



# **Local Government Partnership Program Mid-Term Assessment**

**USAID/Poland**

Contract No. OUT-AEP-I-00-99-00040, TO 803  
"Mid Term Assessment of USAID/Poland Local Government Partnership Program  
and History of Activities Achieved"

**June 2000**

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## ACRONYMS AND ABBREVIATIONS

CBOS	Polish Polling and Survey Organization
COP	Chief of Party
DCOP	Deputy Chief of Party
EU	European Union
FY	Fiscal Year
ICMA	International City/County Managers Association
IMAC	Increasing Municipal Access to Credit
IR	Intermediate Result
LGPP	Local Government Partnership Program
LGSO	Local Government Support Organization
LOE	Level of Effort
MDA	Municipal Development Agency
NGO	Non-Governmental Organization
PAFF	Polish American Freedom Fund
R4	Results Review and Resource Request (of USAID)
RUDO	Regional Urban Development Office (of USAID)
SAS	Government Self-Analysis System
SO	Strategic Objective
SOW	Statement of Work
TBB	Task Based Budgeting
USAID	United States Agency for International Development

# **1 EXECUTIVE SUMMARY**

## **1.1 The Local Government Partnership Program**

The Local Government Partnership Program (LGPP) is USAID's final major program to support decentralization and strengthen local government in Poland. It is a three-year, \$26 million project that began in early 1998 and will end in March 2001. The project promotes more effective and accountable local government through a broad range of initiatives. Key to this is the creation and dissemination of best practices and models and the strengthening of local government support organizations.

The purpose of this evaluation is to review the progress of LGPP in achieving results and to make recommendations for final year activities.

## **1.2 Findings and Conclusions**

LGPP got off to a difficult and complicated start, but since late 1998 has played a major role in Polish local government life. It is the first donor program to systematically use consulting firms to drive the process of improving local government delivery of services and responsiveness to citizens. After a problematic beginning, the program is now doing much better. However, there remain important tasks to carry out to ensure that the LGPP legacy endures.

USAID and LGPP have recognized that additional attention needs to be paid to sustainability issues. They have now established advisory and working groups on sustainability, as a direct result of the evaluation's observations.

Technical assistance has, on the whole, been well received by LGPP partners. These include 45 partner gminas (local governments) and other local government support organizations (LGSOs), such as non-governmental organizations (NGOs) and local Polish consulting firms. Agreements with the majority of the partner gminas were signed by the end of 1998. 1999 saw intensive activities with the partner local governments, making use of Polish sub-contractors, as well as the beginning of new approaches involving poviats (county governments) and groups or associations of gminas coming together for specific purposes. A program of grants to LGSOs was also initiated during 1999. LGPP is now evolving in 2000 to include new gminas and to emphasize dissemination of models and best practices

Nevertheless, the unfortunate combination of a USAID design that was complicated and difficult to implement, and a problem ridden contractor effort during the first year caused the project to lose considerable time in its start-up phase in early and mid-1998. The number of gminas chosen to participate, the number of activities attempted in each of the gminas, the number of expatriates arriving at the same time, and the mandate to establish regional LGPP offices all made execution of this program more difficult than it needed to have been to achieve the desired results.

In hindsight, it is now clear, and a valuable lesson for other countries and future programs, that LGPP should have started with a smaller core of expatriates with the skills to develop strategies to work with local organizations.

A better contractor team might have been able to do a better job after mobilization and start-up. Unfortunately for LGPP, the contractor Chemonics team was weak in many areas and, while agreements with 30 partners were signed and strategies developed in key sector areas, progress on the ground during the first year was not commensurate with the resources expended. The Chemonics consortium fielded a team of 23 expatriates, working with Polish colleagues. The size of this effort created organizational and management bottlenecks. At the end of 1998, a new top management team was installed.

The second year (1999) brought a substantial improvement over the first. The USAID management team and Chemonics leadership and staff deserve credit for this. The program is now hitting its stride and there is considerable momentum. The introductory assistance program, begun in late 1999 and the dissemination activities, described in more detail later in this report, are examples of the project's success.

On the basis of interviews with a limited, but we believe adequate, number of gminas, we conclude that the program is having a positive impact. LGPP is successfully providing quality assistance to partner and cooperating gminas in most cases.

Overall, the quality of services and quality of contractors is high, and generally appropriate. While the evaluation team believes that the process could have been improved, most city officials interviewed commented that the process by which they were brought into the program was well done and clear.

There are several excellent examples, described later, of project impact that seem to attest to the learning model now being followed in LGPP, i.e. that gminas will learn new ideas and practices best from discussions with their peers and from working with their neighbor gminas.

USAID project management during 1998 proceeded under very difficult and sometimes crisis-like circumstances. The first year was lost in many ways and USAID must share the responsibility.

USAID project management in 2000 would be more effective if USAID possessed a better understanding of the project budget and program component activity costs. More systematic visits to participating gminas would help improve USAID management, and this has now begun, as would increased and structured communications between the entire USAID and Chemonics teams, something that began shortly before the evaluation.

The original contract put in place indicators that made it difficult to measure accurately the contributions of LGPP to more effective and responsive local government. The original indicators were general and overly ambitious. The current indicators were developed once the LGPP started, making it impossible to have a true baseline. Under the LGPP, goals and targets were defined generally, which made it difficult to estimate what resources would be needed to accomplish them.

The award fee indicators, measures, and targets, as amended in 1999, served a useful purpose at that time, but are still problematic. They do not easily measure the achievement of the goals of the project, nor relate them to LGPP efforts. Nor have they encouraged a balanced approach to the promotion of sustainability.

The results to date in the towns have been largely oriented toward putting in place systems or processes to improve the operations of gminas. This means that the impact of changes will only be felt and observed by most ordinary citizens in the years to come, rather than immediately. Nevertheless, there have been changes, and more efforts need to be made to report during this third year on those changes that can be reasonably linked to LGPP activities. USAID advised the evaluation team that they have requested this type of reporting and that this is now being provided.

Because the length of the program was only three years to begin with, and because the first year was such a difficult one, there has not been sufficient time to adequately test the models and best practices that are being developed and will be disseminated in 2000.

Furthermore, because of the slow start-up and the subsequent rush to make agreements and begin implementation, there was little effort made to establish baseline information in these initial partner gminas. This means that it is now more difficult to measure real improvements and to relate them directly to the LGPP activities. .

While the evaluation team is hopeful, the probability for sustained impact from LGPP activities is difficult to assess at this point in time. There are clearly forces inside Poland that will continue to encourage the evolution in local government practices that LGPP has supported. There is a seeming likelihood that other “drivers” such as accession to the European Union will continue to support this evolution with significant resources. Other sources of funding for continued activities might include the recently established Polish American Freedom Fund (PAFF). However, the team believes that sustained impact is not yet assured. Fortunately, there are steps that can be taken for this, as mentioned below.

Sustainability may be limited by the danger that LGPP will concentrate too many of its hopes or “eggs” in the one emerging consultant market driver basket.

The effort to disseminate knowledge about LGPP and its results is massive and impressive, but needs to include a more dynamic and continuing, post-LGPP, process.

While there are positive signs in several of the technical sectors, particularly those related to finance, it is too early to conclude that a real market has emerged for the products of LGPP. In addition, the team believes that any market that emerges over the next several years is likely to be limited in size. One estimate made was that this market was likely to be limited to no more than 300 gminas over the next several years. This means that concentrating on a contractor driven approach needs to be balanced with additional efforts on other fronts.

During the last nine months of the project, in addition to continuing to work to develop a contractor market to drive sustainability, more emphasis needs to be placed on strengthening other-than-contractor LGSOs to supply the future market with evolving LGPP products and information.

The evaluation team was advised that the LGPP advisory and working groups on sustainability, mentioned earlier, will identify additional institutions that might make best use of knowledge and experience created by LGPP. The team was also advised that an action plan would be developed to support these institutions. These are positive steps and it is hoped that they will result in meaningful impacts.

There are five programs proposed in the 2000 Work Plan in connection with Educational Development and Information Dissemination Post LGPP. The sense of the evaluation team in March 2000, at the time of field work, was that these programs were still rather unformed and might not be fully developed before the close of the project.

Much of the current LGPP emphasis, in addition to the dissemination efforts, is on adding new gminas and building up the contractor-gmina connection. There may need to be a change in the award fees structure to reinforce the effort to strengthen other than contractors for future dissemination and training activities.

### **1.3 Recommendations**

The team believes that it is important that there be a modest re-allocation of resources in support of LGSOs, other than contractors, that will make use of the corpus of LGPP best practices, tools, and approaches material that has been generated in a dynamic way in the post-LGPP period. This means not only that they will have the material but that they will use it, continue to develop it, and continue to interact with gminas to promote the precepts of LGPP.

In the initial project design, it was believed that this role would be carried out by the national associations of gminas, MDA (Municipal Development Agency), universities, training institutions, and NGOs. LGPP has now had about 18 months of working closely with a number of these institutions and organizations. Some of them have been a disappointment for LGPP. Nevertheless, from the evaluation team's brief, but intense review, there appear to be a number of organizations that could be designated as primary active post-LGPP partners and could be the recipients of grants – provided, of course, that they are interested. The team believes that the Associations of Rural Gminas and Polish Cities might qualify from among the national associations. We also believe that some regional associations of gminas, associations of gminas devoted to single issues such as development of central cities, organizations such as MISTiA and WOKiSS, and some of the more active professional associations and training institutions might also be designated. LGPP will be able to identify these organizations in conjunction with USAID.

There are five programs proposed in the 2000 Work Plan in connection with Educational Development and Information Dissemination Post LGPP. These are the Public Administration and Curriculum Development Program, the Continuing Education Program for Local Government Executives and Councilors, the Local Government Resources Catalogues, the Publications of Best Practices, and the Information Clearinghouse. The sense of the evaluation team in March was that these programs were still unformed and might not be fully developed before the close of the project. The team therefore recommends that each of them be elevated to a higher priority status and that additional LOE and resources be devoted, including grants and subcontracts resources, to them. In addition, if agreement can be reached on indicators, targets, and resources for a new award fee, that would be an excellent solution.

It is these programs that the team believes need to be lodged in organizations that will not merely serve as repositories or libraries, but will actively disseminate the material through training and will actively endeavor to locate new best practices and new evolving models and approaches that emphasize LGPP precepts. These organizations could be partners in designing such programs during 2000.

In conjunction with this final year thrust, the team believes that LGPP should actively engage with other donor programs to interest them in making use of these materials in an organized way. In particular, the PAFF may be a source of post-LGPP support for some of these organizations. One suggestion that has been made is that a program involving current LGPP staff might be designed for funding by PAFF that would ensure that those most familiar with the LGPP approaches continue to stay involved with LGPP work in the post-LGPP period.

The evaluation team noted two areas of project management that could be improved in the final months of the program. At various times, Chemonics felt as though new requirements were being added to the program as emphases by one or another of the several USAID project officers changed. There were indeed many cooks in this process from the USAID side. This is now being addressed through regular bi-weekly meetings of both teams from both sides. An aspect of communications related to this was the view expressed by several LGPP staff that many of their written products, e.g. quarterly progress reports, were not read by and did not receive comments from USAID.

The second issue raised concerned knowledge by USAID project team members of what was actually going on in the field. The evaluation team believes that more systematic visits to the gminas should be undertaken. This would result, we believe, in greater appreciation by USAID of the efforts being made by Chemonics as well as greater knowledge about the successes and failures of the program.

The reporting format currently in use does not adequately present many of the real accomplishments of the program. USAID has also expressed concern that it is not easy to verify many of the ordinary accomplishments that have been claimed for purposes of the award fees. The evaluation team specifically reviewed accomplishments in the gminas that it visited and found them to largely correspond with what had been claimed in the LGPP progress reports. Nevertheless, it is recommended that LGPP and USAID reach agreement on a format that will showcase program achievements at the gmina level and provide sufficient information so that it is easier for USAID to verify results.

LGPP is undertaking a massive dissemination effort of best practices, tools, and models of what has worked well, based upon its experiences since 1998. It would also be very useful to have, for USAID as well as Polish LGSOs, a more detailed examination on the technical sector level, e.g. economic development, housing, strategic management, etc., of what did not work as planned or as well as hoped and the reasons for this. Local consulting and other LGSOs, along with LGPP staff, would be the best suited to carry this out. The evaluation team was advised that in response to LGPP's Annual Report on 1999 activities, USAID has instructed LGPP to undertake evaluations of the various technical activities.

## **1.4 Lessons**

There are a number of lessons to be drawn from LGPP. Some of them might be considered a reiteration of good design principles. Perhaps the most important is that simpler is better when it comes to designing a program. Less is often better than more. The consequences of adding components need to be very carefully weighed at the design stage since one never knows in advance, or usually does not know, who is going to be implementing what has been designed.

In thinking about future programs in other countries, the advantages of an integrated program such as LGPP should not be downplayed. The evaluation team believes that USAID's earlier experiences using different contractors was not as effective as an integrated approach. While LGPP turned out to be overly complex, a less complicated and massive design would have paid large dividends.

The use of local consultants and local organizations at every stage of the program, from design onward, is highly recommended. Of course, in Poland, there were a number of well qualified individuals. In other countries, it might not be quite as possible, but the effort should definitely be made.

Sustainability needs to be thought about from the very earliest stages of project design and followed up on. This also means making the resources available to ensure that sustainability has the best chance of taking root.

Greater attention needs to be paid to thinking through how a program will start up. Underestimation of difficulties continues to be the rule rather than the exception. Getting people on the ground and productive within a short period of time is never going to be easy. Doing it with a large team compounds the difficulties geometrically.

With regard to contracting issues, the difficulties associated with cost plus award fees should give pause. It is difficult to design in advance an appropriate indicator and target system that captures the complexity of a development project and is within the manageable control of the contractor.

Current contracting practice looks at the technical proposals first and then turns to the cost proposals. A range of acceptable cost proposals should be considered as well as a range of acceptable technical proposals.

LGPP only required five key personnel. The Chemonics team was deemed technically within the competitive range. Either more people should have been designated as key staff or the system for reviewing teams needs to be tightened to ensure that experience corresponds with needs.

More attention needs to be paid to the international experience of expatriate staff, their health and energy levels, and to matching their backgrounds with what they will be expected to do.

The design should be finalized only after a thorough review of what has been done in the sector. In the case of LGPP, the assessment of the pilot LGPP was done well after the RFP had been issued.

Realism is essential concerning what can be achieved in the given time period, especially when there is no possibility of extension of the project. One way to ensure greater realism would be not to insist on a detailed work plan from a newly arrived team within a short period of their arrival.

If USAID develops LGPP type programs in the future, more realistic and concrete indicators should be included in the contract. Ideally, the contract would include baseline data. It would explain in detail the types of changes that should take place as a result program activities. This would allow USAID and the implementer to develop a work plan to which resources could be more clearly assigned.

Design assumptions need to be verified. In LGPP, the design stated that there were best practices that already existed. When the Chemonics LGPP arrived, these were called into question and the technical experts spent much of the first year coming up with approaches they believed would work. In addition, the design contained two somewhat different focuses - producing tools and improving the overall performance of local governments – that were difficult to carry out in the time allotted for the project.

The fact of central government as a force for change needs to be emphasized and included, even if the project is in theory focused only on local government.

Considerable background research is needed to ensure a well-designed project. In the case of LGPP, an essential element, a study of ‘How Gminas Learn’ was only undertaken after the project got underway.

Public participation needs to begin as early as possible in the project at the local level. In LGPP, while it was a part of early design, public participation took a long time to become fully integrated into ongoing activities.

The dissemination component of a program is vital to achieving a spread effect and needs to be well funded and integral to the overall program from the beginning.

A certification of contractors program should be a requirement for any project that is attempting to enhance the market situation. In general, the use of local consultants and contractors should be pursued as much as possible.

## **2 THE EVALUATION REPORT**

### **2.1 Structure of this Report**

This report is structured to respond to the requirements of the Statement of Work (SOW). Following the Executive Summary in section 1, certain key aspects of the Report itself are elaborated on in this section 2. Section 3 sets forth the background and situation in Poland in which local government activities took place during the 1990s, and USAID’s local government activities, including the pilot LGPP. Section 4 describes what has taken place during the first two years of the LGPP and what is anticipated to happen during 2000. Section 5 states the evaluation’s findings and conclusions, section 6 the evaluation’s recommendations, and section 7 the lessons the evaluation team believe should be drawn from this experience. The appendices contain more detailed information, including the SOW in appendix 1, responses to specific SOW questions in appendix 2, and reports by several of the team members in appendices 8,9, and 10.

## **2.2 Statement of Work**

### **Timing of the Evaluation**

This evaluation takes place considerably later than the mid-point of the project. Originally scheduled for September 1999, it was postponed for reasons beyond the control of USAID. Unfortunately, this means that relatively little time remains until the project effectively begins to wind down at the end of December 2000 (the formal Project Assistance Completion Date (PACD) is March 31, 2001). The evaluation team has been conscious of this limitation in shaping its recommendations. We would note that the delay in the evaluation has had the positive consequence of there being more accomplished upon which to base our findings and conclusions.

### **Purpose of Evaluation and Major Areas for Examination**

The complete SOW is found in Appendix 1. The purpose of the evaluation, as stated in the SOW, is to assist USAID management to evaluate the progress of the LGPP in achieving results and to make recommendations for final year activities.

There are four major areas that the team was asked to evaluate. They concern:

LGPP activities to date, especially the appropriateness, quality, and effectiveness of the technical assistance delivered to the partner local governments and other institutions participating in the LGPP;

The ability of local institutions to deliver technical assistance and their ability to develop increasing amounts of business and the extent to which a market is emerging for the products developed and offered under the LGPP;

The appropriateness of the award fee indicators, measures, and targets developed to judge the performance of LGPP and the progress toward achieving results as defined in award fee indicators, measures, and targets;

Project design and management, the effectiveness of USAID's design and management of LGPP in and of itself and how it relates to achieving the goals laid out in the SO 2.3 results framework.

The team was asked to assess the probability for sustained impact resulting from LGPP activities and to comment specifically on a number of questions and issues. The team was also asked to draw the lessons of the LGPP experience.

## **2.3 Evaluation Team and Methodology**

The evaluation was carried out by Michael Lippe, Andrzej Rudka, and William A. Rich, with assistance from Pawel Swianiewicz. The team began its evaluation in February 2000, working together for two weeks to establish a common understanding with USAID on the methodology and approaches. Visits were undertaken together by the team during this period to two gminas, and a number of local government support organizations (LGSOs). During the

following two weeks, Messrs. Rudka and Rich continued separate visits to gminas and organizations. Mr. Lippe rejoined the team in March.

The primary methods used were the reading of background documents and interviews with key informants in organizations and gminas. A total of 16 gminas or groups of gminas were visited. Over 20 NGOs, associations, consultant firms, and training organizations were also interviewed. In addition, interviews with USAID officials were held, along with interviews of more than 15 LGPP staff. Chemonics staff was also interviewed in Washington. The organizations and gminas visited are listed in Appendix 7.

At the conclusion of its field work, the evaluation team prepared a Draft Summary Report that contained its major findings and recommendations. This Report was distributed to USAID and the Chemonics team and a meeting was held on March 21, 2000 to discuss it. Subsequent to this, Chemonics responded formally to several of the issues raised and the evaluation team replied to these comments. This exchange of letters is included in Appendix 6.

### **3 BACKGROUND**

#### **3.1 Local Government in Poland - The Economic, Social, and Political Context**

There have been a number of significant political events in Poland since the demise of communist rule in 1989. These help to set the context for the analysis of LGPP. In 1990 Lech Walesa was elected President. In 1993, the post-communists, in the form of the United Left, were victorious in parliamentary elections and in 1995 their leader became President. In 1997, the parties of the Right, allied in a broad coalition, won back the parliament. Throughout this period, Poland has been undergoing a swift transition to the market economy and has become more integrated into the political, economic, and military structures of Europe. This transition has not been without its costs, particularly employment and social costs, which have contributed to the political shifts referred to above.

Over this short period of transition from communism, decentralization and the role of local government has been a major preoccupation at all levels of Polish society. There are many possible ways to look at local government in Poland in the last decade of the 20<sup>th</sup> century, following the end of communist rule. In terms of the structure of local government that existed immediately prior to 1990, these years can be characterized as a period during which Polish society has been attempting to find the right balance between the centralized state that existed before and the degree and structure of decentralization that is being put in its place.

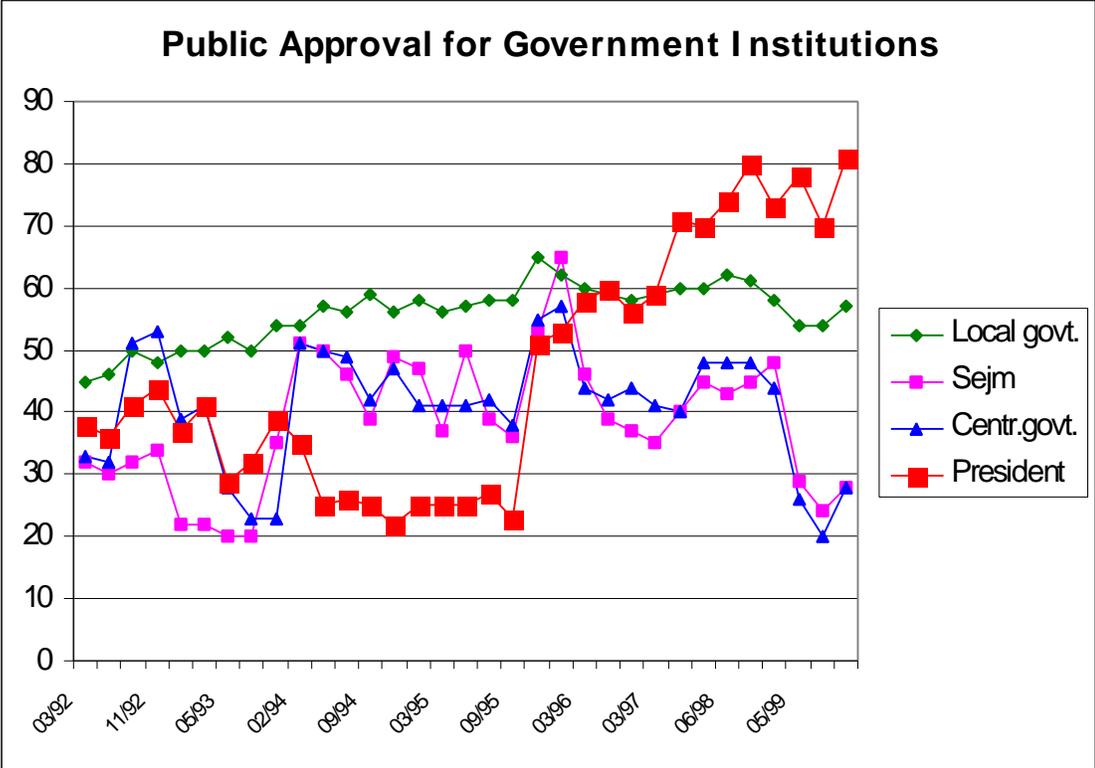
It does appear that for the time being the new structure has been set. At the beginning of 1999, coinciding with on-the-ground work in the LGPP, the sweeping administrative reforms that established poviats (counties) and voivoidships (provinces) alongside of gminas were put in place. Much work remains to be done to work out the relationships between these entities and financing remains a very important issue at all levels of local government.

