

## **How is ESO innovative?**

I understand innovations in public administration to be an introduction to something new, new public goods or services, new system (e-government) or a new way of delivering public goods to customers. Our reform does deliver goods to customers in a new way even though it is really the old way. It took 20 years of experimenting to come back to something that was working just fine. Some people may argue that this reform is only about moving boxes from one building to another and that it will not have any effect. Several politicians also argue that people mostly visit bureaus which are not part of this reform, such as the police, social insurance bureau, tax bureau and labour bureau (SME 2013). This is indeed true but the most positive thing about this reform is that even though it does not cover all the important parts of public administration it will, after it is implemented, establish a very powerful precedent. If those integrated bureaus work, then the public will have a very strong argument to put pressure on other institutions as well. During the last twenty years

we did not see many reforms in Slovakia that had at least some vision or some greater idea. We had flat tax reform and then a pension system reform, both with some vision and idea. I believe ESO reform is definitely one of these. It has a vision, a plan for the future and it also presents a very specific goal. I do not judge reform based on some politicians' promises to fulfil his goals or not, but rather how that reform affects the common people, and ESO, no matter how much public resources we save (or do not save), will benefit the consumers of public goods.

## Issues not (yet) addressed

An Achilles heel of this reform is that it does not deal with the most critical problems in the Slovak public administration. Here are just a few of them in smaller detail:

**Redundant employees** – the Minister of Internal Affairs did not provide any official numbers so again we have to use what he said in the media (red 2013). He always says that he will not fire any employees; people do not have to worry about their jobs and we will save money elsewhere etc. On the other hand, he points out that this reform will affect roughly 88,000 employees, 18,000 of whom are in state regional administration and 20,000 work at various ministries. Then we have a group of 50,000 people and we do not exactly know what they are doing. These 50,000 people work at many bureaus and institutions and each subject has its own agenda and of course will fight to preserve its existence (based on the presumption that the main goal of any institution is to exist and preferably expand as much as possible). The Minister of Internal Affairs also said that most of these people work in the capital city where it is not a big problem to find a job somewhere else. Officially, the Minister does not want to fire employees but on the other hand he talks about firing them. We can see a bigger political game in which the Minister basically lies to avoid any problems with pushing this reform forward. I personally understand his reasons. If he says that he will fire thousands of people, those people would fight against this reform. The end does not justify the means in democracy and if the Minister of Internal Affairs believes his reform is that good for people then he should fight openly with strong arguments, not play hide and seek with journalists and the public.

**Lack of transparency** – is probably the biggest flaw in the entire reform. The biggest reform of public administration in Slovakia has taken place in the last 20 years and we, as citizens, have no data and no analyses at our disposal. Several journalists officially asked the Ministry of Internal Affairs, via the Freedom of Information Act, to provide some analyses. The government officially based the entire reform on several audits, reportedly carried out by the Ministry of Internal Affairs. When journalists asked for the results of these audits the Ministry replied that the papers had been lost, due to unknown technical difficulties. This answer rallied even more journalists and they put more pressure on the Minister. After a few weeks he had to ad-

mit that he will never show these analyses because otherwise the reform would fail (Valček and Onuferová 2013). This is not classified information. Journalists asked for this information and the Ministry knowingly refused to provide it and therefore broke the law. This is absolutely unacceptable in a modern democratic EU country. Sadly, there is very little public interest in this reform and even journalists show a lack of interest. The ESO reform is proceeding for the second year already and all we have so far are about 10 newspaper articles and one government website.