This period can also be characterized as one of evolution from an administrative state, centrally run with local entities that carried out policies and programs determined by the center, to one in which more of the developmental and economic decisions are taken and implemented at the local levels. It is also a period during which the private sector has played a larger and

larger role. This more dynamic local situation has consequences in terms of the kinds of activities that are likely to be carried out at the local level or are capable of being carried out at the local level. There are also consequences in terms of the leadership and management needed for a local government to be competitive and to succeed in this environment.

However it is characterized, it is clear that the last ten years in Poland have witnessed tremendous changes and vitality at the local level. Decentralization has been a fundamental and enduring issue. The general consensus among most knowledgeable Polish observers is that the local government reforms in the period from 1990-1994 were successful. Opinion polls throughout the decade have consistently shown that Poles place more confidence and trust in local government than in central government (See the table below, whose source is a reputable polling organization, CBOS).

In the early years of reform, this enthusiasm could be explained at least in part by some of the quick successes in eliminating centralist procedures as well as lower expectations of the public for concrete results from their newly elected officials. Over



the years, however, results have begun to matter more and it is for precisely this reason that donor programs such as LGPP have been important. A background report on the evolution of local government, prepared by Pawel Swianiewicz, is included in Appendix 10, along with more detailed information on public opinion surveys.

### **3.2 USAID Local Government Activities**

USAID Strategic Objective (SO) 2.3 is that Local Government is More Effective, Responsible, and Accountable. There are four intermediate results (IR). They are: IR1 – Improved policy and legal framework supports local government functions; IR2 – Public participation in local government decision making increased; IR3 – Increased capacity to deliver services and manage local resources efficiently; and IR4 – Polish institutions supporting local government functions are sustainable and more effective. The SO and IRs are more comprehensively set forth in Appendix 3. LGPP contributes most heavily to IRs 2,3, and 4.

USAID programs began in the early 1990s and have been directly or indirectly involved with local government issues almost from the beginning. While initial activities were grouped under the rubric of housing and urban development, local government issues were almost always present. By the middle of the decade, more attention began to be focused on specific local government activities. For instance, considerable work and support, through grants, was done in helping to build the various national associations of local governments and the Municipal Development Agency (MDA). MDA is an organization established by the Polish government with assistance from the World Bank and other donors, that continues to receive government support and provides services and technical assistance to gminas. The changes in the housing finance system supported by USAID in the early 1990s have been complemented by the work that USAID supported to first make local authorities solvent and financially strong and then to improve their access to longer-term credit.

When the postcommunist party of the United Left won the parliamentary elections in 1993 and was able to form a government and when the leader of the Left was elected President in 1995, this formed the background for increased USAID interest in working with the local government movement in Poland. This coincided with increased interest by USAID throughout the region in this sector.

LGPP has been USAID's major tool to achieve SO 2.3 IRs over the last several years. There have also been other significant projects, including working to strengthen the national municipal associations through the SAS program (Self - Government Analysis System).

The IMAC (Increasing Municipal Access to Credit) program, run in conjunction with USAID's Regional Urban Development Office, has been particularly successful. This project is a continuation of USAID's participation of the past five years in the municipal financial sector. In addition to its major goals concerning municipal credit, IMAC has also established a model of sustainable collaboration among the central government, local government, and private professional associations interested in promoting more sustainable user fees for water, now a major responsibility of local government. The driving force that this initiative has worked for has been the successful effort at the national level to introduce government regulations that will require standard financial approaches for gmina water utilities.

USAID was also supportive of the initiative to create additional levels of local government, poviats, and to help think through the responsibilities that this level of local government would have and its relationships with other levels of government. Poviats were created through the Administrative Reform Act of January 1, 1999.

Public participation in local government, in addition to being a major focus of LGPP, was also increased through USAID support for NGO development, including the establishment of the Academy for the Development of Philanthropy in Poland, an NGO intended to support local NGOs that will address local problems.

Finally, under the Local Environmental Management (LEM) project, 50 gminas were helped to improve the efficiency of their delivery of solid waste and wastewater services, and through the Environmental Action Program Support (EAPS) program, 25 municipal heating projects were designed and financed. LGPP has been able to build upon the achievements of these two programs.

### **3.3 The Pilot LGPP**

USAID began working on the design of LGPP in 1996. A pilot program was initiated to test the premises of the forthcoming LGPP in 8 gminas. The activities undertaken were basically activities already underway under a number of other USAID programs in Poland, but which were then grouped together in these 8 towns and considered as an integral whole. The Pilot LGPP was assessed in late 1997, after most components of LGPP had already been designed and incorporated in LGPP. The gminas included in the pilot effort also became part of the main LGPP project.

### **3.4 Other Donor Programs**

USAID is not the only agency active in providing support for Polish decentralisation reform. In funding terms, European Union and bilateral European programs and the World Bank rural development program are larger. The most important multilateral institutions are the European Union, the World Bank, and the United Nations. The most important bilateral programs are those of USAID and Peace Corps, the British Know How Fund, German semi-public foundations, the France-Pologne Foundation, and other (smaller) bilateral programs delivered by European (the most significant are probably Dutch and Swedish) and non-European (Canada and Japan) countries.

The programs delivered by those agencies may be roughly classified into the following two clusters: financial assistance for development programs (grants or loans) and technical assistance programs. These latter consist of activities:

- directed at central level (for example support for legislative changes)
- directed at local government associations or local governments in the whole country (e.g. manuals, conferences, organisational support for associations)
- projects to assist individual (or small groups) of local governments.

Appendix 10 contains details of the various programs.

## **4 LGPP**

### **4.1 Design of the Program and Award of the Contract**

The request for contractor proposals for LGPP was finalized and issued in the Spring of 1997. LGPP's goal was to contribute to the Mission's goal of local government that is more effective, responsive, and accountable on a sustainable basis. Because the Mission was scheduled to close in 2000, and because it had been decided that LGPP was to be the Mission's last large program, time was of the essence. The contract mechanism employed was a cost plus award contract. However, following the selection of the Chemonics Consortium in September 1997, a protest was lodged by one of the losing bidders. The protest was eventually rejected in January 1998 and Chemonics was able to mobilize and begin almost immediately. However, the delay from September 1997 to February 1998 increased pressure on USAID and Chemonics to mobilize quickly and massively.

### **4.2 Overview of the Program**

The parameters of LGPP are set forth in the evaluation team's SOW in Appendix 1. Nevertheless, it is worthwhile repeating several of the elements of the program in this section. The objective of LGPP is to help build local government that is effective, responsive, and accountable so that Polish citizens will live better. LGPP was to help support decentralization efforts by the government of Poland by improving local governments' capacity to manage their resources more effectively. Well managed local governments were described as gminas that:

- Manage their resources strategically;
- Respond to the needs of their citizens;
- Understand the need for constant development of governance;
- Have access to information and best practices;
- Implement best practices tested in Poland or elsewhere;
- Actively participate in exchanges of experience with other local governments;
- Make use of a stable, competent support network of non-government resources;
- Operate in a legal and regulatory environment that supports these endeavors.

The way in which this was to be achieved was through:

- The creation of partnerships between LGPP and the gminas that would jointly test models and best practices in a number of technical sector areas;
- The dissemination of these best practices throughout Poland to the more than 2500 local governments;
- The strengthening of local government support organizations, defined as training organizations, NGOs, consulting firms, and professional associations; and
- Providing information to policymakers and organizations lobbying for local government interests.

The key to the sustainability of LGPP is to be found in these four statements above. There were to be partnerships with local governments that would develop best practices and would be disseminated throughout the country. Integral to this process was the use of LGSOs, particularly (but not solely) private sector consulting firms that would be strengthened to provide

the supply side of an equation that would have local governments on the other side continuing to request and prepared to pay for these services after LGPP was over.

LGPP concentrated initially in seven technical areas that USAID and its Polish partners (the national associations of gminas and MDA) believed were crucial to achieving success. These were strategic management, economic development, infrastructure finance, municipal service delivery, housing, land, and public relations and citizen participation. These technical sectors have evolved over the course of the project as will be described in later sections.

The responsibilities of the contractor were set forth in its scope of work for implementing the LGPP program. They were extremely broad and far reaching and called for a start up team that was very large. The most important of these responsibilities and the ones related to establishing itself and starting up are listed below:

- Establish field offices in Poland;
- Develop technical programs;
- Work with 40-50 gminas;
- Develop an effective strategy to reach a broad gmina audience;
- Strengthen two regional university programs;
- Coordinate with and support the Municipal Development Agency, gmina associations, and the advisory team;
- Enhance the skills of LGPP staff;
- Administer a \$3 million grant program;
- Provide a creative program of training for gminas and other institutions;
- Look for ways to enhance participation of women in LGPP work;
- Establish a performance monitoring and reporting system;
- Achieve specific intermediate results targets

The intention from the beginning was that American or expatriate experts would come to Poland, work with Polish colleagues to both train these colleagues and to get the program up and running. It was intended that within 18 months, most of the Americans, with the exception of a few key staff, would have left and that project implementation would have been continued and concluded with the trained Polish staff.

## **4.3 What Happened in 1998 and 1999**

### **4.3.1 First Year**

1998 was a very troubled year for the project. The delay of four months, due to the protest of the award to Chemonics, meant additional pressure on the project team, although the PACD (Project Authorized Completion Date) was also extended to March 2001. However, the Mission intended to close down in 2000. The effective closure of the project, with the departure of most professional staff, will be the end of December 2000.

During this four-month period, 5 of the originally scheduled 23 expatriates were replaced because they decided to pursue other opportunities. Nevertheless, the expatriate team was re-assembled expeditiously and came to Poland, meeting with their Polish team colleagues and establishing itself. By the end of March, virtually all staff had arrived or were in place and had

started working. Initially this took place out of hotel rooms near the USAID Mission. Offices were set up in Warsaw, Krakow, and Poznan. Briefings from USAID took place. This excellent mobilization was recognized by USAID in its first awards designation in June 1998.

It should also be noted that a promise in the LGPP SOW by USAID to have signed 20 agreements with gminas by the time that the project began had not been carried out. This created further pressure on the team, although there were good reasons for deciding that the Chemonics team should have the opportunity to undertake from the beginning all contacts and agreements negotiations with the gminas.

The first order of business was for the team to prepare a work plan and to begin its work with the candidate partner gminas. USAID expected this to be a swift process because it believed that figuring out what to do was very straightforward and believed that there were already many tools and best practices in place. The Chemonics team, after beginning to delve more deeply into what was already in place, did not agree. In fact, it appears that this differed from sector to sector. USAID was unable to approve the first draft work plan that was presented to it.

Chemonics leadership did not want to go the candidate partner gminas until the workplan was approved and this led to further delays. USAID also did not want Chemonics to visit partner gminas until LGPP's staff had a good idea about how Polish local government worked and what the program was going to offer. The feeling was that partner gminas should not be used to train LGPP staff. USAID felt that partner gminas would resent taking time to get expatriate consultants up to speed. USAID encouraged LGPP staff to visit non-partner gminas and local government support organizations to get a better idea of how things worked in Poland.

Team members were told not to communicate directly with their colleagues in USAID, but rather to go through the COP (Chief of Party). There were further signs of lack of communication when the work plan that was developed did not, in USAID's estimation, address one of the most important project imperatives, that of going beyond the original 48 partner gminas to a program that would effectively cover all 2,500 gminas.

In the meantime, USAID worked with Chemonics management to resolve the issues that had become apparent. A retreat involving USAID and the entire team was held in August 1998. After the retreat, and a further Chemonics retreat in September 1998 involving all staff, the signing of agreements with gminas became the first priority and these began to be signed.

USAID reasoned that it could not allow the team to begin working with the 48 chosen candidate partner gminas until it was sure that the team understood what it was going to do and had articulated a strategy for proceeding in each of the technical areas. Because most of the expatriates had virtually no Polish experience, it took them a considerable amount of time to be able to understand the situation and to do this. A number of the expatriates turned out to be weak professionally or to not have the right qualifications for their particular jobs.

Establishing separate offices in other cities complicated the immediate tasks of producing strategies and a work plan. USAID had believed that this would be quite a quick process because of the understanding that USAID itself had of the various sectors and the belief that there were already a number of technical models and tools developed during the pilot LGPP. It turned out to be difficult to transfer this sectoral understanding to the team. It also became

apparent that more work than had been anticipated was needed to adapt the tools and models already developed by other contractors for use by the Chemonics team. The reality of this is not clear and is difficult to assess two years after the fact. At least one LGPP staff member suggested that in the financial management sector at least, there was a good array of tools that had been developed in earlier USAID programs.

An additional complicating factor was that local government elections, originally scheduled for June 1998, were postponed. This added another element of uncertainty to the process of going out to the gminas. When visits finally began, they came just before the elections in October and just after them. In both cases, the prospects for reaching good overall agreements were complicated. The pilot LGPP assessment, undertaken in September 1997 had made recommendations concerning the process of arriving at agreements with gminas. When the project eventually started up, USAID wrote to the candidate gminas that were going to be involved to tell them that the project was finally beginning and laying out the procedures that were to be followed. However, different, shorter, procedures were followed toward the end of the year when there was tremendous pressure on the Chemonics team to produce agreements in fairly short order and to finally begin doing something on the ground.

Other than the signing of agreements with about 40 gminas by the end of the year, and the beginning of cooperation and assessment with local contractors, very little was accomplished. Project staff and project management were generally considered to have been weak. Morale was low. Collaboration between American and Polish team colleagues was strained.

In December 1998, the USAID Regional Contracting Officer formally wrote to Chemonics with a detailed list of eight issues. These issues summarize USAID's view of the project at that time:

- Issue 1 -The LGPP project has not taken off or started to show tangible results;
- Issue 2 - Chemonics LGPP lacks an adequate team structure and division of labor to deliver technical assistance quickly and efficiently to gminas;
- Issue 3 - Chemonics LGPP does not have a plan for delivering technical assistance using team members, subcontractors, and other Polish institutions. A satisfactory workplan was not delivered in a timely manner. A system must be put in place to implement activities and deliver assistance quickly;
- Issue 4 - Project staff do not have scopes of work or formal performance evaluation criteria. One result is that staff morale is a serious issue. A supportive atmosphere to encourage successful implementation is missing;
- Issue 5 - Budget resource allocation has not been clearly communicated to USAID, leading to uncertainty as to whether sufficient resources are available for planned activities;
- Issue 6 - The COP has not followed instructions regarding communications between USAID and team members;
- Issue 7 - Chemonics LGPP misunderstands the desired approach for delivering technical assistance. The amount of work to put the subcontracting process in place was underestimated;
- Issue 8 - The formula for cure must include a Deputy Chief of Party candidate [the Deputy Chief of Party had passed away].

Agreement was reached at the end of 1998 on a new course of action and resolution of these issues, not all of which were Chemonics fault alone, it should be added. In the meantime,

Chemonics decided to replace its COP. This was done and a new COP and DCOP management team arrived in early 1999. A copy of the Regional Contracting Officer's letter resolving the various issues is included in Appendix 5.

#### **4.3.2 Second Year**

The new management team arrived in early 1999 and appears to have brought order to the project. Technical assistance began to be delivered to the gminas. Expatriates began to leave as scheduled, and the project settled into a more orderly rhythm.

USAID and Chemonics renegotiated the agreement concerning the award fee indicators, measurements, and targets in March 1999. This was formalized by contract amendment in July. Basically, the requirements placed upon Chemonics were reduced and made more concrete. Award fees in the initial contract with Chemonics had been based upon results that were to be measured in part by surveys undertaken at the national level. By mid 1998, Chemonics had questioned the validity of many of the questions in the surveys. For a combination of reasons, including cost, USAID subsequently decided to discontinue the use of these national surveys. In addition, a number of the awards measures under IR4 concerning sustainability were to have been defined by mutual agreement between USAID and Chemonics. We will comment in more detail on the current award indicators later in this Report. They are also set forth for ease of reference in Appendix 4.

The activities of LGPP during 1999 are described in detail in the January 2000 LGPP Annual Progress Report. A final total of 45 partner agreements had been signed. LGPP provided assistance in strategic management to 14 partner gminas; in economic development to 20 partner gminas; in community participation to 11 partner gminas; in housing to 14 partner gminas; in infrastructure finance to 7 partner gminas; in financial management to 34 partner gminas (with a total of 59 projects); and in municipal services to 19 partner gminas.

Of significance is that this assistance was largely provided by Polish contractors and other local organizations. A program was initiated to certify Polish subcontractors as qualified by LGPP to undertake several of the financial programs that LGPP was supporting has proved popular.

The grant program, initially funded at \$3 million, was reduced by about 50%. Perhaps of more importance, however, is that it became operational. Grants were given out in all the regions and from the center as well. Dissemination activities also got underway.

One of the most important issues that the new leadership was required to face was to find ways to ensure that the services that were being offered to gminas for free would eventually be sufficiently attractive to induce gminas to pay for them with their own funds. Without this, the concept of creating a market framework with supply of services by contractors and demand for services by gminas would not work. Out of this was born the cost-sharing program. LGPP has now introduced a sliding scale for certain technical assistance in which LGPP will pay up to 75% of the costs of the TA depending upon the size of the gmina. This program is proving popular with gminas, mainly smaller ones who are non-partners.

In summary, the project began to function and began to attain an increasing tempo. LGPP began to be present in Polish local government life.

#### 4.4 Evolution of the Program in 2000

As described in its own 2000 Workplan, LGPP's emphasis during the last year of the project has changed to reflect the following four priorities:

1. Capacity building of consultants;
2. Assistance to new gminas;
3. Dissemination of information; and
4. Completion of assistance to partner gminas.

Each of these categories is of course important and related to the others. LGPP has placed great emphasis, as has USAID, on the sustainability of LGPP efforts through creation of a market for LGPP products and tools. In order to do this there must be a demand for these products and a supply available. The supply side is being developed through the use of Polish subcontractors in each of the technical sectors in which LGPP has worked. In addition, LGPP is training and certifying subcontractors in the financial technical sector. LGPP is making use of these subcontractors in its programs with partner gminas and in its efforts with new gminas and poviats.

On the demand side, LGPP expects to have worked in one way or another with over 300 local governments by the time the program is finished. A certain number of these local governments are expected to continue to make use of the services of the subcontractors in a post-LGPP world. A massive dissemination effort is underway to publicize the LGPP efforts and the best practices and models that have been produced. On the assumption that funds will be available to continue purchasing these products, LGPP is hoping that this dissemination will lead other local governments to maintain the demand side of the equation.

The 2000 LGPP program is most easily presented in a series of tables that set forth the five general program categories and the individual activities within these categories and estimates how many person-days will be devoted by LGPP staff to each of the activities. A summary table of these five categories is set forth below. As will be seen, LGPP estimates that, in terms of staff level of effort, it will devote 8% to its post-LGPP dissemination and education program, 11% each to the capacity building of consultants and the community development programs, 31% to its 2000 education and dissemination program, and 37% to the RAPID assistance program.

#### LGPP 2000 Program Categories and Level of Effort

Programs	Level of Effort
Capacity Building of Consultants	1323 Days
RAPID Assistance Program	4252 Days
Community Development Program	1310 Days
Ed Dev & Information Dissemination (2000-2001)	3594 Days
Ed Dev & Information Dissemination (Post-LGPP)	965 Days

The table below lists in more detail those programs aimed at capacity building of consultants.

### Capacity Building of Consultants Program

Program	Level of Effort	Outcomes
Certification of Consultants	189 Days	75 graduates
Cost Sharing with Gminas	1044 Days	150 contracts
Consultant Training	20 Days	3 workshops
Hot-Line for Consultants	70 Days	Various
Totals	1323 Staff Days	

Several of the programs that are already underway for this final year seemed to the evaluation team to be particularly praiseworthy. These include a couple of the components under the RAPID (Review, Assistance, Planning, Implementation and Development) Assistance Program. In particular, the Introductory Assistance Program for New Partner Gminas, which is intended to reach 90 new gminas during 2000, sets forward a new and better approach for assessing gmina needs. The requirement from the very beginning for citizen participation in the needs analysis process and the requirements to undergo strategic development and action planning workshops go far toward correcting the 1998 process for reaching agreements with gminas on what should be done. The Advanced Assistance to Associated Gminas, intended to reach 90 new gminas, is a second program that seeks, from the beginning, to group together gminas and to encourage learning through a group approach. Altogether the RAPID program, summarized in the table below, will seek to reach a total of 344 gminas, or over 1/8 of the total gminas in Poland.

### RAPID Assistance Program

Program	Level of Effort	Outcomes
Introductory Assistance	450 Days	90 Gminas
1999 Gmina Agreements	741 Days	41 Gminas
Advanced Assistance-Individual	1203 Days	36 Gminas
Advanced Assistance-Associated	891 Days	97 Gminas
Intergovernmental Cooperation	200 Days	20 Gminas
Hot-Line for Gminas	70 Days	Various
Leadership 2000 Mgmt. Training	697 Days	60 Gminas/400 officials
Totals	4252 Staff Days	344 Gminas

The Community Development Program is intended to support the work of organizations that assist local governments in strategic management, financial management, budgeting, economic development, and the other technical sectors in which LGPP has been active. The 2000 program is intended to build upon the 1999 activities, in which \$1.46 million was awarded to NGOs, local government associations, universities, training organizations, and consulting firms. The 2000 Workplan indicates that there is unlikely to be substantial additional grants. Rather, 2000 will be a year of implementing the grants that have been made as well as undertaking other program activities. The table below sets forth the activities and level of effort.

## Community Development Program

Program	Level of Effort	Outcomes
Grants Program	810 Days	60 grantees
Community Awareness	80 Days	12 gminas
Gmina-Citizens Relations	110 Days	12 gminas
Community Organizer	80 Days	12 gminas
Media and Community	230 Days	50 gminas
Totals	1310 Days	86 gminas/60 grantees

Also of great interest are the activities being proposed to disseminate the LGPP experience. These include no less than 13 specific programs. They range from news inserts in the widely circulated Wspolnota weekly newspaper for local governments, to conferences, media stories, a web-site for LGPP, and a number of other activities that are designed to keep LGPP in the news this entire year. The intention is to impart through software and print and participation in workshops and conference the lessons of LGPP, and to pass on its tools.