**Questionable data** – it is very difficult to trust the Ministry due to a lack of transparency, even though it provided very specific numbers. It is easy for someone registered and living in one city for 10–15 years to doubt that an average citizen visits a state bureau 106 times during his/her lifetime and spends about 51 days for this purpose (which is equal to 2 years of paid vacation). There has been no survey to prove this. These numbers are probably related to all state-run administrations but the ESO reform is, at the moment, dealing only with a part of the whole system of bureaus. This is the main problem one has to realise. When I asked approximately 50 people if 106 visits per life were too many or too little, their answers were split evenly. We have about 400,000 unemployed people registered at labour bureaus. These people have to visit this bureau at least once every two weeks. All companies and small businessmen have to visit tax bureaus at least once or twice a year, not to mention the social insurance bureau, hygiene control and many other institutions. If we count all the state bureaus then these numbers might fall short of the reality. Every citizen changes his/her ID card every 10 years and that means at least 4–5 times per lifetime (and this is not counting when someone moves to another address). Due to our EU and Schengen zone membership people do not use passports very often now. If you own a car you have to attend emission and technical controls every 1–4 years depending on the age and type of the vehicle and if you inherit or buy some real estate you spend several days at a real estate registry. These are just a few examples of the kind of problems people have to deal with. The problem is that most of these frequently used services are not included in the ESO reform, so all the data provided by the Ministry of Internal Affairs can be questioned. Even Brussels warned our government that savings from ESO are very hard to prove and there might be problems with this reform in the future (Hospodárske noviny 2013).

**Other scattered institutions** – police, tax bureau, labour bureau and the social insurance bureau are just a few examples of what should be part of the ESO reform. These four are probably the most frequently used by the public. Citizens and companies pay taxes to tax bureaus and social and health insurance payments to those institutions. The entire system of insurance is very messy. Employees and employers pay different sums to different insurance funds and send this money to different institutions and some of them are private, others are not. To add to this mess, every institution has its own building. Perhaps merging state-run tax bureaus with state-run insurance institutions would help.

The Ministry of Health was the first renegade of this reform (Folentová and Valček 2014). It reportedly cannot be part of this reform because its bureaus do such specific and hard work that simply cannot be done under one roof with other bureaus. The Minister of Health promised that she will save money by firing some people (again we hear about firing people but it is still officially taboo).

As I mentioned previously, the Ministry of Labour, Social Affairs and Family is probably not part of this reform either. This unofficial news came out recently and we can only hope that this does not mean the ESO reform will fall apart completely (Dömeová 2014). The same arguments are being used as before, the agenda of social bureaus is so complex, so difficult and so specific that it simply cannot be done in one building.

Post offices, at first glance, have nothing to do with the reform of public administration but it is quite the opposite. The Slovak postal company is a state-owned company and has about 1,500 offices across the country (basically in every other village). People use postal services less often every year due to better internet coverage, cheaper phone calls or SMS messages. The revenue of the postal company decrease regularly and it deals with small packages such as official letters. The management of the postal company have refused to adapt to these changes until now. Every post office has its own building and because of decreasing revenues, the management decided to offer several electronic services which are currently available only at specific places (for example, the business court). The company also plans to expand these services and to cover some services provided by future ESO bureaus. Both ESO and the postal company act independently in this process, which I believe is a mistake because it complicates the system in which most services are provided by ESO bureaus and some services are provided by post offices. The national postal company is doing this only to justify its enormous structure, originally built for the pre-electronic era. I would advise the Minister of Internal Affairs to include post offices in the ESO reform and at least move some post offices into those centralised buildings.

Municipalities in their current form are financially not sustainable. The ESO reform is marked as “reform of public administration” but, in fact, it is only reforming state administration. We are still desperately waiting for a reform of the municipal system. They were created after the velvet revolution and there are over 2,900 today. The population ranges from 10 to 450,000 inhabitants and every municipality has the same competencies. Smaller villages spent 60–70 % of income on salaries for their mayor and representatives, and for the building that the local government is located in. Bigger cities are able to manage finances in a better way but, for example, the capital city, Bratislava, has its own local parliament but also every one of the eighteen city districts has its own parliament and the whole city combined has more representatives than the Slovak National Parliament. The Minister of Internal Affairs once said that they would provide experts in ESO bureaus who could



be used by municipalities in the vicinity of these bureaus (because smaller villages have problems in providing experts for various topics such as building permits etc., which cannot be done by just anyone). We can see the light at the end of the tunnel here. Maybe one day towns and villages will be integrated into these huge bureaus and common people will find all publicly oriented agenda in one place. This would mean that the number of municipalities will go down from 2,900 to about 80–90 (which would be similar to the Danish model).