In addition, there is one particular activity with the Ministry of Finance that should be noted. 1998 saw no particular activities aimed at the central government because, we were told, USAID decided that the quality and experience of the Chemonics team would be unlikely to lead to fruitful discussions and collaboration. However, for 1999 and 2000 the situation had apparently sufficiently changed that an activity involving the Ministry of Finance was established. It is called the Ministry of Finance Quality of Financial Data Reporting Program and it hold great promise for the future as a potential driver for task based budgeting to be introduced in some way as a requirement for all gminas. The table below sets forth the anticipated programs under the information dissemination category.

### Educational Development and Information Dissemination (2000-2001)

Program	Workload
Min of Finance Privatization Info Dissemination	50 Days
Min of Finance Financial Data Reporting	126 Days
Software Training and Dissemination	80 Days
Information Tracking Program	70 Days
Wspolnota Insert Program	257 Days
Newsletter Program	274 Days
Web-Site Program	75 Days
Journal Articles Program	164 Days
Innovative Practices Documentation	705 Days
Conference Program	815 Days
Staff Participation in Conference Program	395 Days
Co-Sponsorship Program	115 Days
Story in the Media Program	230 Days
Gmina Public Relations Program	253 Days
Totals	3594 Days

Finally, information dissemination in the post-LGPP period was also of great interest to the team. The 2000 LGPP Work Plan indicates that there will be five components or activities devoted to this. These are listed in the table below.

### **Educational Development and Information Dissemination (Post-LGPP)**

Program	Level of Effort
Public Administration Program	80 Days
Continuing Education for Local Governments	103 Days
Resource Catalogues	90 Days
Publication of Best Practices	622 Days
Information Clearinghouse	70 Days
Totals	965 Days

Discussions with LGPP staff indicated to the evaluation team that this category of activities was less settled or less firm than activities in other categories. For example, we were told that the information clearinghouse, a program that was intended to function for up to five years after the close of the project with the assistance of an LGPP grant, could not go forward as originally conceived because of the difficulties of establishing this kind of endowment under USAID contracting rules.

We were also told that the plans for educating local government officials and councilors also had problems and that while it was intended to pursue the public administration programs with local institutions of learning, this was unlikely to really get underway until about mid-year, following initial meeting in April. All in all, the team came away with the impression that this set of activities was far less organized and ready to implement than those under the other categories of programs.

#### **4.5 Program Budget**

The total estimated cost of the project, as agreed in the original contract between USAID and Chemonics, was \$25,687,247, which included a possible award fee of \$622,747. This was later amended and increased by \$100,000 to \$25,787,247. Details of the budget follow below.

In addition to these budget figures, LGPP also provides to USAID figures concerning the level of effort for each program activity as shown in section 4.4 above, and a more detailed budget for 2000/2001 which, while divided into the budget categories shown in the table immediately above, also divides the budget into administrative categories of regional coordination, program development, and information and public relations. However, there are no specific figures for each program activity.

## Project Budget<sup>1</sup>

Cost Elements	Contract Amounts	1998 Expenditures	1999 Expenditures	2000/2001 Expenditures	Totals
Salaries	3,938,526	1,124,152	1,847,671	1,876,173	4,847,996
Fringe	1,531,545	289,097	299,156	328,804	917,057
Overhead	2,371,125	735,335	1,085,394	1,024,684	2,845,413
Travel	2,009,889	634,415	753,048	617,694	2,005,157
Allowances	1,245,946	717,606	383,612	209,549	1,310,767
ODC	1,454,630	701,508	657,531	521,947	1,880,986
Equipment	520,304	374,367	76,209	9,439	460,015
Training	412,646	30,636	264,912	311,690	607,238
Grants	3,000,000	-0-	108,493	1,096,275	1,204,768
Subcontracts <sup>2</sup>	7,715,870	2,365,459	3,129,436	2,511,756	8,006,651
G&A	964,019	313,097	387,246	378,114	1,078,457
Award Fee	622,746	35,013	17,730	570,003	622,746
Totals	25,787,247	7,320,685	9,010,438	9,456,128	25,787,251

### 4.6 Program Organization

In order to better manage and reflect the activities of LGPP as it has evolved through 1998 and 1999, the project team was reorganized in mid-1999 into a central management division comprising the COP and DCOP with overall responsibility for LGPP. This central management unit also includes information dissemination and public relations, monitoring and evaluation, contract management and other administrative functions, grants, and finance. Operations of the program are now carried out through three directorates, regional coordination, program development, program coordination, and information and public relations. The Warsaw, Krakow, and Poznan regional offices fall under the office for regional coordination. The technical sector activities have been divided and consolidated under regional coordination (public participation and training), program development (economic development and strategic management), and program coordination (financial management, municipal services, infrastructure finance, and housing).

## 5 FINDINGS AND CONCLUSIONS

Analysis of the first year of the program is made more difficult by the conclusion of the evaluation team that the design of the program was overly complicated and that the contractor team in the first year was weak. Because of the necessary interplay between these two factors, it is more difficult to properly assign causes for the problems that did occur. Nevertheless, while the exact weight to assign to each reason is difficult, they both contributed in varying degrees to the problems that LGPP has experienced.

<sup>1</sup> In USD. Amounts for 2000/01 and totals are estimates only. These figures were supplied to the evaluation team by Chemonics LGPP.

<sup>2</sup> Of the total of \$7,715,870 originally programmed, \$5,283,500 was subcontracted to Chemonics' four major US consortium partners, leaving \$2,432,370 for local and other subcontractors. As of March 2000, \$3,792,272 had been invoiced by the four major subs, indicating that there will be substantial savings overall on these contracts. Local subcontract costs have risen substantially and will probably cost about \$4 million by project's end.

## 5.1 Design of the Program

The design of the program was complicated. There were too many things to do almost all at once in the beginning.

There were too many expatriates. The Chemonics team contained 23 expatriates in its initial wave. This added to the management complexity. The difficulties of having them arrive almost all at one time and expecting them to be productive in a short space of time were underestimated.

An additional problem that was noted to us was in the mentoring that was expected to take place by expatriate experts. In theory this was an excellent idea. In practice, we were told that there were a number of expatriates who preferred to do as little mentoring as possible with the intention of remaining on the job as long as possible.

The duration of the program is too short to be able to measure real impact and institutionalization in the partner gminas and therefore to have real confidence in the tools and best practices being produced. This was compounded by the apparent failure to undertake thorough baseline studies at the beginning of operations in each partner gmina. Although USAID had said this should be done, the contractor did not do so, under pressure of time.

There were too many partner gminas. There was pressure from the national local government associations to include more gminas. There was also a belief in the project design that having more gminas would oblige the contractor to concentrate on the tools rather than developing a group of pilot project gminas, which USAID had already done in the pilot LGPP and did not want to repeat. Overall, there was a belief that only a massive project would have the impact to achieve lasting changes in Polish local government. However, this could have been achieved by instructing the contractor directly that that was what was desired, rather than putting the contractor on a treadmill and forcing it to run faster and faster. Several people opined that the issue of too many gminas was exacerbated by the fact that in most places multiple activities were undertaken.

Gmina participation in the LGPP was solicited through advertisements in national newspapers and other media. All interested gminas were asked to send proposals to the MDA. The national municipal associations then chose from among these proposals. The original number of partner gminas was supposed to be 30 but was increased to please all parties involved in the selection process and to ensure a good mix in terms of size (big, medium, small) and location (from all around Poland).

The requirement to establish regional offices within two months of the beginning of the project added to its difficulties. Communications with Warsaw and added logistics requirements made the job that much harder, especially because there was little agreement on what the actual assignments were and how to go about completing them. Regional offices added to the cost of the program and to its sense of disorganization during the first year. While they are now being sensibly used, the initial design requirement was a mistake.

The focus on tools as the objective of the efforts rather than on effecting real changes in the partner gminas makes it more difficult to assess overall real improvement in gmina

performance related to the project. As stated earlier, this appears to have been intentional and done in order to ensure that the contractor focused on development of the tools rather than on setting up yet another series of small pilot activities. However, this was at cross-purposes with the notion of developing tools that effectively change and improve practices in gminas. The tools were and are important and are the focus, but in order to assess whether they are effective, they need to be proved successful under many different condition in actual practice in the towns.

Performance measurement has been an issue from the very beginning of the program. The measures of performance for sustainability in the RFP (IR4) were not stipulated. They were left to subsequent negotiations between the winning contractor and USAID. During 1998, Chemonics made a strong case that many of the questions to be used in the surveys that were the basis for other performance measurement were deficient. Furthermore, USAID also decided for reasons of cost to discontinue the national surveys. Effectively, this meant that until March/April 1999, the contractor team had no firm guidance on the targets that should have been explicit from the very beginning of the program.

One further aspect of the design parameters concerning performance measurement is that there is no baseline minimum that the contractor is expected to achieve as a consequence of its performance. In other words, the performance awards are made on the basis of achieving certain minimum targets, not on the basis of performing in a superior manner.

There were real consequences to this complex design. First, the project became more difficult to implement, and would have not been easy even for an expert and experienced team. Second, the complexity and size of the program meant that the achievement of successful programs in the initial partner gminas was going to take longer and therefore moving into the dissemination phase of the program was going to be later in the program than if fewer gminas had been undertaken.

## **5.2 Performance by Chemonics LGPP**

In spite of the complexity of the design, the results in the first year might have been better had there been a better contractor team in the field. Unfortunately, LGPP suffered a double blow.

There is little doubt that Chemonics fielded a poor team and that this was reflected in the results of the first year. A better team would have been able to overcome at least some of the constraints imposed by the design of the project.

The evaluation team was told by many different sources, unanimously, that the general quality and experience of the expatriates who initially came were poor (with some exceptions but not many) and that management was weak.

We were told that many of the team of expatriates that was fielded did not have the requisite international or Polish experience to be able to quickly assess what they observed and bring their own American or other country expertise and experience to bear. A decision was apparently made early on by the COP not to permit visits to the gminas until the workplan was approved. This delayed visits to gminas until shortly before elections were scheduled to take place. When the visits did take place, the skills of the expatriates were not in assessing needs of Polish gminas, but rather in their own more narrow specialties.

Morale was low during the first year. Polish counterparts were able to see that the quality was low and resented, justifiably, the fact that these experts were being paid large salaries and were producing little. We were told by observers and participants that few of the teams of expatriates and Polish experts worked well together.

As a result of the quality of the team there were a number of direct consequences in lost opportunities.

First, the team spent an inordinate amount of time preparing a workplan for the program. This plan was not fully approved until February 1999. Because the team was unable to come up with approved strategies concerning the kinds of assistance that it proposed to deliver, there was, in fact, very little delivery of services during the first year.

Second, this translated directly into a waste of AID resources. The returns or benefits of the cost of the first year, \$7.3 million, are very difficult to show.

Establishment of the LGPP team in Poland, preparation of the workplan, and signing of agreements with gminas (itself an unsatisfactory process) are about the only tangible outputs from the first year. The evaluation team believes that from 4 to 6 months were lost in this process. This is time that is sorely needed now during the final phase of the project.

Third, there might have been lost opportunities to work with the central government. Although there were other USAID programs that were specifically designed to work with central government on policy issues, and although the LGPP was not intended to focus on central government, the evaluation team was told that USAID decided, in view of the poor quality and lack of appropriate experience of the Chemonics team, not to pursue even limited cooperation between the team and central government during 1998 in support of one of the main objectives of LGPP, influencing national policy to enhance the role of local government.

Fourth, because of the poor quality of the team in the first year and the lack of delivery of technical assistance by the team, it is plausible to hypothesize a connection between the reduction of the amount of the grant program from \$3 million to less than \$1.5 million and the increase in subcontracting for technical assistance. This is not a particularly easy issue to analyze. USAID and LGPP believe that all worthwhile grant activities were funded. They also believe that subcontracting provided a better mechanism for building local capacity. Balanced against this is our observation that during the last 9 months of the program, more efforts, and presumably funds, should be devoted to promoting sustainability among a more diverse set of organizations.

This particular issue is treated in more detail in the exchange of letters between Chemonics and the evaluation team to be found in Appendix 6. The original design of the project posited a heavy use of the expatriate and local LGPP team to provide oversight and technical assistance to the gminas during the first year to 18 months of the project. This did not happen to the extent envisaged, for reasons outlined above concerning the quality of the team, and may have made necessary greater use of Polish subcontractors. Funds needed to be allocated to support this and they apparently came from the grants program. However, it is also possible that funding for local consultants was simply underestimated and funding for the grants program was overestimated.

In summary, when AID decided to go with the lowest cost bid, it took a risk by picking a company and team that had not had very much experience in Poland in comparison with its competitors. This risk did not pay off during the first year of the project and has had consequences in the out years as well.

The second year performance by Chemonics LGPP turned out to be greatly different. The leadership of the team was changed. The COP and DCOP were replaced. Americans, in accordance with the plan, began to depart and Polish counterparts took over. Management was tightened. Targets were renegotiated and made more concrete. Assistance began to be delivered to the gminas. Morale rose. The evaluation team commends Chemonics for an outstanding turnaround and achievements during the second year of the contract.

### **5.3 Management by USAID**

USAID project management during 1998 took place under very difficult, sometimes crisis-like, circumstances. Nevertheless, the first year of implementation was lost in many ways and USAID must share the responsibility. Formal communication by the contracting officer to Chemonics only came in December 1998, eleven months after the project officially began following the resolution of the protest. This is a long time by anyone's measurement to work informally with a contractor to resolve differences.

Like other parts of this program, it is easier to look at it in hindsight. USAID had taken a risk with its choice of Chemonics. Doing so meant that there would be an initial disruption in on-going activities because many of the Polish and American experts on the rival bid were already in Poland and working with the local organizations that LGPP was intended to include. The extent of this disruption was underestimated because the quality of the winning bid was deemed to be sufficiently high to overcome this. Unfortunately, it did not turn out this way.

USAID also was required to give Chemonics a reasonable opportunity to prove itself capable of carrying out what Chemonics had said it could and would do. Indeed, at the time of consideration of the first incentive awards, in June 1998, Chemonics was given reasonably high marks for having mobilized quickly and gotten its team into the field. However, by June, USAID also was aware that they had a problem project. It is by this time, three full months into the project, that USAID might have acted more decisively. However, acting more decisively, e.g. removing LGPP senior management or other staff and taking more direct control of the project, would have also meant additional disruption and delays. It would have relieved Chemonics of the responsibility for getting its own house in order. With this in mind, and with the closure of the Mission in 2000 an inflexible deadline and with a complex program to implement, USAID decided to work with what it had in the field.

There were varying recollections among the persons interviewed by the evaluation team of the degree of USAID management of the program. A number of persons believed that the project was intensively managed by USAID from the very beginning and in a heavy-handed way. What seems clear to the evaluation team is that there were large numbers of USAID staff involved in the management and that the requirements of what was important seemed to shift from time to time, depending upon who was taking the lead for USAID at the time. We were told by more than one person that as soon as the contractor believed it had a set of clear

instructions and priorities and seemed to be achieving them, the priorities were changed. Consistency of management seems to have been the largest complaint.

The evaluation team noted two other areas of project management that could be improved in the final months of the program. In fact, we believe that steps have already been taken before the team's arrival to ameliorate one of these issues. This concerns communications between USAID and LGPP in the field. It was noted to us that at various times, Chemonics felt as though new requirements were being added to the program as emphases by one or another of the several USAID project officers changed. There were indeed many cooks in this process from the USAID side. This is now being addressed through regular bi-weekly meetings of the entire teams from both sides. An aspect of communications related to this was the view expressed by several LGPP staff that many of their written products, e.g. quarterly progress reports, were not read by and did not receive comments from USAID.

The second issue raised concerned knowledge by USAID project team members of what was actually going on in the field. The evaluation team believes that more systematic visits to the gminas should be undertaken. This would result, we believe, in greater appreciation by USAID of the efforts being made by Chemonics as well as greater knowledge about the successes and failures of the program.

#### **5.4 Budget**

The evaluation team believes that this subject is worth mentioning. We had difficulty in relating the formal project budget, which we were provided by LGPP, to the program activities being undertaken in this final year of the project. For example, we do not have a clear idea of the cost of the introductory assistance program, or any of the other activities, from the overall budget. The workplan for this year does include an estimate for the level of effort for this and other programs, as indicated above in the several tables in section 4.4. There is, in addition, a budget that breaks out expenditures based upon the administrative structure of the Chemonics implementation team, but again this does not reach the level of detail of each particular activity.

Internally, LGPP goes through a process that is much more detailed and allows them to estimate what the total cost of each program will be. This is clearly something that they have to do in making decisions on how much they can put into one program versus how much to put into another program. However, USAID does not have the benefit of these more detailed figures. We believe USAID should have this information in order to be able to better consider the workplan when it is presented. The issues presented are reviewed in more detail in Appendix 6. Chemonics believes that USAID does have sufficient information to provide overall guidance and possibly fears micro management. The evaluation team believes that USAID cannot exercise appropriate management in the absence of this cost information.

#### **5.5 The Appropriateness, Quality and Effectiveness of LGPP Technical Assistance**

On the basis of interviews with a limited, but we believe adequate, number of gminas, we conclude that the program is having a positive impact. It can be said that LGPP is successfully providing quality assistance to partner and cooperating gminas in most cases.

Overall, the quality of services and quality of contractors is high, and generally appropriate. While the evaluation team believes that the process could have been improved,

most city officials interviewed commented that the process by which they were brought into the program was well done and clear. One gmina reported that the process had been a bit too theoretical for them and that they would have benefited from a more practical presentation in order understand what they were getting into. Nearly all reported that the experience had greatly benefited the gminas and that the progress seen could not have happened without LGPP. One exception was Mikolajki where the mayor first complimented LGPP, but later considered some of the programs to be failures or worthless and said that he would not repeat the cooperation if given the chance. In Sandomierz, the actual work done by the LGPP was well regarded, but results have not materialized (owing at least in part to a complete disruption of the city's business because of the visit of the Pope). The city has changed its mind about what it wants to do, leaving some programs unfinished, while not happy about the cost sharing arrangements for the newer programs (which, it should be noted, they volunteered for).

It is still early (most activities in gminas have been underway less than a year), but the program does appear to be impacting the way gminas function. Multiyear investment plans have been passed and are in place, information from TBBs is being used, communication and PR plans are being followed. Moreover, gmina officials that were interviewed testified to a considerable shift in their thinking on municipal processes and programs. Many commented that the LGPP experience has been an awakening for them. LGPP has shown many of them where they are and what they can achieve, which has been a new experience for some and a strong boost for others who had already begun to work on economic development and administrative reforms.

With regard to effectiveness, on the basis of what has been seen, the proper implementation and use of LGPP models is leading to better local government.

Dissemination of tools and lessons learned and cooperation between gminas in sharing successes should contribute to the demand for services.

It is not known whether the programs selected by gminas were the most appropriate for them. More than one gmina indicated that they would have also liked more basic organizational assistance and management improvement training. Because what was being offered was essentially cost-free, most gminas did not question the choices made.

Direct and more comprehensive assessments in gminas probably would have identified needs better and there may not have been misunderstandings such as with, in particular, Infrastructure Finance. These were not carried out, partly at least due to the pressure to reach agreements with partners in 1998. However, if the aim was to develop the models, then this more random approach may have succeeded in developing more universally applicable models.

## **5.6 Examples of LGPP Impact**

The gminas below have been included to illustrate some of the impacts of LGPP. For a more detailed review of each of the gminas visited, see Appendix 8.

## **Zgierz**

The team found that in the small rural gmina of Zgierz there had been two immediate impacts of LGPP assistance that were worth including in this report. First, the assistance that had been provided had been noticed by the gminas's immediate neighbors, which were interested in learning more about task based budgeting and other subjects that had been the focus of LGPP in Zgierz. This seemed to validate the suggestion that gminas learn from their neighbor gminas and that this ripple effect would be helpful in helping to build the market for consultant services in the future. Second, the gmina, taking note of this interest, had decided to renovate an old hotel property that they still owned and to use it as a training and resort center, operating it along commercial lines. They had given a short term contract to a manager with instructions to make this a financially viable operation. One of the activities being planned is to hold training sessions for the surrounding gminas, who would pay for this, making use of contractors who had been involved in providing LGPP assistance.

## **Dukla**

Dukla is clearly a high achiever and LGPP has devoted a lot of effort here, so one would expect some results. The officials were not overflowing or obsequious in their praise; very conservative in fact. LGPP has helped them but they still have a long way to go, as a poor, rural gmina. The mayor said that the work had been difficult, and the realization of all the projects had been a burden to the gmina in terms of the labor and time given. Overall, the feeling was very positive. The mayor verified all target statements mentioned in the LGPP Progress Report. He said he felt he was not qualified to judge the quality of the work completed so far by LGPP contractors, and tended to take their word as experts on some issues. When asked whether he knew that LGPP had been working to develop a network of independent contractors that could take over after LGPP was gone, he replied that he did and stated that there was even competition to LGPP. Faxes come in everyday offering all kinds of services. However, these were not things that a small gmina was likely to pay for. They were too costly and it is difficult for them to judge the quality of the work.

## **Sandomierz**

This gmina, one of the pilot LGPP towns, has made inconsistent progress in its cooperative efforts with LGPP, owing both to the huge distraction of the Pope's 1999 visit and their own indecisiveness and political rivalries within the city government. It appeared to the team that Sandomierz has not embraced what LGPP has to offer, lacks the political will to benefit from the types of tools being offered and may have little demand for them in the future. To date it has had little contact with other partner gminas and does not appear to have much promise as a source of dissemination. The attitude in Sandomierz at the present is not at all conducive to the idea of paying consultants in the future, although there is evidence that they do see value in these services. The question remains whether the situation will change and the use of better, modern management tools will become a priority.

## **Nowa Deba**

A member of the Economic Development Council (formed through LGPP) reported that he had approached city hall with a plan to add floors to existing communal buildings as a way around the current shortage of available space and to cheaply increase the communal housing

stock. He said that the mayor's office had been extremely open to his idea and that the mayor had been very accessible. The mayor's office confirmed that this initiative had been approved and was being put into action.

### **Trzcianka**

Overall, the mayor was very enthusiastic in his support for LGPP and the consultants that came and worked with the gmina. The one exception was the Infrastructure Finance – District Heating Project. The mayor said that LGPP did deliver what they said they would, but this was not what the gmina had had in mind LGPP focused on the finance system for the existing city heating system. The city wanted a full technical evaluation with advice on how to develop and expand the heating system in the future. The mayor was told that such a project would have been too big for LGPP. He considers the LGPP project a first step, but only one element in what will be a big undertaking for them.

The gmina spoke very highly of the type and quality of assistance in the housing strategy. Trzcianka has some attractive but dilapidated and costly to repair older housing stock. The mayor said that LGPP assistance helped convince them to build new buildings in the old style and keeping the architectural integrity of the town. More importantly was the work of a consultant from the Warsaw School of Economics. Thanks to him, the gmina was able to explain the need to raise the rent in communal housing and get the tenants to go along with it. The mayor pointed out the inclusion and communication between stakeholders in the process: the gmina reps, builders, developers, and tenants. Decisions were said to have been made based on input from everyone.

The communication project was considered a success and they are very happy with it. The project FORUM, was established to create a mechanism enabling and institutionalizing a two-way flow of information between the city government and the public and NGOs. - According to contractor MISTIA, Trzcianka had many NGOs but they were not active or effective. The city was aware of the value of NGOs before and tried to engage them in the past, with limited success. The FORUM program appears to have been successful in mobilizing NGOs, and forging a framework for cooperation and communication with the gmina. The leader for the Boy Scouts commented NGOs had undergone a revolution in the coordination they now showed among themselves and also for the accessibility they had with the mayor's office thanks to the FORUM program instituted with LGPP.

Overall, the assessment from Trzcianka was highly favorable. The city was already proactive and LGPP came along at the right place at the right time to help them achieve more than they would have otherwise.

### **Zaleszany**

The gmina was very positive about the LGPP experience. They felt that because of the program, they had developed a much greater awareness of the issues, problems and possibilities available to local government. However, they were very cautious. They were very engaged, very tuned in and resolute in trying to do the best for the gmina. They straightforwardly stated that they wanted to do CIP because they felt it would help them secure EU money. The council said that the also were considering working with other gminas in an association, but felt that

LGPP could be doing more good working in the Powiat. Still the gmina valued the types of services offered and said they would pay for them themselves in the future.

## **5.7 LGSOs and the Emergence of a Market for LGPP Products**

Whereas nearly all gminas value the services received from LGPP, opinions vary as to whether the gminas themselves would be willing to pay for such services. Progressive gminas like Nowa Deba, Pepowo, Gostyn, and Trzcianka, recognize the value of the services and see it in their strategic interests to budget and pay for consulting services in the future. On the other side, the mayor of Mikolajki has far from embraced this concept, thinking the money LGPP spent there would have been better spent on roadwork. Sandomierz claimed that they did not know how they could pay for such services on their own, and indeed were not at all happy about paying 25 percent in their latest cost sharing agreement. Somewhere in between is Dukla. By all counts, a progressive, high achieving partner gmina, the mayor of Dukla said that as a small rural gmina, he probably was not in a position to spend a lot of money on future projects. He claimed to receive offers daily from consultants (LGPP and non LGPP), and said that he did not know how to know what services were good and what were not worth paying for, and as such, could not see convincing the council to approve the expenditure. Many gminas do have experience in contracting for existing services such as Studium planning. It would follow that if, e.g., task based budgeting (TBB) becomes a legal requirement, there would be a great demand for this service. On the basis of the gminas visited, the concept of paying for consultant services appears to be directly related to the attitude and mentality of the gmina officials. Those that think like modern managers see paying for services as an investment that can pay off in the future. Those that think like old style administrators tend to see it as money spent on something intangible. Experience with LGPP as partners and cooperating cost sharers indubitably has an effect on the development of this managerial mentality. Furthermore, as Poland itself advances and integration with the European Union (EU) looms, the appreciation and willingness to pay for services will increase. The demand market is emerging but it appears (on the basis of the limited sample of this appraisal) that it may be too early to say that it has already arrived.

With regard to the supply side of the market, the picture that seemed to emerge is generally positive. Experience gathered from individual consultants, even those working for large companies (like Price Waterhouse Coopers or Ernst & Young), was that working in LGPP had been interesting and valuable. They learned new things, applied them at a different (gmina) level than they usually encountered in large companies, met with local authorities that can help them in future activities, etc. However, for large international consulting companies, it does not seem to be a very encouraging market – it is not the right scale of a project (too small), not a big enough professional challenge (and prestige), not the normal level of their activity (gminas versus larger enterprises), and finally not good enough money for them (these are rather small projects, as gminas and their communal enterprises, for example, are rather weak economically). Thus, this is mainly a potential market for smaller and medium sized consulting companies and their experts, especially LGPP certified experts.

Addressing the issue of LGPP effectiveness in creating, through its many activities, a functioning market for this kind of services, i.e., demand on the side of gminas and supply on the side of NGOs and consultants, the answer should be fairly positive. There are a large number of well trained, in some areas even certified, experts who will be able to deliver in the future quality services in the areas covered by the LGPP. This number will be significantly increased in the final year of the Program implementation. These experts will be ready to offer their services on a

commercial basis, assuming there is enough demand on gminas side and readiness to pay commercial rates.

Paranetically, there may be attempts at seizing the opportunity created by increased demand by non-partners to LGPP, trying to compete by undercutting those rates, but possibly offering lesser quality products. The team was told that LGPP would assure that lists/catalogues of LGPP (i.e., quality) experts are prepared, widely distributed and accessible. It should also think about possible additional sources of funding for the first period after LGPP is finished to sustain some of these activities in case the market (demand) is still not strong enough, e.g., gminas are not rich enough to pay the full costs of certain services.

## **5.8 Technical Sectors and Assessment Process**

The design of LGPP involved the provision of technical assistance in seven technical sectors. These seven were – (1) strategic management, budgeting, and finance, (2) economic development, (3) infrastructure finance and development, (4) municipal service delivery, (5) housing management and development, (6) management and sustainable development of land, and (7) public relations and citizen participation. The evaluation did not directly review or assess the technical work undertaken under LGPP in order to determine its technical validity.

Much of the first year of project implementation was spent by the LGPP technical experts on cataloging and coming to agreement on what should be offered as best practices in these sectors. There was disagreement concerning whether the work that had been done with towns prior to LGPP was sufficient to constitute off the shelf best practices that could simply be validated in the partner gminas.

Because these sector areas had been pre-identified as the areas in which LGPP would work, they became the departure point for agreements with gminas. Although in theory there was to be an assessment of gmina needs, these assessments were only carried out following agreement with the gminas on what was going to be undertaken. As mentioned earlier, the focus appeared to have been the development of models rather than overall improvement of the gmina operations. This also led during initial implementation of activities to a considerable degree of stovepiping, i.e. activities in one sector being undertaken without sufficient coordination with other sectors. This management problem appears to have been solved through the reorganization that was instituted in July 1999.

Midway through the project, in April 1999, it was estimated that there might be as many as 23 best practices, models, or tools that might eventually evolve from the work that was underway. The evaluation team was unable to ascertain a precise final figure at this stage of the project. From interviews with LGPP staff, we were told that a number of activities were underway that would result in specific tools.

Several of the sectors indicated plans as follows:

### **Public Participation**

Publication of a manual on public participation experiences in LGPP that would be distributed to partner gminas and would be available through Wspolnota. A final conference is also planned.

## **Finance**

Five of the automated tools that have been developed will be issued in the form of a CD-ROM with a users manual that will be distributed to those contractors that have successfully passed the LGPP financial certification training course. In addition to the CD-ROM, LGPP will prepare a series of booklets on budgeting and creditworthiness.

## **Strategic Management**

It is intended to prepare case studies from Chelm and other gminas on their experiences. There will also be a number of workshops that will emphasize the kind of procedures and leadership needed to undertake the process of strategic management. These are intended to be carried out under the new approach of grouping gminas from the same geographical area together for specific purposes. Following these workshops, it is intended to publish and distribute the results to a wider audience.

In addition, successful experiences in gminas are being published with each edition of Wspolnota as yellow page inserts. These have proved to be very useful because they allow interested gminas to directly contact and follow-up with the place that has been undertaking the experience.

The impression of the evaluation team is that over the period of project implementation, the idea of leaving behind specific tools in specific subject areas has evolved to include a broader notion of dissemination of experiences through workshops and conferences. While this was always in the design, it appears to be being given much more prominence now as the project nears its conclusion.

### **5.9 USAID Strategic Goals Achieved Through LGPP**

It has been somewhat difficult for the evaluation team to connect all the dots in a completely systematic way between the USAID Strategic Goals framework (known as the SO 2.3 framework) and LGPP. Early in 1999, in response to the experiences in 1998 in LGPP and also in response to guidance from AID/W, certain parts of the SO framework were modified in the FY 2001 R4. Please see Appendix 3 for a more detailed view of the SO framework.

The overall strategic objective that Local Government is More Effective, Responsive, and Accountable was maintained. This is also the objective of LGPP. However, the R4 (Results Review and Resource Request) indicator for measuring this was changed from national surveys to the Freedom House's Nations in Transit rating for public administration in 1999. The planned goal by USAID was placed at a rating of 1.75 or lower. Poland had already achieved this rating before LGPP began. At the most, this indicator will be useful in demonstrating the framework within which LGPP operates. There is no effective way to link the efforts of LGPP to changes in this indicator. The R4 narrative does say that USAID will develop a survey tool or focus group to measure the national awareness and acceptance of LGPP efforts – the ultimate objective by 2001. However, because of resource and time constraints, this was not done. USAID believes that interest in the program is well demonstrated by gmina response to the cost sharing program and to attendance at the many workshops sponsored by LGPP.

IR2 (Intermediate Result 2), Participation in Local Government Decision Making Increased, was dropped as a table from the R4, although it was discussed in the R4 narrative and we understand that it continues to be a part of Mission SO 2.3.

IR3, Increased Capacity to Deliver Services and Manage Local Resources Efficiently, is represented entirely by LGPP award fee indicator 4.

IR4, Polish Institutions Supporting Local Government Functions are Sustainable and More Effective, has not had its indicator or measurement description and targets updated in the R4. In effect, the indicator has become LGPP award fee indicator 9, which states that providers of technical assistance, training dissemination of best practices models, research, organized community involvement, and other support to local government are sustainable and available nationwide. This LGPP indicator has a set of measurements that are connected to the award fees.

### 5.10 Award Incentives

Although the award fees for LGPP (excluding global climate change) are a relatively small percentage of the total contract, some \$540,000 out of nearly \$26 million, the evaluation team believes that they are extremely important as a driver of LGPP actions. The team was told by Chemonics that there was very little profit in this contract (although there are of course overhead and general costs). Accordingly, the team believes that attainment of the award fees has been financially critical for Chemonics. This has had both positive and negative consequences.

Award fees measurements and targets were renegotiated in early 1999. They were clearly improved and made more concrete and more within the manageable control of the contractor. Targets in each of the indicators were also reduced from the original targets in this process. However, although it was improved, the evaluation team does not believe that the award fee structure is as directly supportive of attainment of the overall goals of LGPP, and therefore also of attainment of USAID’s Strategic Objectives, as they might have been. This is not an easy observation or assessment because the team believes that the renegotiation took place under difficult circumstances when it was hard to predict what was going to happen. Under those circumstances the team accepts that the outcome was a good faith result. The table below shows in summary the project indicators and the award fees associated with achieving them for 1999 and 2000. The renegotiated awards, measurements and targets are set forth in Appendix 4.

Summary of Available Award Fees for 1999 and 2000

Indicators	1999	2000	Total	% of Total Award
Participation	40,000	40,000	80,000	15%
Service Delivery and Management	161,000	256,000	417,000	77%
Sustainability	-0-	43,720	43,720	8%
Totals	201,000	339,720	540,720	100%

The evaluation team has a number of observations concerning the indicators structure and the indicators themselves.

First, the amount of the fees devoted to sustainability, indicator 9, is only \$43,720, or about 8% of the total award fees amounts. About 15% of the fees are devoted to promoting achievement of targets in public participation, while by far the largest share of the award fees are used to promote increasing the capacity of gminas to deliver services. These targets are aimed at partners and non-partner participating gminas only. The evaluation team understands that these fees were negotiated at a time in early 1999 when it was uncertain and perhaps doubtful that there would be anything to show at all in 1999 from the expenditure of millions of dollars for LGPP. Therefore, the incentive structure was established in such a way as to encourage doing something in the second year at almost any cost. It certainly helped to accomplish this. However, the consequences for the third year and indicator 9 are not as good.

Second, although considerable effort is going into dissemination, there is no indicator or target devoted to this. More dissemination could be acceptable. Less could also be acceptable, according to the indicators in place. This is not to say that dissemination has not been diligently and massively pursued. A dissemination plan was prepared for and approved by USAID and is being carried out. Rather, it is to say that dissemination is not something that is closely linked to the sustainability efforts and is not mentioned in the targets.

Third, the sustainability indicator will, in fact, be measured exclusively by the number of consulting firms that achieve the target. Other LGSOs have been left out of this indicator. This is an issue that was also the subject of discussion in the letters exchanged between the evaluation team and the Chemonics COP, contained in Appendix 6. The evaluation team believes that this focus on consultants can ultimately be detrimental to achievement of the overall goal of sustainability of the project.

Fourth, there is little or no element of dynamism in indicator 9, nor in most of the dissemination activities currently planned. There is no encouragement in the awards for the establishment of a system that will continue to promote the goals and approaches of LGPP as they evolve within the Polish framework, other than through the efforts of consulting firms.

Fifth, there are difficulties in adequately defining meaningful targets to be rewarded and in agreeing on what constitutes a real improvement in the local situation. A review of the 1999 Project Progress Report gives some indication of this. For example, under the participation category, there are three indicators: indicator 1 is increased involvement of citizens, NGOs, and businesses in local civic processes; indicator 2 is local governments create and expand mechanisms for citizens, NGOs and business input; and indicator 3 is key decisions affected.

With regard to indicator 2, taking the example of Chelm, Chelm established a citizen advisory group as part of the process of preparing a community based strategic development plan. With regard to indicator 3, this advisory group then developed and administered a business attitude survey that played a role in affecting key decisions during the gmina's economic development strategic planning process. Taken all together, this sounds like an excellent development effort. The difficulty comes in splitting up activities and making awards under two different indicators. This seems artificial.

With regard to indicator 1, USAID and Chemonics agreed to have achievement of this indicator measured by undertaking a survey in 10 gminas by a reputable polling organization, CBOS, and having this survey serve as a proxy for all the 45 partner gminas. This was done and the results presented seem to show an overwhelming increase in involvement by citizens, NGOs,

and businesses in the civic processes of their towns. Unfortunately, a slightly deeper look at the results reveals many more questions about what is actually going on in those places. Nevertheless, the award indicator, as defined, was clearly satisfied.

The survey was carried out only in towns in which there has been LGPP activity. It would have been very interesting to have also undertaken a similar survey (the total cost of the survey, not including LGPP staff time, was on the order of \$25,000) in non partner gminas. In general, throughout Poland, there is substantial approval of gminas in public opinion polls (see Section 3.1 above and Appendix 10). During 1997 and 1998 there has been extensive public discussion of the evolving role of gminas and a voluble public debate on the introduction of administrative reforms, creating democratically elected poviats and voivoidships. These reforms became, in fact, the law on January 1, 1999, i.e. before the surveys were carried out. It would have been interesting to compare the answers to the same set of questions in two sets of gminas, one in which LGPP has been present and one in which it has not. As it is, while it is clear that in LGPP towns public participation increased, it is not possible to say that LGPP was the major cause of the increase because there is no control set of gminas. Thus, the award will be made but the link is difficult to assert.

A second issue surfaced upon closer examination of the 10 gminas survey results. While there was a significant increase in participation noted among citizens, NGOs, and businesses, there was also a very high percentage of the populations in each of these towns (much like in the U.S.) that did not participate more and did not learn more about their local governments. To cite the most extreme example, in Olecko, 75% of the population disagreed with the statement that they got to know more about gmina affairs in the last year. Only 24% said they did get to know more. Nevertheless, this 24% contributed to the achievement of the award, while the 75% remain uncounted in a sense. It seems clear that a further survey should be undertaken to see whether there is a trend in these cities, now that there is baseline information. It would also seem desirable that a control group also be polled.

Besides the comments above, which pertain more directly to achieving the overall LGPP goals, there are also observations that can be made concerning the indicators themselves.

Foremost among these is that a number of the indicators refer to institutionalization and capacity building. However, the evaluation team does not believe that any initial baseline data or even descriptions were used to assess the capacity of the original gminas in the various areas that were then subsequently part of the agreed programs. Accordingly, although USAID and LGPP have a clear sense of change through visits and reporting, it will not be easy to measure real change in these gminas.

This also has further consequences. Models and tools are being presented as effective ways to bring about changes in gminas. They are based upon testing in a number of different situations. However, it is likely that their actual effectiveness is unknown at this stage, because not enough time has passed to measure this and also because there is no baseline data, other than the anecdotal, things were different back then variety.

The numbers of gminas chosen as targets is also difficult to analyze. There is apparently no real reason for having chosen one number over another, other than they were good faith efforts to estimate reasonable targets. It is appreciated that the non-partner gminas levels are quite high in order to encourage LGPP to move on from the partners to begin to apply the results

in new places and to begin to re-test the models and to begin to make use of the trained contractors. However, there does not seem to be any particular rationale that is related to a spread effect analysis.

Overall, the evaluation team believes, with USAID and Chemonics, that the award fee indicators were useful, perhaps key, in 1999 in helping the revitalized Chemonics team to focus on achievement of some very specific goals. However, the indicators that were initially chosen and used in the RFP were later deemed by USAID to be unsuitable, only to be replaced with indicators that are also problematic in some ways.

### **5.11 Cost Plus Award Contract**

As indicated in the preceding section, the award indicators were useful in focusing the contractor on specific actions to be taken during 1999 to get the program back on track. However, the indicators were also problematic. Experience elsewhere in the world with this kind of contract mechanism has led some observers to be skeptical of the overall value of this type of contract.

- Structuring cost plus awards contracts in USAID development projects has proved difficult because contractors can (and should) only be held responsible for what is within their control. This is difficult to define in many cases and was difficult to define in LGPP. What tends to happen as a result is the counting of outputs. This can in turn divert attention from the overall results being sought. It is difficult to pinpoint which outputs will actually make a difference in the final results, but the awards are there as the targets and this is where the energy tends to be concentrated. We have observed that this was useful in the 1999 Poland context, but less so in 2000. While the awards agreed to in LGPP were not mere bean counting (e.g. the number of seminars held or the number of persons being sent for training), they were by nature outputs oriented.
- Related to this, profit margins are thin on most USAID contracts. Awards do make a difference in the bottom line and home offices can sometimes focus upon this. The team was told that the contractor in LGPP was not making a profit on this contract. It is reasonable to assume that for financial reasons these awards are therefore important. In Poland, this did not mean that essential activities were neglected if they were not the subject of an award. It does mean that there are no financial consequences for the contractor if non-award fee targets are not met.
- Awards structures in USAID cost plus awards contracts have sometimes encouraged contractors to shoot for the easiest targets first, putting their energies into these activities, perhaps to the detriment of the overall program objectives. In general, the Polish targets were well sequenced. However, in 2000 the team found that there should have been more emphasis and rewards placed upon sustainability. Because the targets are agreed and set, it is difficult to change them at this stage of the project.
- It has been observed in some USAID cost plus awards contracts that technical project officers are sometimes adversarial rather than partner-like. (Of course, some welcome this position as well) However, with an awards structure, they are required to check up on these outputs and to focus on them. Ideally, the relationship should be one of a common enterprise, with USAID being concerned about the big picture and the attainment of the SO

and the contractor being similarly engaged in this struggle and responsible for a smaller part of it. Being partners rather than adversaries should be the ideal, but awards tend to skew this relationship. The evaluation team did not come away at all with the sense that the Chemonics team and USAID were adversaries, in fact far from it. However, it is true that much energy needs to be expended on both cataloging the achievements and certifying that targets have been met. Money is involved and USAID needs to exercise due diligence.

## **5.12 Evolution of the Program**

The evaluation team believes that the evolution of the program from the second to the third year, as described above in section 4 and in the 2000 Work Plan is internally consistent and in line with accomplishments in the second year as well as project design and the requirements of the award fees.

The team is particularly supportive of the introductory assistance program as well as programs that work with a number of gminas as groups. This former activity embodies lessons from the first year's less than satisfactory process of working out agreements with gminas. The latter activities, working with groups, seems to embody lessons from real life experience concerning how gminas best learn, i.e. from each other.

With regard to the evolution from the original design, the report will comment below on the project's involvement with the national associations and MDA. Other aspects of the design that were highlighted included the intention to address gender issues and to involve the national universities. While this has indeed happened, the team did not find the concentration that one might have expected from the original design emphasis.

A number of the activities proposed for the post-LGPP period are important. However, the team has come away with something of the feeling that, because they are not a part of the award fees structure, they may not ever come to pass. This implies no intentional neglect on the part of LGPP management. It is simply a fact that there is greater pressure to achieve targets that have a monetary reward attached. In looking at the LOE charts that are a part of the 2000 Work Plan, there is a relatively small of LOE dedicated to dissemination and education activities for the post-LGPP period. In addition, it is impossible to know the total cost of these activities because the budget is not structured in this way. However, it is safe to assume that most funding is going to support subcontracts that will help achieve award fee targets for new gminas, and completion of partner gmina programs. Most LOE is also dedicated to this effort. While substantial LOE is programmed for dissemination activities, the element of dynamic post-LGPP processes is missing in most of the activities (see section 5.13 below)

## **5.13 Dissemination Activities**

The table in Appendix 11 provides detailed information on LGPP dissemination and public relations activities. The efforts being undertaken are comprehensive and effective. They include an in-house newsletter and inserts on LGPP news and best practices into a magazine, Wspolnota, that specializes in local government matters and is published every 6-8 weeks and has 20,000 subscribers. They also include a catalog of local government publications, TV and radio shows, a web site, and LGPP participation in conferences and other national and regional events. All in all, it is difficult to escape news from and about LGPP and local government when in Poland. Nevertheless, in reviewing these activities and in relating them to the five

activities planned in 2000/2001 to impact the post-LGPP period, the team came to the conclusion that most plans for this period were still unformed.

As stated earlier, there are no specific awards tied to dissemination activities either during LGPP or with intended post-LGPP impact. This means there are no financial consequences for doing less or more of this kind of exercise. Plans for the post-LGPP training of local government staff and councilors in LGPP focus areas such as public participation, publication and plans for the updating of best practices were still only that in March 2000, i.e. rather unformed plans. Plans for collaboration with local institutes of public administration to establish a home for the library of LGPP tools and best practice materials were further along but a first general meeting with interested institutes was only scheduled for April. The team believes that this needs to be elevated as a priority.

#### **5.14 The Role of the National Local Government Associations**

The initial LGPP design emphasized the role that national associations of gminas and the MDA were expected to play in the program. In the event, however, this has not played out as expected. There are at least several reasons for this.