## Conclusion

A major reform such as ESO is very hard to judge when it is finished and even harder when it is being implemented. We do not yet know how will it end and how it will benefit the people. Let us summarise the pros and cons of this reform.

**Pros:** reform comes with specific goals and plans; results should be up to 700 million € of public resources saved; it should result in less travelling for common people – up to 25 days saved and about 600 € for travelling costs; limited corruption due to a front and back office system, and finally, the state-run administration should be more simple and easier to orientate for its citizens.

**Cons:** questionable data (some say they exist and cannot be made public, some say there are no data at all); the EU questioning budget savings; lack of public interest and dialogue with interested parties; the Ministry of Internal Affairs knowingly refusing to provide analyses and thus breaking the law; the risk of reform falling apart (some ministries are escaping this reform), and ignoring critical issues such as fragmentation of municipalities and other important public services such as police, insurance institutions, post offices etc.

The idea behind this reform is really a great one and putting public services under one roof with a standardised catchment area for every bureau is very progressive and very good for the people. There have not been many reforms with such promising goals. On the other hand, the implementation of this huge reform is sometimes catastrophic and it resembles a reform in a third world country with no official data and only political promises.

Even though ESO reform does not cover perhaps more important problems in the Slovak public administration, it may, after it is fully implemented, create a very strong precedent for future reforms and create a chain reaction for future reforms. The question now is: Shall we damn the whole reform with promising outcomes because of very poor and undemocratic implementation? Giving a reply to this question is very difficult for me and I therefore leave it up to the reader.



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## Reframing Cultural Policy: The Case of Bydgoszcz

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The aim of this paper is to analyse which is so far, one of the most thought-provoking innovations in public policy making in Poland that occurred in Bydgoszcz. This picturesque city, located in North-Central Poland, organised a Cultural Congress on September 2011. The event, which took place in Teatr Polski (Polish Theatre), sparked an enormous social energy among the city's inhabitants and a vigorous public debate in the field of culture. The mechanisms of public deliberation, which were initiated during the Cultural Congress, in the end resulted in a ground-breaking decision made by officials. The city's mayor disbanded the Department of Culture and decided to empower the Civic Council for Culture, composed of some of the city's inhabitants, local activists and artists. In doing this, Bydgoszcz proved that it is not afraid of experimenting with new, innovative policy tools; it dared to implement ground-breaking solutions and still has the power to embolden citizens to engage more actively in managing issues that affect their everyday life.

In my paper I would like to develop a case study which will show exactly what happened in Bydgoszcz and why it was a real turning-point. In the first part of the article, I will present the following steps, which led to a crucial decision made by the city authorities. I will try to shed some light on the main motives of the different people involved and recreate the unexpected turn of events during the Cultural Congress. This case study is based on newspaper articles, statements from city authorities, city's website, reports about the political, social and economic situation in Bydgoszcz, as well as accounts from participants. In the second part of the article, I will attempt to underline the importance of the innovation in question by looking at it from two different perspectives. The first is the previous narrow and technocratic attitude towards culture in Poland, which dominated almost two decades of Polish systemic transformation and socio-economic modernisation after 1989. This attitude has recently demonstrated certain flaws and begun to face growing criticism. The second perspective is the multidimensional change brought by the structural global economic crisis of 2008.

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## **Culture as an asset**

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Bydgoszcz is located in North-Central Poland. With a city population of 363,000 and an urban agglomeration with more than 470,000 inhabitants, it is the eighth largest city in the country. During its turbulent history, Bydgoszcz was an example of a border town where both German and Polish influences crossed and overlapped over time (Bendyk 2014, 66). Hence, many Poles still associate Bydgoszcz with traditional, middle-class, bourgeois values such as hard-work, honesty, thrift and diligence. Today, amongst the many characteristic features of the city, Bydgoszcz is well-known for its rich artistic scene and cultural infrastructure. One of the city’s greatest assets is music; it can pride itself in its magnificent concert hall, Opera Nova, philharmonic and music academy – Feliks Nowowiejski Academy of Music. It is therefore no coincidence that Rafał Blechacz, Polish classical pianist and the recipient of all five first prizes at the International Frederick Chopin Piano Competition, comes from Bydgoszcz and graduated from the city’s music academy.