First, and generally speaking, the national associations have concentrated their efforts more on lobbying the national government than on providing other kinds of services. This is understandable given the tremendous structural issues concerning local government that have been debated at the national level during the 1990s and that have gone a long way toward shaping local government. Much of this intensive work coincided with the design and start-up of LGPP in 1996 through 1998. With these debates largely finished, it may be expected that at least some of the associations will now begin to devote more efforts to member services such as those that LGPP has been attempting to encourage, especially training of councilors and staff and sharing of best practices.

Second, these associations and MDA were closely involved in the initial LGPP work and may have expected to have been given additional grants under LGPP to continue this involvement. However, this was not the way that LGPP worked. Grants were only given on a competitive basis and most of the associations did not respond to specific invitations from LGPP to submit proposals in 1999.

Finally, a more intangible reason that was put forward by several persons was that on both the Chemonics LGPP and association and MDA sides, there was a certain degree of antipathy as a result of the failure of the contractor with whom these organizations had worked closest in the 1996 and 1997 period to win the contract.

The evaluation team's understanding is that the Association of Polish Cities (with 350 or so members out of an eligible 850) and the Association of Rural Gminas (with 300 or so members out of an eligible 1600 rural gminas) have emerged during this period as the strongest and most effective associations. They also appear to be the associations that are most ready to begin to turn their attention to membership issues other than representation at the national level.

## **5.15 Sustainability**

The team was asked to assess the probability for sustained impact resulting from LGPP activities. Sustainability was defined as the ability of Polish institutions to produce useful information, products, and services that are sufficiently well valued by the population so that adequate resources are committed to ensure their continued delivery. The SOW explained that this definition has a dynamic element in that maintaining sustainability is an on-going process of transforming capacity into performance and inputs into valued results and implies that products are continuously available and improving after USAID assistance is terminated.

The team's conclusion is that the probability for sustained impact from LGPP activities is not yet assured.

The team believes that the probability for sustained impact needs to be and can be improved during this final year of the project. Although, as noted earlier, the award fee structure does not itself contain this dynamic element, there are steps that can and should be taken. These are set forth in more detail in the recommendations below. The team notes that USAID and LGPP are taking steps in this direction. Most LGPP efforts had been focused upon establishing the private sector supply and demand elements for a continuing market for LGPP type services and products. Relatively less attention has been paid to the dynamic aspects of support for other LGSOs. This should become a major focus during the third year of the project in order to promote sustainability. By dynamic is meant not only disseminating information and best practices that have come out of LGPP but specifically supporting organizations that will carry on the practice of producing information and best practices that will be important to carrying forward the precepts of LGPP. It is basically the concept of teaching someone to fish as opposed to providing them with the fish itself. It is the approach taken with the consultants and the gminas, but it needs also to be applied in a systematic way to other LGSOs.

In terms of the drivers that will lend support to LGPP sustainability and are likely to be in place during the next five years, there are a number of these. They include the continuing move toward accession to the European Union, and the availability of funding to promote this accession. There is also likely to be funding from the World Bank. Funding may also be available from organizations such as the recently established Polish American Freedom Fund, specifically for post-LGPP support activities. Another driver is likely to be legislative mandates. LGPP is working with the Ministry of Finance on a couple of important initiatives. These may result in inclusion of TBB in the reporting requirements for gminas to the Ministry of Finance. This would be a major incentive and boost for one of the LGPP products. A third driver, the team believes, if systematically supported, is the staff expertise within LGPP and within USAID. Further thought might usefully be given to exploiting these assets for the post-LGPP period, within of course USAID ethics regulations.

## **6 RECOMMENDATIONS**

The team believes that it is important that there be a modest re-allocation of resources in support of LGSOs, other than contractors, that will make use of the corpus of LGPP best practices, tools, and approaches material that has been generated in a dynamic way in the post-

LGPP period. This means not only that they will have the material but that they will use it, continue to develop it, and continue to interact with gminas to promote the precepts of LGPP.

In the initial project design, it was believed that this role would be carried out by the national associations of gminas, MDA (Municipal Development Agency), universities, training institutions, and NGOs. LGPP has now had about 18 months of working closely with a number of these institutions and organizations. Some of them have been a disappointment for LGPP. Nevertheless, from the evaluation team's brief, but intense review, there appear to be a number of organizations that could be designated as primary active post-LGPP partners and could be the recipients of grants – provided, of course, that they are interested. The team believes that the Associations of Rural Gminas and Polish Cities might qualify from among the national associations. We also believe that some regional associations of gminas, associations of gminas devoted to single issues such as development of central cities, organizations such as MISTiA and WOKiSS, and some of the more active professional associations and training institutions might also be designated. LGPP will be able to identify these organizations in conjunction with USAID.

There are five programs proposed in the 2000 Work Plan in connection with Educational Development and Information Dissemination Post LGPP. These are the Public Administration and Curriculum Development Program, the Continuing Education Program for Local Government Executives and Councilors, the Local Government Resources Catalogues, the Publications of Best Practices, and the Information Clearinghouse. The sense of the evaluation team in March was that these programs were still unformed and might not be fully developed before the close of the project. The team therefore recommends that each of them be elevated to a higher priority status and that additional LOE and resources be devoted, including grants and subcontracts resources, to them. In addition, if agreement can be reached on indicators, targets, and resources for a new award fee, that would be an excellent solution.

It is these programs that the team believes need to be lodged in organizations that will not merely serve as repositories or libraries, but will actively disseminate the material through training and will actively endeavor to locate new best practices and new evolving models and approaches that emphasize LGPP precepts. These organizations could be partners in designing such programs during 2000.

In conjunction with this final year thrust, the team believes that LGPP should actively engage with other donor programs to interest them in making use of these materials in an organized way. In particular, the PAFF may be a source of post-LGPP support for some of these organizations. One suggestion that has been made is that a program involving current LGPP staff might be designed for funding by PAFF that would ensure that those most familiar with the LGPP approaches continue to stay involved with LGPP work in the post-LGPP period.

The evaluation team noted two areas of project management that could be improved in the final months of the program. At various times, Chemonics felt as though new requirements were being added to the program as emphases by one or another of the several USAID project officers changed. There were indeed many cooks in this process from the USAID side. This is now being addressed through regular bi-weekly meetings of both teams from both sides. An aspect of communications related to this was the view expressed by several LGPP staff that many of their written products, e.g. quarterly progress reports, were not read by and did not receive comments from USAID.

The second issue raised concerned knowledge by USAID project team members of what was actually going on in the field. The evaluation team believes that more systematic visits to the gminas should be undertaken. This would result, we believe, in greater appreciation by USAID of the efforts being made by Chemonics as well as greater knowledge about the successes and failures of the program.

The reporting format currently in use does not adequately present many of the real accomplishments of the program. USAID has also expressed concern that it is not easy to verify many of the ordinary accomplishments that have been claimed for purposes of the award fees. The evaluation team specifically reviewed accomplishments in the gminas that it visited and found them to largely correspond with what had been claimed in the LGPP progress reports. Nevertheless, it is recommended that LGPP and USAID reach agreement on a format that will showcase program achievements at the gmina level and provide sufficient information so that it is easier for USAID to verify results.

LGPP is undertaking a massive dissemination effort of best practices, tools, and models of what has worked well, based upon its experiences since 1998. It would also be very useful to have, for USAID as well as Polish LGSOs, a more detailed examination on the technical sector level, e.g. economic development, housing, strategic management, etc., of what did not work as planned or as well as hoped and the reasons for this. Local consulting and other LGSOs, along with LGPP staff, would be the best suited to carry this out. The evaluation team was advised that in response to LGPP's Annual Report on 1999 activities, USAID has instructed LGPP to undertake evaluations of the various technical activities.

## **7 LESSONS**

There are a number of lessons to be drawn from LGPP. Some of them might be considered a reiteration of good design principles. Perhaps the most important is that simpler is better when it comes to designing a program. Less is often better than more. The consequences of adding components need to be very carefully weighed at the design stage since one never knows in advance, or usually does not know, who is going to be implementing what has been designed.

In thinking about future programs in other countries, the advantages of an integrated program such as LGPP should not be downplayed. The evaluation team believes that USAID's earlier experiences using different contractors was not as effective as an integrated approach. While LGPP turned out to be overly complex, a less complicated and massive design would have paid large dividends.

The use of local consultants and local organizations at every stage of the program, from design onward, is highly recommended. Of course, in Poland, there were a number of well qualified individuals. In other countries, it might not be quite as possible, but the effort should definitely be made.

Sustainability needs to be thought about from the very earliest stages of project design and followed up on. This also means making the resources available to ensure that sustainability has the best chance of taking root.

Greater attention needs to be paid to thinking through how a program will start up. Underestimation of difficulties continues to be the rule rather than the exception. Getting people on the ground and productive within a short period of time is never going to be easy. Doing it with a large team compounds the difficulties geometrically.

With regard to contracting issues, the difficulties associated with cost plus award fees should give pause. It is very difficult to design in advance an appropriate indicator and target system that captures the complexity of a development project and is within the manageable control of the contractor.

Current contracting practice looks at the technical proposals first and then turns to the cost proposals. A range of acceptable cost proposals should be considered as well as a range of acceptable technical proposals.

LGPP only required five key personnel. The Chemonics team was deemed technically within the competitive range. Either more people should have been designated as key staff or the system for reviewing teams needs to be tightened to ensure that experience corresponds with needs.

More attention needs to be paid to the international experience of expatriate staff, their health and energy levels, and to matching their backgrounds with what they will be expected to do.

The design should be finalized only after a thorough review of what has been done in the sector. In the case of LGPP, the assessment of the pilot LGPP was done well after the RFP had been issued.

Realism is essential concerning what can be achieved in the given time period, especially when there is no possibility of extension of the project.

The design assumptions need to be verified. In LGPP, the design stated that there were best practices that already existed. When the Chemonics LGPP arrived, these were called into question and the technical experts spent much of the first year coming up with approaches they believed would work. In addition, the design contained two somewhat contradictory focuses - producing tools and improving the overall performance of local governments - that were difficult to carry out in the time allotted for the project.

The fact of central government as a force for change needs to be emphasized and included, even if the project is in theory focused only on local government.

Considerable background research is needed to ensure a well designed project. In the case of LGPP, an essential element 'How Gminas Learn' was only undertaken after the project had been underway for more than one year.

Public participation needs to begin concurrently with the design of the project at the local level. It cannot be effectively or easily added later.

The dissemination component of a program is vital to achieving a spread effect and needs to be well funded and integral to the overall program from the beginning.

A certification of contractors program should be a requirement for any project that is attempting to enhance the market situation.

# APPENDICES

## Appendix 1

**AEP-1-00-99-000.40**

**T.O. #: 803**

### **1.4 (Continued)**

- the appropriateness of the award fee indicators, measures, and targets developed to judge the performance of LGPP and the progress toward achieving results as defined in award fee indicators, measures, and targets (see appendices 1 and 2); and
- project design and management; the effectiveness of USAID's design and management of LGPP in and of itself and how it relates to achieving the goals laid out in the SO 2.3 results framework.

Specific evaluation questions are listed in Article IV below.

### **B. Local Government History**

In September of 2000, Poland will "graduate" from USAID assistance and USAID/Warsaw will close. Only the Local Government Partnership Program and the Small Business Loan Guaranty Program will continue. These activities will be finished in the year 2001. USAID has implemented activities in support of local government development during its ten years in Poland. To document USAID successes and failures in helping Poland develop local governments that are more effective, responsive, and accountable, a review of USAID/Warsaw's goals, results achieved, and lessons learned is appropriate. This review might also serve to clarify how lessons learned from USAID/Warsaw's activities can guide the planning and implementation of future USAID activities in the local government (governance and democracy) sector and show others in Eastern Europe and Eurasia what has been accomplished. Such lessons learned should be regarded as composites that can provide planners with a perspective on USAID/Warsaw's achievements and their potential applicability to future governance and democracy activities.

## **ARTICLE III - BACKGROUND**

### **A. LGPP Assessment**

The Local Government Partnership Program (LGPP) is USAID's last, large program to support Poland's decentralization efforts and strengthen local government.<sup>1</sup> The objective of the three-year LGPP effort is to help build local government that is effective, responsive and accountable so that Polish citizens will live better. USAID believes that well-managed local government is crucial for the long-term stability of democracy and the continuation of economic development. Local government reform and decentralization are top priorities of the Government of Poland. LGPP's efforts will support these priorities by improving local governments' capacity to manage their resources more effectively.

The LGPP was developed by USAID throughout 1996-1997. In 1996, a pilot program was launched to test the basic premises of LGPP in 8 gminas. The experiences of the pilot and the final selection of the LGPP's 48 partner local governments by the Recommending committee consisting of five national Local Government Associations: the Union of Rural Communes; the Union of Small Polish Towns; the Association of Polish Cities; the Union of Polish Metropolitan Cities; and the National League of Local Government, paved the way for the implementation of the LGPP in early 1998.

The technical assistance provided by the LGPP to local governments seeks to improve the management capacity of local government to deliver services more effectively. More effective service delivery should lead to a better quality of life for citizens. The technical assistance is delivered by Polish Local Government Support Organizations (LGSOs) -- consulting firms, NGOs, training institutes -- under the supervision of an LGPP staff composed of expatriate and Polish professionals. Delivering technical assistance in this manner is designed to strengthen the Polish LGSOs. Another major goal of the LGPP is to increase the participation of the local communities in local government decision-making through increased inputs of citizens, NGOs, and business organizations.

The LGPP will strive to create well-managed local governments that:

- manage their resources strategically to assure delivery of local services effectively and efficiently;
- respond to needs of citizens and through specific mechanisms involves them in identifying and prioritizing needs and investments;
- understand the need for constant development of governance;
- have access to information and technical know-how about models and best practices;
- implement best practices tested in Poland or elsewhere in the world;
- actively participate in exchanges of experience among Polish local governments;
- take advantage of a stable, Competent support network that includes training, consulting, and academic institutions, which offer high quality services; and
- operate in a legal and regulatory environment, which guarantees gmina independence, limits restrictions, and allows for development of financial resources.

The LGPP will help develop more well-managed local government in Poland by:

- creating partnerships with 48 gminas and gmina unions to jointly test and implement best management strategies;
- disseminating best practices resulting from the LGPP and other programs to the 2500 gminas in Poland and strengthening mechanisms that help local governments share information;
- strengthening Polish LGSOs, including training organizations and academic faculties, NGOs, consulting firms, and professional associations that will continue the work of LGPP in the future; and
- providing information to policymakers and organizations lobbying for local government interests in Poland.

1.4 (Continued)

The LGPP focuses on the following technical areas of fundamental importance for the more effective management and future development of local governments. The descriptions and

definitions below are original definitions from earlier in the program. These have evolved and changed with implementation. Nonetheless, they provide a good starting point. In its original design, LGPP divided technical assistance into seven sectors. LGPP is currently consolidating work under the umbrella of a single technical assistance package that incorporates activities from several sectors. This consolidation can be discussed with USAID and Chemonics LGPP staff.

**Strategic management, budgeting, and finance:** Diagnostic tools and approaches that assess the economic, financial, and organizational potential of a local government; strategic plans and management that set priorities across sectors; information management systems; financial management including task and program based budgeting components and debt- carrying capacity; demand analysis for municipal services and activities.

**Economic development:** Economic development strategic planning processes that incorporate private and citizen input and analysis of economic potential and opportunity; organizational options for planning for and promoting economic development, including NGOs, regional development agencies, business support. offices; market analysis; investment incentives for downtown revitalization; strategic use and leveraging of infrastructure, land, service delivery, and real estate investments; leveraging resources for enterprise development; tourism promotion; business incubators.

**Infrastructure Finance and Development:** Planning and financing of infrastructure; capital investment planning; project preparation and management; financial packaging; regulatory mechanisms; and performance standards.

**Municipal service delivery:** Diagnostic of cost/benefits of options for service delivery, including contracting out to private and not-for profit organizations; enterprise restructuring, privatization, and inter- local government associations for service delivery; capital investment impacts of these options; establishment of performance standards and regulatory and monitoring systems for service delivery; new service financing mechanisms, tariff reform, private sector involvement, public-private partnerships and customer orientation; services include solid waste, water/wastewater, roads/municipal transport, district heating, and financing for health and education.

**Housing management and development.** Development of housing strategies which provide options and workplans for communal stock management, privatization, and/or restructuring; tools for enabling new housing development, including public private partnerships; development feasibility studies, affordable housing strategies, and other housing-related financial tools.

**Management and sustainable development of land.** Assessment of land markets; land development strategies; linkages to infrastructure investment, revenue generation/land market establishment; environmental protection, including environmental risk assessment, planning, policy, and financing.

**Public relations and citizen participation.** Effective strategies to engage citizens in budget, strategic management decisions, including support for neighborhood and business associations/organizations; establishing transparent and open mechanisms for cooperation between NGOs and local governments, community development partnerships.

Best practices are specific success stories of local government management where the gmina objectives were reached effectively, with input from the community. and in compliance with the principle of accountability. The best practices will be taken from LGPP and non-LGPP local governments.

Best practices are being disseminated-through a comprehensive dissemination and promotion strategy, which includes conferences, seminars, articles in professional publications, association newsletters, as well as through focused publicity campaigns in mass media. The dissemination of these best practices should help enlarge the market for the types of services developed by the LGPP.

LGPP is undertaking numerous activities to build the capacity of LGSOs, including:

- subcontracting with Polish LGSOs to provide assistance to local governments (many of these firms should continue to do local government training, consulting, and dissemination work after LGPP finishes);
- a rigorous pre-qualification process to recruit these LGSOs, including training and academic institutions, consulting companies, NGOs, professional associations to subcontract for LGPP tasks;
- providing state-of-the-art training to these LGSOs, dissemination of information, a clearinghouse of local government resources and working together with partnering institutions, to assure that gminas are offered a choice of professional services that meet high standards.

Partner gminas work together with LGPP consultants and LGSOs on projects identified as priorities by the gminas, which also have the potential to become best practice models for other gminas in Poland

## **ARTICLE IV - STATEMENT OF SPECIFIC TASKS**

### **A. LGPP Assessment**

The assessment team leader will be responsible for the preparation and. presentation of the assessment and all other deliverables. S/He will be responsible for the liaison with USAID/Poland. S/He will manage and coordinate the work of all team members. The team leader will assign specific tasks to the team and will provide instruction or. how tasks should be accomplished.

In addressing the issues summarized in Article II, the assessment team will perform the tasks outlined below. The team will answer the questions identified below, and the team's report will provide conclusions and recommendations based on these findings.

#### **TASK 1: PREPARATORY WORK**

Before undertaking fieldwork in Poland, team members shall familiarize themselves with previous and current documentation about the project. USAID/Poland will ensure that this documentation is available to the team immediately after the contract is signed. The literature includes:

- RFP Scope of Work and Attachments
- The LGPP Workplan

- LGPP Quarterly Reports and Regional Office Review Reports
- Key manuals or tools developed by LGPP (we need a list)
- USAID/LGPP Mission Statement
- "Role of Information in Gminas"
- "How Municipalities Learn"
- "Consultant-Based institutionalization: A Case Study"
- SOWS for sub-contracts for developing best practice tools, training, and dissemination
- Grant Summary Sheets for grants awarded
- Other documents as required

Upon commencement of work under the contract, the assessment team leader will prepare a workplan in collaboration with the other team members. This workplan will be submitted to USAID/Poland's SO 2.3 team for comment. The SO 2.3 team will provide comments within one week of having received the draft workplan. The assessment team will finalize the workplan, incorporating the SO 2.3 Team's comments and shall submit it USAID/Poland's SO 2.3 Team Leader for approval. Working with the SO 2.3 team, the assessment team leader will set up a schedule for interviews and site visits with Polish counterparts and others involved with the LGPP.

## TASK 2: ASSESSMENT OF LGPP ACTIVITIES TO DATE

To assess the appropriateness and quality of LGPP technical assistance activities and whether or not a market for LGPP products is developing, the assessment team will interview Chemonics LGPP staff and Polish counterparts from the partner local governments and other institutions active in local government affairs. The following are Polish local governments and institutions, which the assessment team should interview:

- Municipal Development Agency
- Association of Polish Cities
- Association of Rural Gminas
- Union of Metropolitan Cities
- Association of Economic Development Professionals
- Think Tanks that focus on local government (e.g. the Public Policy Institute)
- Public opinion polling agencies that undertake polls on local government
- Local Governments of: Trzcianka, Poznań, Ostrów - Wielkopolski, Olecko, Mikołajki, Chełm, Bielsko-Biała, The Raba River Association, The Koprzywianka Ecological Association, and Namysłów
- A sample of non-partner local governments

The assessment team is encouraged to identify additional Polish local governments and institutions to visit based on its review of materials and its determination of where useful examples might be found.

To assess the successes and failures of LGPP to date, the assessment team should examine two basic issues: the quality of the assistance developed and delivered and the demand for tools and approaches being developed. Listed below are questions that should be considered as these issues are examined. The Quality of the Technical Assistance Delivered

- What is the quality of the technical assistance delivered by the LGPP staff, Polish subcontractors, and grantees? Has Chemonics LGPP developed an approach or a system to evaluate effectively the quality of the assistance delivered?
- Has Chemonics LGPP developed means to enhance subcontractor and grantee performance, where necessary?

**b. Demand for LGPP Products - Is there an Emerging Market?**

- Are the technical assistance activities identified and implemented under the LGPP addressing the priority needs of Polish local governments? Are local governments willing to use their own resources to procure these services? If not, why not?
- Will the proper implementation and use of the models and approaches developed lead to local government that is more effective and more responsive to the needs and desires of citizens?
- Are non-partner local governments receiving assistance from the program? What steps might Chemonics LGPP take to increase non-partner local government involvement and have national impact?
- Is there evidence that a market is emerging for the kinds of technical assistance activities offered by the LGPP? How extensive is this market? What steps have been taken and what steps could be taken to encourage the further development of this market?

The team will assess the probability for sustained impact resulting from LGPP activities. For the purpose of this assessment, sustainability is defined as the ability of the Polish institutions to produce useful information, products, and services that are sufficiently well valued by the population so that adequate resources are committed to ensure their continued delivery. This definition has a dynamic element in that maintaining sustainability is an ongoing process of transforming capacity into performance and inputs into valued results and implies that products and services are continuously available and improving after USAID assistance is terminated.

**TASK 3: LESSONS LEARNED**

The team will describe how the successes and/or failures of LGPP could contribute to the design and implementation of future USAID local government programs. The team will provide answers to the following general questions:

- What are the principal lessons learned from the LGPP?
- How could USAID and its partners have designed more effectively the Program?
- How could USAID have identified more effectively customer needs and interests?
- What changes, if any, should be made in overall project design and strategy to ensure its contribution to achieving LGPP targets? More specifically, the team will describe what types of changes might be made to LGPP management and/or activities in the coming year that would help LGPP to meet its goals and objectives. These changes should range from general to specific - e.g., LGPP should work with fewer local governments or LGPP should hold more informational and training workshops for LGSOs and the professional staffs of partner and non-partner local governments.