Because of the city’s cultural potential, the authorities decided to apply to be a candidate for the title of European Capital of Culture in 2016. The city’s application was rejected, but the process of preparing the candidacy itself sparked an enormous social energy amongst the city’s inhabitants and a vigorous public debate in the field of culture. One of the consequences of this newly-born social energy was the decision to organise a Cultural Congress in September 2011.

## **Bydgoszcz Cultural Congress**

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The Polish journalist, Edwin Bendyk, who writes for the most popular weekly in Poland “Polityka”, participated in the event and published regular reports about it. According to him, at first the atmosphere at the Congress was a little bit awkward (Bendyk 2012, 110). Local authorities were doing their best to try and demonstrate who was in power to arbitrate between different interest groups, solve complex issues and finally decide about the city’s culture. They thought “if legitimisation comes from elections, then it is the government and local authorities who have the mandate from citizens to manage the city’s issues in every field”.

By contrast, local activists and the city’s inhabitants, who were engaged in the city’s cultural matters, were looking for possible ways to participate in the decision-making process and to put their energy, creativity and ideas to good use. They were afraid that their will to act would not find much recognition amongst the authorities. A fair amount of distrust and mutual suspicion filled the atmosphere at the beginning of the Bydgoszcz Cultural Congress. However, slowly, something unexpected and quite extraordinary took place.

What attracted the most attention during the Bydgoszcz Cultural Congress was not the official programme, which consisted of lectures, panel discussion and

presentations, but the accompanying civic part. Participants could gather in a group of five and create civic workgroups, where they had the possibility to discuss the most relevant issues, such as infrastructure, unemployment or culture. This idea turned out to be a sweeping success. Residents of certain districts, such as the Old Town or Fordon, were discussing possible methods for the revival and development of neglected areas in the city; local journalists and media workers focused on the problem of inadequate and too small a presence of articles and information about culture in the local media. Many other activists pondered over the issues which were the most important to them. Finally, participants set in motion 27 workgroups, which came out with many of reasonable demands and meaningful proposals in the field of culture (Bendyk 2014, 67).

The mechanisms of public deliberation, which were initiated during the Cultural Congress, in the end, resulted in a ground-breaking decision made by officials. The city's mayor, Rafał Bruski, disbanded the Department of Culture and decided to empower the Civic Council for Culture, composed of the city's inhabitants, local activists and artists.

### **Civic Council for Culture – success or failure?**

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The decision made by city authorities is so ground-breaking, because it seems to capture, reflect and respond to pivotal challenges in today's policy making and management of public issues. Modern societies are complex and dynamic structures, where various individual necessities and social needs differentiate enormously from each other, whilst at the same time they evolve and change at a pace unknown to previous generations. That is why no single social actor is nowadays able to gather sufficient knowledge in order to correctly identify public interest. The faster societies change, the more carefully we need to observe what social interests really are. To engage individual people in the policy making process and to benefit from people's activity and social energy seem to be the right answers to modern dilemmas. It is then tempting to label the Bydgoszcz's innovation an overall success. But is it really so?

Creating and empowering bodies, such as civic councils, poses certain threats. Bydgoszcz's story provides some telling examples in this respect. The very first question to be asked was how to distinguish between individuals genuinely interested in the city's cultural potential, willing to roll up their sleeves and work hard for the public good and lobbyists pushing their corporate interests under the guise of public service. City authorities had to confront allegations that their move would result in shattering the city's coherent cultural policy, which soon will be the first victim of constant bickering between the different interest groups.

Although many concerns were voiced since the body was established, the council's record so far fills observers more with feelings of joy and optimism than with anxiety and disappointment. As an effect of the council's work, a significant

change in the city’s investment priorities can be seen. More money is transferred to non-governmental organisations and directly to young talented artists, in the form of artistic scholarships (Obywatelska... 2002). The process of granting and distributing money itself has become much more transparent and clear. Marci Płocharczyk, ethnologist and the city’s cultural animator, observes that funding goals are increasingly set in open competitions and therefore talent, creativity and the right idea play a bigger role than cronyism and an ability to fraternise with those in power (Bendyk 2014, 67).