Nevertheless, the changes recommended should be those that could be reasonably expected to have an effect on LGPP results in the last year of program implementation.

#### **TASK 4: ASSESSMENT OF PROGRESS TOWARD ACHIEVING RESULTS**

USAID/Poland has developed a SO 2.3 results framework to measure progress toward achieving the strategic objective of making Polish local government more effective, responsive, and accountable. (See results framework in appendix 2.) To a large extent, the indicators and measures in the Chemonics LGPP contract reflect this results framework. The assessment team is encouraged to review the results and sub-results of the SO 2.3 results framework as it prepares this section. All SO 2.3 activities are geared toward achieving this strategic objective.

After reviewing LGPP activities, the assessment team (primarily the team leader) will determine to what extent the LGPP's activities have contributed to achieving results as defined in the SO 2.3 results framework. USAID recognizes that it may be too early in program implementation to discern if results have been achieved or not. Nonetheless, the team is encouraged to make its best estimates and prognostications. The team will also comment on the validity of the hypotheses and assumptions of the framework. More specifically, with the LGPP activities in mind, the assessment team will provide answers to the following questions, providing factual information to support the responses:

- To what extent has the LGPP achieved its stated objectives with respect to indicators, measures, and targets listed in the contract? To what extent will it achieve them?
- Does the way in which the indicators, measures, and targets are defined lend itself to accurate measure of results?
- To what extent is there, or will there be, an improved policy and legal framework to support local government functions?
- To what extent has public participation in local government decision making increased? To what extent will it increase?
- To what extent has the capacity of local governments to deliver services and manage local resources effectively increased? To what extent will it increase by the end of LGPP and after?
- To what extent have the providers of technical assistance, training, dissemination of best practices models, research, organized community involvement and other support to local government become more sustainable and available nationwide? To what extent will they become more sustainable and available nationwide?
- To what extent has the program met the needs of intended customers? Have the programs effectively reached their customers? Will they do so?

#### **TASK 5: BRIEFINGS**

The team will be required to meet with USAID/Poland for a full briefing at the start of the field assignment and at the end of the second week of fieldwork to discuss its preliminary findings and conclusions. The team will also be required to give a final exit briefing to USAID/Poland and Chemonics LGPP. The expatriate team leader may be requested to provide a briefing to the ENI Bureau.

## **ARTICLE V - DELIVERABLES**

### **A. LGPP Assessment**

#### **1. WORKPLAN/METHODOLOGY**

The team leader will finalize a workplan in collaboration with the other team members. The schedule for the interviews and the site visits in Poland should be part of the workplan. The workplan will be discussed with and approved by the SO 2.3 Team Leader and finalized by the assessment team leader before his/her arrival in Poland. The workplan should be submitted within ten days of the effective date of the contract.

#### **2. ASSESSMENT REPORT**

The team will prepare in the field a draft final report. The following sections shall be included in the report:

- An Executive Summary -- a three- to four-page, single-spaced document containing a clear, concise summary of the most critical elements of the report
- A Table of Contents
- An Assessment Report (no more than 30-40 pages), which discusses the major findings and the related issues and questions raised in Article IV. In discussing these findings, the assessment shall also address the following:
  - Purpose and study questions of the assessment;
  - The economic, political, and social context of the LGPP;
  - Evidence/findings of the study concerning the assessment questions;
  - Succinctly stated conclusions drawn from the findings (including lessons learned); and
  - Recommendations based on the assessment's findings and conclusions.
- Evaluation Report Appendices, including:
  - copy of the assessment scope of work;
  - Team composition and study methods (1 page maximum);
  - USAID/Poland's SO 2.3 results framework;
  - A list of documents consulted, and of individuals and agencies contacted; and
  - More detailed discussions of methodological or technical issues as appropriate.

A draft report will be submitted to USAID/Poland prior to the assessment team leader's departure from Poland and within two months from the effective date of the contract. USAID/Poland will provide the assessment team leader with comments within 2 weeks of the draft report submission. The assessment team shall incorporate all comments and submit a final report to USAID/Poland within 2 weeks of receipt of comments. The USAID/Poland SO 2.3 Team Leader will be responsible for review and approval of the final report.

The assessment team leader shall be responsible for report production and will provide the final deliverables to USAID/Poland on a diskette typed in Word 97, plus ten printed and bound copies.

The assessment team leader shall provide 3 copies to CDIE in accordance with normal AID/W requirements.

## **ARTICLE VI - RELATIONSHIP AND RESPONSIBILITIES**

### **A. LGPP Assessment**

The team will report to the USAID/Warsaw SO 2.3 Team Leader and will consult with Chemonics LGPP staff and Polish counterparts. USAID/Poland will facilitate the arrangement of meetings with the Polish counterparts to the extent possible. USAID suggests the following team composition. The contractor is encouraged to present a composition that it feels will best allow it to undertake the assessment.

A Program Development/Implementation/Monitoring/Reporting Specialist (assessment team leader) would be responsible for overall report preparation and workplan preparation. S/He would be responsible for the liaison with USAID/Warsaw. S/He would manage and coordinate the work of the other team members.

The Polish Program Development/Implementation/Monitoring/Reporting Specialist (team member) would work under the guidance of the team leader and will be responsible for scheduling interviews and site visits inside Poland. This would require consultation with USAID/Poland SO 2.3 and Polish counterparts. S/he would be the expert for financial and strategic management for local government and would provide input for the preparation of the workplan in that regard no later than 10 days after the contract is signed.

The Polish Program Development/Implementation/Monitoring/Reporting Specialist (team member) would work under the guidance of the team leader. S/He would serve as the expert for municipal service management and public participation in local government and will provide input for the preparation of the workplan in that regard no later than 10 days after the contract is signed.

## Appendix 2 Specific SOW Questions

In undertaking the evaluation, the team was asked to bear in mind, and to address, the following questions, which are found in tasks 2,3, and 4 of Article IV of the SOW.

1. What is the quality of the technical assistance delivered by LGPP staff, Polish subcontractors, and grantees? Has Chemonics LGPP developed an approach or a system to evaluate effectively the quality of the assistance delivered?

This first question is addressed in sections 5.5, 5.6, and 5.7. Generally, the quality of assistance has been good, according to persons interviewed.

Chemonics LGPP told us that it does have in place a system to evaluate the quality of the assistance received. As described to us and as a result of discussions with gminas, we believe that the system will signal failures to deliver the assistance agreed with the gmina. Evaluation of the quality of the assistance is obviously a more difficult proposition, but provided the gmina is vocal, we believe the system will work. Without taking a position on assistance provided early in the program, the structure of reporting to LGPP Central Office and the involvement of the three regional offices in the current programs being carried out with the gminas provides multiple opportunities for quality control. In addition, e.g., in the housing sector, LGPP is actively evaluating the quality of the various studies undertaken.

2. Has Chemonics LGPP developed means to enhance subcontractor and grantee performance, where necessary?

Chemonics LGPP worked closely with its subcontractors and grantees in 1999 during the initial rounds of provision of technical assistance to monitor and ensure positive performance in the partner gminas. More generally, only subcontractors and grantees that have performed well are able to receive additional work under LGPP. Finally, the LGPP certification of contractors training program is a means to enhance performance.

3. Are the technical assistance activities identified and implemented under LGPP addressing the priority needs of Polish local government? Are local governments willing to use their own resources to procure these resources? If not, why not?

The evaluation team believes that the initial round of activities with partner gminas may not have identified some of the priority needs of the local governments because the process was shortened. It focused more on the LGPP models on offer rather than on a real assessment of local needs. In some cases, we were told, more basic organizational and management needs for training may have been overlooked. This is not to say that the assistance provided has not been appreciated or that it has not been valuable.

With regard to local governments being willing to use their own resources, this is also covered in sections 5.5 and 5.7 and in appendices 8 and 9. Some gminas are willing and some are not to use their own resources. The cost sharing approach demonstrates an interest on the part of many gminas in providing up to 50% of the cost of contractors. The team believes that a market is forming and that LGPP has been a force in helping to establish this.

4. Will the proper implementation and use of the models and approaches developed lead to local government that is more effective and responsive to the needs and desires of citizens?

Yes.

5. Are non-partner local governments receiving assistance from the program? What steps might Chemonics LGPP take to increase non-partner local government involvement and have national impact?

Non-partners are receiving the majority of assistance under LGPP in 2000. No further steps are required.

6. Is there evidence that a market is emerging for the kinds of technical assistance activities offered by LGPP? How extensive is this market? What steps have been taken and what steps could be taken to encourage the further development of this market?

A market is forming, but is still rather limited. This is discussed in question 4 above and more in detail in sections 5.5 and 5.7. Larger cities, with more resources, are already well launched in this process. Smaller towns and rural gminas are less so. The team was told by one knowledgeable observer that over the next 2-3 years the real market, on the demand side, was unlikely to be larger than 250-300 gminas.

To further expand the market for the longer term, the evaluation report suggests that LGPP needs to emphasize the introduction of a dynamic element to its dissemination efforts.

7. What are the principal lessons learned from LGPP?

These are set forth in section 7 of the report.

8. How could USAID and its partners have designed more effectively the Program?

Comments on the design of LGPP are set forth in section 5.1 of the report.

9. How could USAID have identified more effectively customer needs and interests?

USAID could have insisted more effectively that Chemonics LGPP undertake thorough analyses of partner gmina needs in 1998. Because of pressure of time, this was not done.

10. What changes, if any, should be made in overall project design and strategy to ensure its contribution to achieving LGPP targets?

The team recommends changes in emphasis in the education and dissemination strategy now being pursued.

11. To what extent has the LGPP achieved its stated objectives with respect to indicators, measures, and targets listed in the contract? To what extent will it achieve them?

Achievement of LGPP targets are set forth in detail in the LGPP Progress Report dated January 31, 2000. With the exception of indicator 7, it appears that most targets for 1999 were met. Targets for 2000 will be more difficult to achieve, especially targets 6, 7, and 8. Nevertheless, the evaluation team expects LGPP to either meet them or come very close.

12. Does the way in which the indicators, measures, and targets are defined lend itself to accurate measure of results?

The team's views on the indicators are set forth in section 5.10. The team views the revised indicators, targets, and measures as having been useful to the re-launching of the program in early 1999. They provided a focus for the program. However, they were also problematic and do not sufficiently value the objective of sustainability.

13. To what extent is there, or will there be, an improved policy and legal framework to support local government functions?

The team believes that there was relatively little effort put directly into this objective by LGPP. Indirectly, however, with its work in the partner gminas and with the LGSOs and now with its massive dissemination program, the team believes that the public appreciation for local government, a vital component for influencing the policy and legal framework, has been strengthened.

14. To what extent has public participation in local government decision making increased? To what extent will it increase?

According to the surveys undertaken in 1999 by LGPP by CBOS in 10 gminas, and reported on in the January 2000 progress report, public participation has increased. These surveys are commented on in section 5.10. How much of this increase can be attributed to LGPP cannot be well ascertained, in part because there was no control group of gminas in the survey, but LGPP has clearly been very present in the life of Polish local government over the last 18 months.

15. To what extent has the capacity of local governments to deliver services and manage local resources effectively increased? To what extent will it increase by the end of LGPP and after?

The team believes that the capacity of the partner gminas has, in general, increased. We also believe that the dissemination and education efforts this year will have an impact. Creation of the conditions for a market for LGPP products can also be expected to increase this capacity in the future.

16. To what extent have the providers of technical assistance, training, dissemination of best practices models, research, organized community involvement and other support to local government become more sustainable and available nationwide? To what extent will they become more sustainable and available nationwide?

LGPP has worked hard to equip the LGSOs and will continue to work with them this year to ensure that their efforts continue after the project is finished. The team has recommended that additional efforts be deployed in this last year to ensure that not only are consultants

ready and able to provide services to gminas, but also that other non-contractor LGSOs also are in a position to do so now and in the future post-LGPP period.

17. To what extent has the program met the needs of intended customers? Have the programs effectively reached their customers? Will they do?

The team believes that the needs of the partner gminas have been substantially met. On the ground changes that will impact the lives of ordinary citizens in the gmina jurisdictions are only likely to be felt in the coming year as the processes that have been changed or that are being changed begin to take hold. Some of the changes that have been observed are detailed in section 5.6.

### Appendix 3 – SO 2.3 Results Framework

OBJECTIVE: SO 2.3 Local government is more effective, responsive, and accountable.			
APPROVED: 05/96 COUNTRY/ORGANIZATION: Poland/USAID			
RESULT NAME: Local government is more effective, responsive, and accountable.			
INDICATOR: Nations in Transition Rating			
<p>UNIT OF MEASURE: Governance and Public Administration Rating. Based on a scale from 1 to 7. 1 is highest; 7 is lowest.</p> <p>SOURCE: Freedom House's Nations in Transit rating for Public Administration. All countries in Central and Eastern Europe are rated.</p> <p>INDICATOR DESCRIPTION: The Governance and Public Administration Rating measures the following:</p> <ul style="list-style-type: none"> <li>- Is the legislature the effective rule making institution?</li> <li>- Is substantial power decentralized to subnational levels of government? What specific authority do subnational levels have?</li> <li>- Are subnational officials chosen in free and fair elections?</li> <li>- Do the executive and legislative bodies operate openly and with transparency? Is draft legislation easily accessible to the media and the public?</li> <li>- Do municipal governments have sufficient revenues to carry out their duties? Do municipal governments have control over their local budgets. Do they raise revenues autonomously or from the central state budget?</li> <li>- Do elected local leaders and civil servants know how to manage municipal government effectively?</li> <li>- Has there been constitutional/legislative reform regarding local power? Has there been a reform of the civil service code/system? Are local civil servants employees of the local or central government?</li> </ul> <p>COMMENTS: Data presented from 1997 and 1998 Freedom House ratings. These ratings serve as a barometer to measure major changes in governance in Poland. USAID activities will indirectly influence five of the seven rating measures.</p>	YEAR	Planned	Actual
	1995		
	1996		
	1997		1.75
	1998		1.75
	1999	1.75 or lower	
	2000	1.75 or lower	

OBJECTIVE: SO 2.3 Local government is more effective, responsive, and accountable.			
APPROVED: 05/96 COUNTRY/ORGANIZATION: Poland/USAID			
RESULT NAME: IR 1 - Improved policy and legal framework supports local government functions.			
INDICATOR: Legislative actions that lead to greater decentralization in public administration and finance.			
<p>UNIT OF MEASURE: Legislation passed and implemented on (a) the establishment of new levels of local government Powiats/Voivodships, and (b) a new system of financing them that effectively decentralizes the public finance structure (Law on Public Finance).</p> <p>SOURCE: USAID and Democratic Governance and Public Administration Program implemented by Development Alternatives, Inc</p> <p>INDICATOR DESCRIPTION: Legislation that establishes Powiats and/or other types of decentralized governmental structures and effectively decentralizes the authority for these defined functions and resources to support them to a lower level than the central government.</p>	YEAR	Planned	Actual
	1995		
	1996		
	1997	a-N3	a-N3
		b-N3	a-N3
	1998	a-y2	a--Y2
		b-Y2	b--Y2
1999	a-Y1		
	b-Y1		
2000			
<p>COMMENTS: Data for this indicator is based upon answers to the following question: "Has legislation been passed to (a) establish Powiat/Voivodships in Poland and (b) decentralize the public finance system?</p> <ol style="list-style-type: none"> <li>1. Yes, it was passed, monitored, and reviewed after 6 months of implementation. •</li> <li>2. Yes, it was passed.</li> <li>3. No, but it is under debate in Parliament.</li> <li>4. No, it was not passed.</li> </ol>			

Source: FY 2000 Results Review and Resource Request (R4) USAID/Poland, March 1999

OBJECTIVE: SO 2.3 Local government is more effective, responsive, and accountable.			
APPROVED: 5/96 COUNTRY/ORGANIZATION: Poland/USAID			
RESULT NAME: IR 3 - Increased capacity to deliver services and manage local resources efficiently.			
INDICATOR: Gminas have the capacity to improve service delivery and/or to increase the level of resources available for infrastructure through allocation of resources based on one or more elements of an approved strategic management process			
<p>UNIT OF MEASURE: Gminas improve service delivery capacity as evidenced by the adoption of one or more of the following:</p> <ul style="list-style-type: none"> <li>- A strategic management planning process which has prioritized projects, activities, and expenditures and allocates resources on an approved multi-year funding plan and/or an approved capital investment plan.</li> <li>- A strategic housing planning process that has prioritized expenditures and allocated resources based on an approved multi-year funding plan.</li> <li>- A capital investment planning process that prioritizes projects and expenditures and allocates resources based on an approved multi-year funding plan.</li> <li>- A task based budgeting system which organizes the gmina by task and which guides the budgeting preparation and management of task-oriented units or enterprises.</li> <li>- Enterprise or fund accounting by one or more budgetary units, enterprises, or limited liability service companies.</li> <li>- An infrastructure planning process which prioritizes projects based on a comprehensive financial, social, and environmental analysis and which allocates resources based on an approved multi-year plan.</li> <li>- An economic development planning process which prioritizes activities and expenditures and allocates resources based on an approved multi-year funding Plan</li> </ul> <p>SOURCE: USAID and Local Government Partnership Program implemented by Chemonics, Inc.</p> <p>INDICATOR DESCRIPTION:</p>	YEAR	Planned	Actual
	1995		
	1996		
	1997	8 pilot gminas	8
	1998	-	-
	1999	16 partner gminas 35 non-partner minas	
	2000	17 partner gminas 105 non-partner gminas	
COMMENTS: This indicator is to measure the contribution of the LGPP program to IR 3. Data for this indicator will be assembled and reported by Chemonics and verified by USAID. First data will be reported for 1999.			

OBJECTIVE: SO 2.3 Local government is more effective, responsive, and accountable.			
APPROVED: 05/96 COUNTRY/ORGANIZATION: Poland/USAID			
RESULT NAME: IR 4 - Polish institutions supporting local government functions are sustainable and more effective.			
INDICATOR: Non partner gminas which have implemented management improvements as a result of having exposure to the tools or approaches promoted by the Local Government Partnership Program or other USAID-supported programs.			
<p>UNIT OF MEASURE: Random sample of non-partner gminas responding to questions like the following:</p> <ul style="list-style-type: none"> <li>• Have you heard of programs to provide training or assistance to gminas?</li> <li>• Who provides this assistance?</li> <li>• Do you know in which areas they provide assistance?</li> <li>• Can you cite any gminas involved in the program?</li> <li>• Have you received information on these programs?</li> <li>• If yes, where did you get that information?</li> <li>• Was the information useful?</li> </ul> <ul style="list-style-type: none"> <li>• Did you don anything as result of receiving the information?</li> <li>• Have you attended any workshops or other events organized by these programs?</li> <li>• Have you hired a consultant or undergone training as a result of the information? If yes, which consultants or training institutes?</li> <li>• Have you introduced any changes into gmina management?</li> <li>• If so, what have you done?</li> </ul> <p>SOURCE: USAID supported survey of local governments conducted by MDA, opinion research firm, public policy/public administration institute, or university.</p> <p>INDICATOR DESCRIPTION:</p>	YEAR	Planned .	Actual
	1995		
	1996		
	1997		
	1998		
	1999	TBD	
	2000	TBD	
COMMENTS: Use of this indicator will depend on the ability of USAID and ISTI to develop a methodologically sound, inexpensive, and efficient means of conducting the survey. Premise of this indicator is that both awareness of LGPP and some use of LGPP best practices in non partner gminas is a surrogate for LGSO effectiveness in outreach and institutional capability.			

## Strategic Objectives 4.1 (Special Initiatives) and 4.2 (Cross Cutting)

**SO Summary:** By definition, no Strategic Objectives *per se* are incorporated in special initiatives and cross cutting programs.

**Key Results:** At present, there are no intermediate results in the conventional sense in either SO 4.1 or 4.2. However, as noted below, a new conceptual framework for "effective implementation of social sector reforms"-roughly analogous to SO 3.2 in the ENI Strategic Framework-has been prepared by the Mission to informally represent emerging new emphasis in this sector.

As noted in the Overview the GOP has undertaken an ambitious social sector reform program-in essence, a second wave after the fundamental political and economic reforms of the early nineties. Cutting across several Strategic Objectives, a number of USAID's ongoing programs, such as assisting in the passage and promotion of pension reform legislation (SO 1.4) and joint Harvard/Jagellonian University development of health management systems for Krakow that are now scaling-up nationally (SO 2.3), have been contributing directly to reformed social sector programs and policies over the past several years. The SEED-funded Department of Labor worker adjustment project supporting coal sector restructuring in Upper Silesia (SO 4.1) is helping the GOP coordinate the social and economic dimensions of mass layoffs. Administrative reform (decentralization and devolution) assistance (SO 2.3) is helping *powiats* and enlarged *voivods* to deal with new social sector implementation responsibilities. And finally, USAID/Warsaw is undertaking a new strategic communications activity under SO 4.1 to enhance the GOP's outreach to the Polish public, affected interest groups, and other "stakeholders" in the individual social sector reforms (in pensions, health, education and administrative reform). This is being augmented by a smaller, SO 4.1 grant to ACILS/Solidarity Center to -educate workers and enterprise managers in pension program options; this is targeted outreach to these politically important groups complements the larger scale work the Mission is doing with PriceWaterhouse Coopers under contract.

An informal results framework schematic is attached which blocks out the basic conceptual relationships. The Mission hopes that this depiction of our set of activities related to social sector reform is useful to ENI Bureau as it considers similar initiatives elsewhere in the region.

Other developments under SOs 4.1/4.2 included:

- Successful conclusion of PIER's mineworkers' safety program. Unions, government, and academia subsequently joined forces to create a Silesia safety institute to carry on and extend PIER's work.
- Graduation of the National Democratic Institute's very well regarded nonpartisan program in party cadre training, with special emphasis on women and youth participation. NDI assistance in democratization and political devolution extended through the successful *powiat* elections in the fall of 1998.
- The DOL-supported White Collar Training Institute at Lodz and the Construction Trades Center at Praga made substantial gains in financial and managerial self

## Appendix 4 Award Indicators and Fees

IR 2: Participation in local government decision making increased

1. Increased involvement by citizens, NGOs, and businesses in local civic process.

Indicator: The contractor has enhanced a gmina's capacity to create or expand the channels of access for expression of opinion by, and have increased the flow of information to citizens, NGOs, and the business community about current and proposed actions and operations.

Measure: Enhanced gmina capacity will be measured by the percentage of citizens, NGOs, and the business community, responding to surveys in partner gminas, that they have increased their involvement in the local civic process from receiving information from, and/or providing input/feedback to gminas about current and proposed actions and operations through the utilization of more than one of the following initiated by gminas:

- Regularly scheduled gmina town hall open forums;
- Regularly scheduled NGO-gmina exchanges through meetings, dinners, tours, and/or reciprocal staff visits;
- Regularly scheduled gmina-business community lunches/dinners including annual 'State of the Gmina' address by gmina officials;
- Planned media outreach activities including press releases/conferences and media tours;
- Targeted citizen surveys conducted, evaluated, and utilized;
- Publication of notice, agenda and minutes of council meetings;
- Establishment of gmina information center;
- Establishment of community review budget process; and
- Other actions or regularly scheduled activities similar to those above.

1.a. Target 1999: the contractor has enhanced the capacity of partner gminas to increase involvement by 2% of citizens, 5% of NGOs, and 5% of businesses in local civic processes as a result of the utilization of one or more of the open government mechanisms initiated by the gminas.

Fee Award \$10,000

1.b. Target 2000 (cumulative): the contractor has enhanced the capacity of partner gminas to increase involvement by 5% of citizens, 15% of NGOs, and 15% of businesses in local civic processes as a result of the utilization of one or more of the open government mechanisms initiated by the gminas.

Fee Award \$10,000

2. Local governments create and expand mechanisms for citizens, NGOs, and business input.

Indicator: The contractor has enhanced a gmina's understanding of the importance of participatory processes and its capacity to institutionalize the participation of citizens, NGOs, and private businesses in key decisions.

Measure: Gminas' understanding of the importance of, and their capacity to institutionalize, citizen, NGO, and business community participation in key gmina decisions will be evidenced by the gminas' establishment and utilization of one or more of the following, which had not been established and utilized prior to LGPP:

- Other advisory group or groups to gminas on subject or subjects that reflect special interests of non-governmental organizations active within the gmina;
- Citizens selected by the gmina council, upon nomination by the community, to serve on council committees or other gmina advisory groups and task forces;
- Formal gmina council action mandating citizen participation on gmina decision making bodies;
- Actual gmina council operations which include citizen participation on gmina decision making bodies; and
- Other similar groups to those enumerated above.

2.a. Target 1999: the contractor has enhanced the capacity of 16 partner gminas and not less than 25 non-partner gminas to institutionalize the participation of citizens, NGOs, and private businesses in key decisions.

Fee Award: \$15,000

2.b. Target 2000 (cumulative): the contractor has enhanced the capacity of 33 partner gminas and not less than 100 non-partner gminas to institutionalize the participation of citizens, NGOs, and private businesses in key decisions.

Fee Award: \$15,000

### 3. Key Decisions Affected

Measure: Gminas' capacity to institutionalize community participation in key gmina decisions will be evidenced by independent accounts of the citizen, NGOs, and/or business community participants, and/or media reports, that these groups have affected key gmina decisions as part of specific gmina processes (strategic planning, COP, housing, infrastructure, economic development, municipal services, and/or budget decision making).

3.a. Target 1999: the contractor has enhanced the capacity of 16 partner gminas and not less than 12 non-partner gminas to institutionalize community participation.

Fee Award: \$15,000

3.b. Target 2000 (cumulative): the contractor has enhanced the capacity of 33 partner gminas and not less than 50 non-partner gminas to institutionalize community participation.

Fee Award: \$15,000

### IR 3: Increased capacity to deliver services and manage local resources efficiently

#### 4. Increased technical and managerial capacity (improved process).

Indicator: The contractor has enhanced a gmina's capacity to improve service delivery and/or to increase the level of resources available for infrastructure through allocation of resources based on one or more elements of an

approved strategic management process.

Measure: Improved service delivery capacity of gminas will be evidenced by the gminas' adoption of one or more of the following:

- A strategic management planning process which has prioritized projects, activities, and expenditures and allocates resources on an approved multi-year funding plan and/or an approved capital investment plan;
- A strategic housing planning process which has prioritized expenditures and allocates resources based on an approved multi-year Funding plan;
- A capital investment planning process which has prioritized projects and expenditures and allocates resources based on an approved multi-year funding plan; A task based budgeting system has been applied to gmina budget allocations, resulting in linkages between gmina expenditure appropriations and results at the gmina level;
- Enterprise or fund accounting is applied to municipal service entities resulting in gmina ability to compare service revenues and expenditures and to prepare related financial reports and statements needed to communicate to managers and potential investors;
- An infrastructure planning process which has prioritized projects based on a comprehensive financial, social, and environmental analysis and which allocates resources based on an approved multi-year plan; and
- Municipal economic development planning process that has prioritized activities and expenditures and allocates resources based on an approved multi-year funding plan.

4.a. Target 1999: the contractor has enhanced the capacity of 16 partner gminas and 35 non-partner gminas to improve service delivery.

Fee award \$70,000

4.b. Target 2000 (cumulative): the contractor has enhanced the capacity of 33 partner gminas and 140 non-partner gminas to improve service delivery.

All sectors will be represented with no sector constituting more than 50% of these overall targets.

Fee Award \$95,000

#### 5. Improved Service Delivery.

Measure: Improved service delivery capacity of gminas will be evidenced by the

gminas' delivery of the present level of service at lower cost, improved level of service at the same cost, or expanded services and economic development investments through allocation of local resources based on one or more elements of an approved strategic management process.

5.a. Target 1999: the contractor has enhanced the capacity of 9 partner -gminas to improve service delivery.

Fee Award \$40,000

5.b. Target 2000 (cumulative): the contractor has enhanced of 24 partner gminas to improve service delivery.

Fee Award \$40,000

6. Increased level of resources available for use (financial analysis).

Indicator: the contractor has enhanced a gmina's capacity to access private sector investment and/or service delivery to increase the supply of municipal services without increased cost, reduce the per unit cost of services already delivered at an acceptable level of quality, and/or extend needed services of acceptable quality to more citizens.

Measure: Improved capacity to access private investment and/or service delivery by gminas will be evidenced by completion in gmina5 of financial analysis.

6a. Target 1999: the contractor has enhanced the capacity of 20 gminas to complete financial analyses to access private investment and/or service delivery.

Fee Award \$16,000

6.b. Target 2000 (cumulative): the contractor has enhanced the capacity of 40 gminas to complete financial analyses to access private investment and/or service delivery.

Fee Award \$16,000

7. Use of Private Sector.

Measure: Improved capacity to access private sector investment and/or services will be evidenced by increased provision of municipal services (solid waste water/wastewater) roads, municipal transport, district heating, without increased cost, reduced per unit cost of services already being delivered at an acceptable level of quality, and/or extension of needed services of acceptable quality to more citizens.

7.a. Target 1999: the contractor has enhanced the capacity of 7 gminas to access private investment and/or service delivery.

Fee Award \$35,000

7.b. Target 2000 (cumulative): the contractor has enhanced the capacity of 18 gminas to access private investment and/or service delivery.

Fee Award \$35,000

## 8. Cost Recovery

Indicator: the contractor has influenced a gmina's capacity to increase significantly cost recovery of service delivery, to prepare a strategy for recovery of the cost of the service, and to establish a transparent subsidy policy which targets and benefits the truly needy.

Measure: Improved capacity to increase cost recovery will be evidenced by increased cost recovery by municipal enterprises through adoption of the standards approved by the Water Standards Board.

8.a. Target 2000: the contractor has enhanced the capacity of 3 municipal enterprises to increase cost recovery.

Fee Award \$35,000

Measure: Improved capacity to increase cost recover will be evidenced by a gmina's adoption of a transparent housing rate policy to the level of 2% of replacement cost and have adopted plans to raise rents to 3% of replacement cost by the year 2004.

8.b. Target 2000: the contractor has enhanced the capacity of 6 gminas to increase cost recovery.

Fee Award \$35,000

IR 4 Polish institutions supporting local government actions are sustainable and more effective

9. Providers of technical assistance, training dissemination of best practices models, research organized community involvement, and other support to local government are sustainable and available nationwide.

Indicator: The contractor has enhanced the capacity of consulting firms /LGSOs to increase delivery of technical assistance and information to improve gmina management in the areas of management, infrastructure development, municipal service delivery, housing, economic development, and community participation.

Measure: Enhanced capacity of consulting &LGSOs to deliver technical assistance and information to improve gmina management will be evidenced by both of the following:

- More than one contract issued by grninas to a consulting firm/LGSO offering new products from LGPP to perform consulting services or training on a full basis or on a cost share basis with
- And contractor/grantee/consultant graduation from LGPP, according to criteria developed by LGPP
  
- and approved by USAID, suggesting that the graduate has the capacity to market to deliver services without reliance upon LGPP.

Target 1999: No target since institution building is underway this year.

9. Target 2000 (cumulative): the contractor has enhanced the capacity of 5 or more consulting firms/LGSOs working in financial management, infrastructure, and municipal services sectors, and 2 in other sectors to

perform consulting services and to be awarded contracts without reliance upon LGPP.

Fee Award \$43,720



**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT  
REGIONAL SERVICES CENTER  
for Europe and the New Independent States**

Mr. Thurston Teele  
Chemonics International, Inc.  
1133 12<sup>th</sup> Street, NW  
Suite 600  
Washington, DC 20036

Dear Mr. Teele,

Thank you for your letter of December 31, 1998, which addresses the program implementation issues raised in my letter of December 8, 1998. USAID appreciates the efforts Chemonics has undertaken to address the issues raised in this letter. We look forward to successful implementation of LGPP activities. Please find below USAID's response to your letter.

**Issue 1:** *The LGPP project has not taken off or started to show tangible results.*

USAID recognizes that delays were caused by the protest, the complexity of the program, and the lack of the 20 gmina partnership agreements promised in the contract. We also recognize that a limited amount of technical assistance has been carried out. Nonetheless, some of the delay in implementation was also caused by the weakness of certain sector leaders, an overly complex management structure, failure to compensate for the team's lack of experience in Poland and Central and Eastern Europe, and an inability or unwillingness to delegate responsibility for tasks to team leaders. Chemonics must make every effort to ensure that sector leaders understand the program and are capable of managing the delivery of quality technical assistance through local institutions. In addition, the Chemonics LGPP management structure and style must empower these sector leaders to take the initiative and make decisions to the greatest extent feasible.

**Issue 2:** *Chemonics LGPP lacks an adequate team structure and division of labor to deliver technical assistance quickly and efficiently to gminas.*

Address in Hungary or International:  
Bank Center, Granite Tower  
Szabadság tér 7-9.  
H-1944 Budapest

Address from United States:  
American Embassy Budapest  
Department of State  
Washington, D.C. 20521-5270

Telephone: (36-1) 302-6300 Fax.: (36-1) 302-0693 or 302-0720

USAID applauds Chemonics' efforts to develop a reorganization plan with input from LGPP staff. Previous efforts to reorganize were not implemented. Chemonics must make sure that a re-organization is put in place quickly and that it adequately addresses LGPP needs and goals as discussed under Issue 1 above.

**Issue 3:** *Chemonics LGPP does not have a plan for delivering technical assistance using team members, subcontractors, and other Polish institutions. A satisfactory workplan was not delivered in a timely manner. A system must be put in place to implement activities and deliver assistance quickly.*

USAID approved the LGPP workplan subject to certain changes being made. By and large, the workplan demonstrates a good understanding of program goals and objectives. A large number of useful activities are planned for the coming year. Chemonics must make every effort to ensure that all activities in the workplan are carried out in a timely and orderly manner. The credibility and success of the LGPP rest with delivering quality technical assistance to the gminas (as promised in the Partnership Agreements) and building the capacity of Local Government Support Organizations (LGSOs).

*Issue 4: Project staff do not have scopes of work or formal performance evaluation criteria. One result is that staff morale is a serious issue. A supportive atmosphere to encourage successful implementation is missing.*

The development of scopes of work and performance evaluations should provide a useful tool to effectively deliver technical assistance and to monitor personnel performance and address issues of under- or nonperformance. The implementation of LGPP and the performance and evaluation of Chemonics LGPP personnel suffered from a lack of scopes of work and evaluation during the first year of implementation. Chemonics LGPP management must quickly and effectively address performance issues. Definition of roles and evaluation of performance will be increasingly critical as the Program moves to the transition phase, which will shift implementation responsibilities from expatriate to Polish staff. Chemonics must make sure that the Polish staff have the capabilities to manage successfully program implementation, providing training when necessary and appropriate. Chemonics should investigate the usefulness of keeping some expatriate staff longer than currently scheduled to help with the transition.

USAID recognizes that addressing the income tax and VAT issues informally was not successful. A formal dialogue has been initiated between USAID and the Ministry of Internal Affairs and Administration to address this issue.

**Issue 5:** *Budget resource allocation has not been clearly communicated to USAID, leading to uncertainty as to whether sufficient resources are available for planned activities.*

USAID has received a monthly budget-tracking document, which monitors the total amount of funds consumed by the contract. As you mentioned in your letter, what is needed is an analysis of the resource demands of the activities defined in the workplan. USAID looks forward to reviewing this analysis by late January. Such an analysis will allow Chemonics LGPP and USAID to determine more accurately the amount of resources needed to implement currently planned activities and to reprogram resources if the need arises. This analysis will also be helpful when Chemonics LGPP considers extending the contracts of expatriate staff.

Issue 6: *The COP has not followed instructions regarding communications between USAID and team members.*

USAID notes the Chemonics LGPP Interoffice Memo on USAID/Warsaw Resources (4 December 1998) and encourages management to implement the policy outlined therein. It is absolutely crucial that Chemonics LGPP and USAID staff communicate as openly and freely as possible on all issues related to program implementation.

Issue 7: *Chemonics LGPP misunderstands the desired approach for delivering technical assistance. The amount of work to put the subcontracting process in place was underestimated.*

USAID now feels that Chemonics LGPP staff understand the desired approach for delivering technical assistance to the gminas. USAID staff will liaison with Chemonics LGPP staff to make sure that this approach is utilized fully. As mentioned in your letter, Chemonics LGPP should use workplans and performance evaluations to judge team members' effectiveness working with the gminas and managing the delivery of technical assistance.

The subcontracting process began late and will need to be accelerated to allow the maximum, necessary amount of technical assistance to flow to the gminas. Through your quarterly reporting and less formal reports, Chemonics LGPP should demonstrate to USAID that the delivery of technical assistance to gminas and other LGPP activities are on schedule.

**Issue 8:** *The formula for cure must include a Deputy Chief of Party candidate.*

I have already approved the selection of Robert Rabatsky as Deputy Chief of Party.

Sincerely,

**Michael S. Kenyon**  
**Regional Contracting Officer**

**Appendix 6**  
**Exchange of Comments on March 2000 Draft Summary Report**

Mr. Michael Lippe  
Senior Associate  
Management Systems International  
600 Water Street, S.W.  
Washington, D.C. 20024

Re: Response to Summary of Report  
LGPP Mid-Term Evaluation

Dear Mike:

We write to provide a response and some comments prior to your completion of the final draft report of the LGPP Mid-Term Evaluation as commissioned by USAID.

Generally we found your review and the insights contained therein to be balanced, fair, and consistent with our own perceptions of the realities of this project.

In a few areas, however, our views are at some variance with the analysis and conclusions you have drawn. We, therefore, have chosen to make a few observations that we hope will assist in informing your final report and in providing a more complete picture of the Local Government Partnership Program.

Our comments relate to the following areas:

The hypothesized connection between the lack of delivery of technical assistance during the project's first year and the subsequent reduction in the amount of the grant program and the increase in subcontracting of technical assistance. (Page 10 of the Draft Summary of Report)  
The claimed significance of providing a more detailed relationship between each separate program within the Work Plan and its cost within the overall budget. (Page 11 of the Draft Summary of Report)

The allegation that Local Government Support Organizations (LGSOs), other than consulting firms, have been ignored by LGPP. (Page 15 of the Draft Summary of Report)

The "feeling" that insufficient emphasis has been placed on sustainability and that the award fee structure does not adequately encourage emphasis in this area. (Page 16 of the Draft Summary of Report)

The hypothesized connection between the lack of delivery of technical assistance during the project's first year and the subsequent reduction in the amount of the grant program and the increase in subcontracting of technical assistance.

The draft summary states that it is “plausible” to draw the above connection. The implication leaves the reader with the impression that since it is plausible, it is also correct. We do not believe, however, that the written evidence, produce contemporaneously with the decisions, supports the hypothesis.

Indeed, we believe that the evidence shows the state of mind of USAID and LGPP decision makers to have focused solely on adjusting the project to meet the stated objectives in ways that would ensure a “robust” grants program and better monitoring and guiding of capacity-building of Polish institutions. Nothing in the record suggests these changes were the result of dissatisfaction concerning the pace of technical assistance or the quality of expatriate assistance. The only reference to expatriate assistance concerns a request to review, by sector, the number of expatriate advisors needed with the addition of greater Polish subcontracting assistance.

Scott Dobberstein’s November 4, 1998 memorandum to Tony Gardner (which you may or may not have reviewed) makes clear that both USAID and LGPP sought to find the:

“... best way to meet the objectives of training Polish institutions in the delivery of best practice approaches to local government management, and to help build a Polish capacity to provide first-rate technical assistance to Polish cities... .

As Scott stated:

“We all agree that these objectives can often be achieved more effectively through subcontracts than through grants. Using subcontracts, Chemonics will be able to monitor and guide the development of institutions and the delivery of technical assistance. Using grants guidance and monitoring will be more difficult.”

Scott did go on to write that:

“Chemonics LGPP is encouraged to evaluate the need for expatriate long-term level of effort in light of the type and amount of activities in each sector. Some sectors may not need as many expatriate advisors as others. ...

USAID also requests an analysis of the proposed use of grants in the various sectors and an estimation of the funds needed to support this program to ensure that there will be adequate funds to support a robust grant program.”

We believe that there is ample evidence to demonstrate that whatever the quality of the expatriate advisors or the pace of technical assistance in the project’s first year, there were other clearly articulated reasons for the shift of funds from the grant program to increased subcontracting.

Further, there is no evidence that any worthwhile grant proposals went unfunded. Indeed, once again, the evidence is to the contrary. For example, in the first national round LGPP we received 170 grant applications. The consensus of our review process produced only 14 grant proposals of acceptable quality, all of which were funded. The same situation occurred in all of our grant rounds.

In summary, we believe the analysis and conclusion of the Draft Summary on this point should be deleted from the Final Report.

The claimed significance of providing a more detailed relationship between each separate program within the Work Plan and its cost within the overall budget.

The draft summary suggests that USAID could better consider the merits of the LGPP Work Plan if it was less difficult to track budget inputs with program outputs and outcomes. We respectfully disagree.

Perhaps it seems strange to suggest that the relationship between the budget and the individual programs is irrelevant, but we believe that this is the case with respect to this project.

We submit that USAID should properly be concerned about the manner in which its expectations are achieved, whether such outputs and outcomes occur, and, in the aggregate, the cost of such achievements. We do not believe that USAID, in this contract, should be concerned about whether, taking the Draft Summary example, the introductory assistance costs “x” or “y”, but rather should be concerned whether they agree with the approach and with the proposed, and expected, outputs and outcomes of that individual program.

Although it may not have begun in this way, at this point the project is a very integrated one, employing the talents of LGPP staff and subcontractors in multi-disciplinary approaches to programs that do not easily track with the original sectors. We submit that has helped to account for improvements in project results and that it will continue to do so. The fact that one individual program costs more or less than another is information that is essentially useless in the hands of anyone who is not charged with the accountability for overall project output and outcome performance on a day-to-day basis.

We contend that USAID’s proper and important function of programmatic review, approval, and oversight and monitoring can be performed productively and effectively without any greater level of detail.

We are providing USAID the level of detail required under our contract. If, however, it is believed that supplemental information would really aid their programmatic determinations in some tangible way, we stand ready to discuss their needs and the costs necessary to meet them.

The allegation that Local Government Support Organizations (LGSOs), other than consulting firms, have been ignored.

The Draft Summary bluntly states that sustainability:

“ will, in fact, be measured exclusively by the number of consulting firms that achieve the target. Other LGSOs have been ignored.”

We believe that the juxtaposition of these two sentences threatens to inappropriately, and inaccurately, mix two different, although related issues. The implication is that there is mutual exclusivity between achieving the agreed upon targets relating to sustainability on the one hand and accomplishing “real” sustainability on the other hand.

First, we do not accept that these achievements are different, or if determined to be different, mutually exclusive. Second, we know that the other LGSOs have not been ignored. Third, we refute the contention that our plans for institutionalization are not “dynamic”.

It is true that the sustainability target, Target 9, places emphasis on the improved capacity “to perform consulting services and to be awarded contracts without reliance upon LGPP.” Accordingly, target achievement will focus during 2000, as it did in 1999, on increasing consultant capacity.

However, LGSOs have not been ignored. We have, after several rigorous competitions awarded 57 LGSOs grants of almost 5 million PLN. While work with these organizations to serve as vehicles for dissemination of LGPP tools, products, and principles after the completion of the project has been delayed somewhat, it is clearly expected to occur as set forth in the 2000 Work Plan. As mentioned orally, implementation of these efforts will commence with the April 20 meeting with schools of public administration to discuss our offer, their needs, and how and in what way we can assist them to ensure the institutionalization of our work in their institutions. Future meetings with that group and with other regional and professional organizations have been planned as well, though they are presently unscheduled.

The fact that this work will not be rewarded with regard to specific target achievement does not mean that it will not be pursued with just as much vigor as if it had a specific measurable target attached to it. The best evidence of the truth of that statement is found in the multitude of dissemination efforts that have taken place throughout the life of this project despite the fact that those efforts do not directly relate to the accomplishment of any particular target.

The draft summary suggests that these planned efforts lack “dynamism”. Though the summary leaves the term undefined, the implication is that the efforts to date, as well as those that are planned, lack links to the marquee local government organizations at the national level. We believe that our multiple-level capacity-building efforts with consulting firms and grantees and our planned efforts with schools of public administration, professional organizations, and regional local government organizations makes successful institutionalization more probable than if we were focused on the higher profile organizations as the vehicles for sustainability.

The “feeling” that insufficient emphasis has been placed on sustainability and that the award fee structure does not adequately encourage emphasis in this area.

As noted above, we believe that our efforts have placed, and will continue to place, strong emphasis on ensuring that the efforts of the three years of LGPP will not be limited to that period only.

We also note that through this first quarter of 2000 we have relied upon the acceptance of our 2000 Work Plan and upon the lack of change of our targets from 1999 in the performance of our tasks on a day-to-day basis. It is, of course, possible to alter the award structure for the remaining nine months of 2000. However, we doubt that any changes at this time will result in any measurable change in terms of sustainability. In addition, of course, it is only reasonable to expect that if efforts in one area were greatly increased, it would necessitate an offsetting reduction of effort in some other area. We would point out that might entail a review and cancellation of some present commitments in order to make such a shift of resources.