## **Fostering social capital**

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As I previously mentioned, in the second part of the paper I would like to stress the importance of the innovation in Bydgoszcz by looking at it from two different perspectives. The first is the previous cultural policy in Poland and previous developments in the field of social policy in general.

First, it should be noted that one of the greatest challenges, which Poland has to face immediately, is a lack of adequate social capital. Poles generally trust only their family members and closest relatives, not their fellow citizens. In regularly conducted opinion polls, more than half of Poles agree with the statement, that “generally people should not be trusted”. This prevailing attitude results in the inability to cooperate effectively, which is one of the biggest impediments to social and economic development in Poland. Most academic research, professional reports made by experts and private institutions, as well as various foresights of Polish economic potential identify a too low social capital as the greatest development barrier in Poland (Hausner 2012, 15).

Bearing this in mind, one might look at what happened in Bydgoszcz as a complete paradigm shift. Here, mutual trust, not suspicion, seems to have been the norm and the starting point. By appointing the Civic Council for Culture, the mayor demonstrated and embodied the belief that individual citizens are able to rise above their private interests and cooperate for the purpose of the public good. What is more, trust seems to have infiltrated and diffused to not only amongst citizens, but also between citizens and institutions and between institutions themselves. The Mayor gave credit to the civic council, believing that the city’s culture could benefit from empowering citizens and providing them with managerial prerogatives. In Bydgoszcz we could actually experience the reverse of what is often called “the tragedy of the commons”.

## **Global economic crisis and intellectual change**

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The second context, which might be useful when assessing the innovation that took place in Bydgoszcz, is determined by the global economic crisis in 2008. Let us be-

gin from admitting that for many years both a high quality of cultural institutions and public access to culture did not figure at the top of the public agenda in Poland. Cultural policy was treated without due concern and framed too narrow, separated from neighbouring sectoral policies and overlapping social fields. The Polish public media offer a telling example of this marginalisation and subsequent deterioration in the field of culture. However, recently, the situation has changed; the importance of culture in Poland has been recognised and its role has begun to gain importance.

If one wants to really understand the reasons behind this striking change, one should look at the bigger picture in order to see things in the right perspective. The fall of the American investment bank, Lehman Brothers, and the global economic crisis that broke out in 2008 were the most important landmarks here. Although no more than half a decade passed from that moment, the crisis is frequently described by some of the most influential social scientists as an event par excellence and the critical juncture, which has completely changed the discourse and reshaped the frames of a public debate. Also, in Poland the global economic crisis has marked a crucial intellectual change. Notions and ideas, widely shared by most of the politicians, experts, academics and journalists, by almost two decades of Polish systemic transformation, slowly came under criticism and met with growing scepticism.

The dominant technocratic and neoliberal attitude towards economic growth and social development, which prevailed in the nineties and well into the first decade of the new century, focused on categories such as: stabilisation of macroeconomic parameters, inflation rate or gross domestic product. Although there were some significant changes in the governing parties, which resulted in changes in the policies, the hegemony of the neoliberal attitude was never seriously questioned. A major change was brought about only by the global economic crisis. From that moment on, concepts and ideas, competitive to those neoliberal ones, began to be seriously discussed. More and more people now share the belief that the economy is a complex, dynamic and organic structure, whilst economic development is not only a result of macroeconomic instruments and passed law, it is also shaped by the culture embedded in people's practices.

To many regular observers of Polish political discourse and public debate, the intellectual change brought about by the economic crisis, came as a surprise, but now it seems a more logical consequence of such a great economic upheaval. It becomes much clearer now that so many previously hegemonic notions and ideas, amongst others about the unquestionable superiority of the private sector over the public sector, about the need to reduce the tax burden on even the wealthiest, about the large levels of economic inequality being the natural and justified flip side of dynamic economic growth, just do not – to quote American political economist Mark Blyth – pass the sniff test (Blyth 2013). After 2008 it has become commonplace in public discussions to refer to authors and writers who did not find great recognition over the last two decades.

Polish intelligentsia has begun to discuss the subtleties of economic development being a result of different social factors – an idea presented by Francis Fukuyama in “Trust: The Social Virtues and the Creation of Prosperity”, as well as claims made by the Nobel laureate in economics, Amartya Sen, in his book *Development as Freedom*, that “overall effects of free market economy are dependent on its political and social surrounding”. The most intensively discussed books in Europe and the USA, such as Thomas Piketty’s *Capital in the 21<sup>st</sup> Century*, are now widely reviewed and seriously debated in Poland (Krugman 2014). It is then no wonder that the attitude towards culture has also changed. Technocratic utilitarianism gave way to a more progressive and subtle notion, which sees culture, not only as a creative capital or engine of growth and development, but also as long-term investments in people’s well-being and a worthy component of a public welfare.

## **Cultures and institutions**

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Among those in the above mentioned, more subtle and progressive notions are also theories about a country’s prosperity, growth and development, which stresses the importance of both culture and institutions. According to two development economists, Daron Acemoglu and James Robinson, inclusive economic institutions combined with inclusive political institutions are the key to the country’s development, citizen’s prosperity and general affluence. “Inclusive institutions” are defined by Acemoglu and Robinson as those which are capable of bringing prosperity to ordinary people and of enabling societies to participate in the wealth accumulated in a long historical process (Acemoglu and Robinson 2012).

The most important conclusion one can draw after reading Acemoglu and Robinson’s new, widely praised book *Why Nations Fail: Origins of Power, Prosperity and Poverty* seems to be the following one: a country’s main focus should be to break the mould and to transit from extractive institutions, which are inconsistent with growth and prosperity, towards inclusive institutions. According to authors, the major institutional change, the requisite for major economic change, takes place as a result of the interaction between existing institutions and critical junctures. Critical junctures are major events that disrupt the existing political and economic balance in one or many societies. In the course of history, critical junctures were events such as the opening of Atlantic trade routes, which created enormous profit opportunities for many in Western Europe, but also the Industrial Revolution, which offered the potential for rapid, but also disruptive changes in the structure of the economy around the world. The way an interaction between institutions and critical junctures proceeds is determined by the culture, by different social practices and different attitudes towards shared public goods.

It seems to me that the biggest economic crisis since the Great Depression of the 1930s might be an example of such a “critical juncture”. It is not for nothing



that one of the most acclaimed European sociologists, Zygmunt Bauman, describes the current turmoil in the world after the crisis as an interregnum, which means absence of leadership; the state between (Bauman 2012). According to Bauman, the old world slowly sinks into oblivion, but the new one has not yet been born. It means that we are much more aware of different limits of past solutions, but we have not yet managed to create and develop the new ones. Bauman's intuition is supported by a group of international sociologists and social scientists, led by Manuel Castells. In the book *Aftermath: The Cultures of the Economic Crisis* Manuel Castells, João Caraça and Gustavo Cardoso remind us, that "the economy is – all economies are – culture: cultural practices embedded in the processes of production, consumption and exchange of goods and services" (Castells et al. 2012, 13). They claim that "when there is a systemic crisis, there is an indication of a cultural crisis, and the non-sustainability of certain values as the guiding principle of human behaviour". Thus, ultimately, only when and if a fundamental cultural change takes place, will new forms of economic organisation and institutions emerge, ensuring the sustainability of the evolution of the economic system. According to Castells, Caraça and Cardoso "we may well be in such a period of historical transition... Which cultures will ultimately come to dominate social practice may determine our collective fate: either to enter a process of social disintegration and violent conflicts, or else to witness the rise of new cultures based on the use value of life as a superior form of human organization".

In my opinion what happened in Bydgoszcz offers just one example and provides us with an insight into how these new cultures breed, evolve and influence social reality in the world, which tries to regain its vigour and dynamism after the crisis. That is why the innovation in public policy making, that took place in Bydgoszcz, deserves to be carefully observed and interpreted, whilst, at the same time, offering a small reason for cautious optimism.

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