Thank you for the opportunity to comment on your Draft Summary. We hope that these observations have been of value. We look forward to reading your final report.

Sincerely,

Dennis Taylor  
Chief of Party

Dennis Taylor  
Chief of Party  
Local Government Partnership Program  
Warsaw

April 3, 2000

Dear Dennis:

Thanks very much for your letter of response to the Draft Summary Report. It is always helpful to receive this kind of thoughtful feedback. Rather than waiting until our next draft, I am writing back with my initial thoughts because I know that you and the Mission are in the middle of working out some of the issues raised and perhaps my comments might be helpful to this process.

I'll address each of the four points raised.

1. The hypothesized connection between the lack of delivery of technical assistance during the project's first year and the subsequent reduction in the amount of the grant program and the increase in subcontracting of technical assistance. (Page 10 of the Draft Summary of Report)

I recognize that we are treading in the land of the hypothesis, which is why I characterized this initially as only a plausible connection. And I did say that "it may also be true that no worthwhile grant application went unfunded, but that is not clear..." I would like to hear from Scott (and Rebecca if possible) on this issue, if time permits. I would also like to be provided with the analysis that Scott requested concerning the amount of funds needed to sustain a robust grants program. It seems to me that Scott acted correctly in posing the questions that you have quoted. USAID was worried that using less grant money for LGSOs might adversely impact a balanced approach. Of course, what concerns me here is that perhaps standards for the making of grants were raised to fit the reduced amount of funds available. If that is so, and I recognize this is a difficult question, then the reduction may have had an adverse impact. It may have made LGPP and USAID less willing to consider grant proposals that might have contributed to overall sustainability.

The basis for my hypothesis was, in fact, a statement by someone that I interviewed that it was found after the project was underway that there were insufficient funds to carry out a robust Polish subcontractor program in support of the partner LGPP activities. Why might this have

been so? It might have been a simple case of underestimation in the design. But it also might have been the result, and this is where my use of the word plausible comes from, of having found that the original design, which posited the use of the expatriate and local professionals on the LGPP team in a concentrated manner during the first 12 months, to guide and mentor the local subcontractors, was unable to be carried out because of the quality of the team. LGPP did not and could not make use of its internal resources to the extent envisaged. It therefore needed to find additional funds to pay for the subcontractor activities. The only source of funds available was the grants program.

I do, of course, hear your arguments and will be very thorough in presenting both sides of this question.

2. The claimed significance of providing a more detailed relationship between each separate program within the Work Plan and its cost within the overall budget. (Page 11 of the Draft Summary of Report).

I'm afraid that here I still have problems with your arguments. I recognize the need to come to a working relationship with USAID that guards against micromanagement. One of the components, or perhaps the key component of this, is trust on both sides and a shared view of the project's objectives and the means for achieving them. However, I don't believe that this can happen in the absence of information. I believe that USAID cannot exercise its own role without knowing what activities cost and what the trade-offs are. It seems to me that you have been guarding this information a little too closely.

I would be interested to know and understand what clause or clauses in the contract that you have with USAID covers this particular situation. It seems to me that USAID would normally have the right to request budget information in detail if it wanted to. I also do not believe that providing this information will be onerous. My understanding is that the information is already prepared internally in such a way as to show both LOE and other expenses, such as subcontractor expenses associated with that LOE, for each program in each of the three regions.

3. The allegation that Local Government Support Organizations (LGSOs), other than consulting firms, have been ignored by LGPP. (Page 15 of the Draft Summary of Report)

I did not write (and do not believe) that LGSOs, other than consulting firms, have been ignored by LGPP. What I wrote was that the sustainability indicator will, in fact, be measured exclusively by the number of consulting firms that achieve the target. What I based this on was a reading of the LGPP 2000 Work Plan.

Indicator 9, which supports IR4 (Polish institutions supporting local government functions are sustainable and more effective), says that "Providers of technical assistance, training, dissemination of best practices models, research, organized community involvement, and other support to local government are sustainable and available nationwide." The indicator then states that "the contractor has enhanced the capacity of consulting firms/LGSOs to ...." The way in which this is to be measured also talks in terms of consulting firms and LGSOs, and in terms of grantees. The target for 2000, for which there is an award of \$43,720, is that the contractor has enhanced the capacity of 5 or more consulting firms/LGSOs...

Thus, it seems to me that the written measures and targets include LGSOs other than consulting firms. However, this has not happened. In terms of the awards, attention has been focused exclusively on contractors.

In looking through the 2000 Work Plan, I was able to find only a few references to activities that would lead to fulfillment of indicator 9. These were in the Capacity Building of Consultants Program (Financial Management Consultants Certification, Local Government Cost Sharing, and Assistance Hot-Line for Consultants), all of which, of course, referred exclusively to consulting firms, and not to other LGSOs.

There was no mention of indicator 9 in the RAPID Assistance Program.

In the Citizen 2000 Community Development Program, there were no specific references to indicator 9. The Grants program (and we were told that it is unlikely that there will be many more grants made) states that it will impact each LGPP measure or target to some degree.

The Educational Development and Dissemination Program for 2000-2001, with 14 components, has no references to measures and targets at all.

The Educational Development and Dissemination Program for post-LGPP, with 5 components, again has no references to measures and targets.

I regard this as overwhelming evidence that LGPP intends to satisfy the measurement and targets for indicator 9 exclusively through its work with contractors, ignoring other LGSOs.

4. The “feeling” that insufficient emphasis has been placed on sustainability and that the award fee structure does not adequately encourage emphasis in this area. (Page 16 of the Draft Summary of Report)

This is a complex question and there are no easy answers to it. This is why it is important that you and USAID reach agreement now on a plan of action for the final 9 months.

We would not quarrel with a number of the statements you make concerning the attention paid to LGSOs and LGPP’s dissemination efforts.

The argument that we have made has two aspects to it. The first concerns the balance between efforts being made with consultant firms and other LGSOs and the reliance on one or the other category to promote the sustainability of the project. The second concerns the kind of dissemination that is taking place.

On the first aspect, we had concerns with the emphasis on contractors and the creation of a market to satisfy the sustainability imperative of the project. We believe there has been something of an imbalance and we believe that it has not been wise to rely this heavily on the future market to ensure the sustainability of the project.

This brings us to the second aspect, that of dynamic dissemination.

We defined dynamic dissemination on page 17 to mean not only disseminating information and best practices that have come out of LGPP but specifically supporting organizations that will

carry on the practice of producing information and best practices that will be important to carrying forward the precepts of LGPP.

We did not see hard evidence that this was going to happen in the remaining 9 months of the project. We acknowledge that efforts, such as the one with the schools of public administration (which we think can be very valuable), are in the planning stage, but our sense was that they are soft and that if they did not happen, either through a lack of resources or through delays on the other side, there would be no consequences. As we said at the review of this draft on March 21, we are confident that most of the targets to which awards are attached are going to be met. We just didn't sense the same hardness of purpose with regard to this issue of dynamic dissemination and sustainability. There are no awards riding on this. A little less accomplishment in any of the components in the Educational Development and Dissemination Programs for 2000-2001 and post-LGPP results in no financial consequence for Chemonics. We would like to see LGPP come to this issue with the same determination as it comes to the activities for which there are rewards.

At the meeting to discuss the draft, you indicated that you would provide USAID with a list of those organizations that you believed were going to be engaged in dissemination of LGPP precepts in the post-LGPP period. I am wondering whether you have been able to put this together and whether we could have a copy of it. Our view is that resources need to be put into making this happen. As I said at the review meeting, if this requires limiting resources in other areas I would have no problems with this. And I would hope that USAID would be willing to live with the consequences of this. Of course, the Mission would probably need to have a better sense of the detailed budget in order to agree on changes.

The possibility of an endowment to one or more organizations for post-LGPP is still attractive. I am wondering whether there has been any follow-up with Ken Kopstein on this.

Again, thank you for your letter. We appreciate this kind of dialogue.

Best regards,

Mike

**Appendix 7**  
**List of Persons, Organizations, and Important Documents Consulted**

Contact List for Michael Lippe:

USAID

William Frej – Mission Director  
 Scott Dobberstein – Chief of Democracy and Governance Program  
 Nina Majer – Environmental and Participation Specialist  
 Tomasz Potkanski – Institutional Specialist  
 Krzysztof Jaszczolt – Project Development Specialist  
 Michael Lee – Housing Specialist  
 Steve Horn – Director, RUDO  
 Howard Handler – Program Officer Director  
 Rebecca Black – Former Director of RUDO (by e-mail)

LGPP

Dennis Taylor – Chief of Party  
 Robert Rabatsky - Deputy Chief of Party  
 Anna Wiktorowska – Public Participation Project Manager  
 Mirek Warowicki – Regional Coordination Director  
 James Ley – Budgeting Specialist  
 Radoslaw Szarleja – Poznan Regional Director  
 Danuta Glondys - Krakow Regional Director  
 Victor Wekselberg – Program Evaluation  
 Ann E. Bueche – Information Dissemination and Training  
 Janusz Szewczuk – Director of Program Development and Marketing  
 Lawrence C. Heilman – Performance Monitoring and Evaluation  
 Krzysztof Pakonski – Director, Program Coordination  
 Aleksandra Czyzewska – Housing Program  
 Krzysztof Chmura – Strategic Management

Chemonics

Angus T. Olson – Senior Manager, Europe & the NIS  
 Olya Smolyanova – Program Specialist

\* Mr. Lippe also visited and participated in the interviews in Zgierz and Zyrandow and in the interviews with the Union of Rural Communes, the Municipal Development Agency, the Institute of Public Affairs, the Ministry of Internal Affairs, and BORIS, which are detailed below under contacts for William A. Rich and Andrzej Rudka.

Contact list for William A. Rich:

Zgierz

Bronislaw Matusz – Mayor  
Zdzislaw Remisz – Vice Mayor

Zyrardow

Zdzislaw Wilk - Vice Mayor  
Bogdan Zielinski – Council Member  
Grzegorz Kozlowski - Council Member  
Marian Czyzewski - Council Member

Dukla

Piotr Witkowski – Mayor  
Leszek Bak – Development Specialist  
Treasurer

Cieszyn Association

Bogdan Ficek – Mayor  
Aniela Malek – Deputy Secretary Euroregion, coordinator Association

Myslinice

Ignacy Paniak – Starosta (head of Powiat)  
Economic Development advisor

MISTia

Michal Matuszewski  
Wojciech Odzimek

LGPP Krakow

Donuta Glondys  
Rafal Stanek

Sandomierz

Andrzej Tenderowicz – Mayor  
Izabela Przybys-Perla Head of City Promotion and Development  
Robert Kolowski - City Promotion and Development  
Barbara Stapor Secretary  
Gzegorz Ciez – Head of Technical Investment Department  
Jacek Szkodzinski – Communal Supervision  
Wieslaw Polak – Head of City Planing and Archetecure

FOPP Sandomierz

Halina Siemaszko

Nowa Deba

Wlaciaw Wrobel – Mayor  
Wieslaw Orden, Secretary  
Josef Nowak – Econ. Dev Committee Member

Zaleszany

Economic development committee  
Ryszard Maj Head of Commission  
Irena Gorczyńska Gmina Investment Office  
Eugeniusz Kapuski Council Member  
Wiktor Przybys - Council Member

Trzcianka

Pawel Kolendowicz – Mayor  
Vice Mayor  
Father Andrzej Dudiak – Caritas  
Edward Jachiniak – Head of Scouts organization  
Iwona Ciechonowicz - journalist

Sosno

Mieczyslaw Drobozewski – mayor  
Economic Development officer

LGPP Poznan

Radek Szarleje and Entire office

Konin

Andrzej Bartosik - Head of Economic Development

## **WSPONOTA**

Bogdan Moscicki - Journalist

### Contact List for Andrzej Rudka:

A. LIST OF INTERVIEWED LGSOs (supported by written notes)

Cooperating NGOs/Associations (4)

Foundation for Support of Local Democracy (Fundacja Rozwoju Demokracji Lokalnej),  
Warszawa; Cezary Trutkowski, AID Program Director

Local Activity Center (Centrum Aktywnosci Lokalnej), Mikolajki; Mr. Jacek Maliszewski,  
Project Manager

Municipal Development Agency (Agencja Rozwoju Komunalnego), Warszawa; Mr. Jacek Szymanderski, Director, Mrs. Katarzyna Drzymala, Program Manager, Mrs. Alina Szklaruk, Office Manager

Union of Polish Cities (Zwiazek Miast Polskich), Poznan; Mrs. Mirosława Porfern-Zielinska, Director

### **Grantees (7)**

Center for Agro Promotion/Support of Entrepreneurship (Osrodek Promowania i Wspierania Przedsiębiorczości Rolnej), Sandomierz; Mrs. Halina Szymaszko, Director

Cultural Association “Attributed to the North” (Stowarzyszenie Kulturalne “Przypisani Polnocy”), Olecko; Mrs. Maria Wanda Dzienisiewicz, Project Manager

Institute of Public Affairs, (Instytut Spraw Publicznych), Warszawa; Jacek Kucharczyk, Deputy Director (responsible for ISP program)

Office for Servicing Self-Support Initiatives (Biuro Obsługi Ruchu Inicjatyw Samopomocowych - BORIS), Warszawa; Zbigniew Wejcman, Project Manager

Union of Rural Gminas (Zwiazek Gmin Wiejskich), Poznan; Mr. Pawel Tomczak, Office Director

Wielkopolski Centre for Education and Self-Government Studies (Wielkopolski Osrodek Kształcenia i Studiów Samorządowych - WOKiSS), Poznan; Mr. Marek Bigosinski, Project Manager

“Wszechnica Mazurska” College, Olecko; Tomasz Laskowski, Pro-dean (Deputy Director) of the Faculty of Administration

### **Contractors (3)**

Ernst & Young, Warsaw; Mr. Adam Durski, Project Manager

Habitat, Consulting Office Co., Warszawa; Mr. Jerzy Fiszer, Director

PricewaterhouseCoopers, Krakow branch; Mr. Jacek Paczek, Project Manager

### **Gminas (2)**

Olecko – Mr. Waclaw Olszewski, Mayor, Mr. Leszek Galczyk, Deputy Mayor, Mr. Andrzej Ostrowski, Projects Manager, Mrs. Cecylia Domel, Treasurer, Mrs. Bozena Wrzyszczyk, Mayor’s Senior Assistant, Mrs. Ciesielska, responsible for Housing Project + Accounting Expert

Mikolajki – Mr. Edmund Puzio, Mayor

## **B. OTHER MEETINGS AND TELEPHONE CONTACTS AND DISCUSSIONS (not supported by separate written notes)**

*(2 grantees, 6 contractors, 1 cooperating NGO, 2 gminas, 1 ministry)*

DGA - Economic Advisory (Doradztwo gospodarcze), Poznan; (contractor)  
 Doradca Consultants Ltd., Gdansk; (contractor)  
 Foundation "Ideal Gminna" (Idealna gmina), Warsaw; (contractor) Habitat, Consulting Office Co., Warszawa; Mr. Jerzy Fiszer, Director  
 PricewaterhouseCoopers, Krakow branch; Mr. Jacek Paczek, Project Manager

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 Doradca Consultants Ltd., Gdansk; (contractor)  
 Foundation "Ideal Gminna" (Idealna gmina), Warsaw; (contractor)  
 Foundation for Socio-Economic Initiatives (FISE), Warsaw; Krzysztof Herbst, Director; (contractor)  
 Higher School of Public Administration (Wyższa Szkoła Administracji Publicznej), Białystok; Prof. Barbara Kudrycka, Rector (grantee)  
 LEM Projekt, Krakow; (contractor)  
 Malopolski Institute of Local Government and Administration (Malopolski Instytut Samorządu Terytorialnego i Administracji - MISTiA), Krakow; (grantee and contractor)  
 Mikolajki Association of Support for Local Initiatives (Mikolajskie Stowarzyszenie Wspierania Inicjatyw Lokalnych), Mikolajki; Mr. Jacek Maliszewski, President (cooperating NGO)  
 Ministry of Internal Affairs, Warszawa; Mr. Aleksander Nelicki, Department Director  
 Zgierz gmina – Mr. Bronisław Matusz, Gmina Director (Wojt), Mr. Zdzisław Rembisz, Gmina Deputy Director (Deputy Wojt) + 5  
 Zyrardow gmina – Mr. Zdzisław Wilk, Vice President (of the town), Mr. Grzegorz Kozłowski, Member of Town Government, Mr. Bogdan Zielinski, Member of Town Government, Mr. Marian Czyżewski, Member of Town Government + 1  
 + participation in many meetings at USAID and LGPP and meeting individually with most of USAID and LGPP staff members.

Important Documents Consulted

LGPP RFP

Statement of Work – LGPP Mid-Term Evaluation

LGPP Work Plan, November 1998

FY2001 R4, March 1999

LGPP 2000 Work Plan, December 1999

LGPP Annual Progress Report, January 2000

Building Democracy in Poland, The State Reform of 1998, Jerzy Regulski,

How Gminas Learn, Dan Hall

End of Tour Report, Lawrence C. Heilman

## Appendix 8

### LGPP Midterm Assessment Summary Report

**William Rich**

#### Introduction

This part of the Midterm Evaluation Report concerns information found through visits to a sample of partner and cooperating gminas. The gminas were selected by the evaluation team on the basis of the USAID Scope of Work, and further qualified through discussions with USAID and LGPP. The evaluation team sought to provide a representative sample of gminas, providing as complete a picture as possible given the travel considerations and time allotted to the evaluation.

During the visits to the gminas, the team spoke to gmina officials, usually the mayor along with the economic development officer assigned to LGPP work, and other officials knowledgeable about the LGPP work being undertaken. People outside of local government were also interviewed, usually local NGOs, members of economic development committees, and journalists. LGPP contractors were also spoken to; either at length or in short conversations dealing with specific issues.

The interviews were conducted with the objective in mind of ascertaining 1. The quality of TA being delivered to the gminas; 2. The appropriateness of the TA selected; 3. Future demand of the products offered by LGPP contractors and evidence to date of the sustainability and viability of the market driven contractor system envisioned by USAID.

#### Results from gmina interviews.

Based on visits to a limited number of gminas and conversation with city authorities and NGOs, the following comments can be made:

##### 1) What Is The Quality Of Technical Assistance Offered By LGPP

###### *a) Effectiveness and Appropriateness of Programs:*

- (1) **Strategic Management:** In the gminas visited, SM appears to have been an appropriate choice and well executed. This is not surprising because a) gmina administrations need this, b) it involves many tools already introduced in Poland through business, which LGPP and the contractors appear to have successfully tailored to LG needs. This was universally rated quite well by gminas, for some it was a new experience, while others had worked on SM before but claimed that working with LGPP helped them take the process farther and develop confidence in themselves. Public participation was incorporated into the programs by inviting community and business representatives to attend the workshops in Zgierz, Nowa Deba, Zaleszany, Konin and Sosno. In Sosno, further meetings were organized in surrounding villages by the soltyses, in which the mayor talked to citizens directly on the issue and work being done. In Nowa Deba, an economic development committee formed to work on SM and EDS, composed of

large and small business representatives and a few NGOs, actively took part in helping shape the gmina strategic vision to include: develop entrepreneurship in SMEs, widescale promotion of the gmina, develop infrastructure for industry and protection of the environment. The mayor commented that this has been the most important program for them.

- (2) CIP: This was a highly appreciated program, as it helps gminas prepare multi year investment plans, in which many gminas have been interested. The MYIP is essential because it allows the capital investment projects to be planned and continued over time, and not subject to the threat of being cut off during negotiations over the yearly budget. The program as implemented in Dukla, Zaleszany, Pepowo, Olecko, Mikolajki, Konin had the gminas prioritize their projects and plan them against the money available. Once the MYIP was approved, amendments to it would also have to be passed by the council, lessening the chance that special interests might manage to derail a project. Many gminas have been motivated to write and pass MYIP because they feel it is essential to receive EU money.
- (3) TBB: Until Polish law concerning gmina budget reporting requirement changes, TBB will be just an exercise, but Gminas have been and are interested in it. In Zgierz, two budgets, traditional and TBB are prepared, and the mayor reported that as a result, the budgets make more sense. Dukla. includes only large capital projects and considers TBB an internal exercise, but it is helpful in preparing the CIP. (They do not show it to the council because they do not wish to risk the budget's not being passed.) The relevance of TBB will only be determined over time as gminas begin using the method year to year. If the law is changed and TBB is usable in official gmina budgets, the work done by LGPP will prove very valuable.
- (4) Infrastructure Finance: There was not a case in the gminas visited in which this program has been successfully implemented in the eyes of the gmina. This comment should be prefaced by the fact that it was not a common element and the small sample of gminas taken may not be representative. The main reason could be that the concept might be difficult to understand. In Zgierz, the project to assist in converting a large municipal service provider into a gmina owned enterprise was abandoned (at least in spirit if not officially at the time of the interview) by the gmina. The mayor confessed reluctance at taking on such a venture because its failure could entail the collapse of essential city services. He also commented that it didn't require an expensive consultant to say that the solution lies in doubling fees charged citizens. The contractor, working with PWC said the work was done, cooperation good, but the gmina was simply not prepared for this sort of undertaking. However, the contractor said that the administration had changed in the enterprise and it looked like the project might continue in the future. In Dukla, a Water system project was completed, but the mayor reported that his was not what they had in mind. As a mountain community they needed an advanced technical assessment on what sort of technologies to consider in designing their water and wastewater facilities. This would have been outside LGPP's area, strategically as well as financially. The mayor of Trzcianka reported that the infrastructure finance project there "did not work". They were hoping for a strategy that would help them to plan and expand the heating system for the future and what they got was a plan for restructuring the existing system. According the contractor Cityprof, the work is scheduled to

be completed but there are financial barriers. The system is quite bad and improving it will run into millions of dollars. Another program in Dukla and one in Pepowo were dropped as well. The program does seem to be working in Konin, but the officials questioned confessed to not knowing anything about the program.

It is not known whether the programs selected by gminas were the most appropriate for them. Only one gmina admitted that the initial process was too theoretical for them and they would have benefited from something more practical, with practical examples to ok at. This could have been the case elsewhere. Direct assessments in gminas would have identified needs better and there may not have been misunderstandings such as with Infrastructure Finance. However, if the aim was to develop the models, then this more random approached may have succeeds in developing more universally applicable models.

- (5) Housing: Trzcianka gave LGPP very high marks for the housing program. The consultant, Majszek, was indispensable in assisting the gmina through delicate political process of convincing tenants of the need to raise the rent. The mayor also credited LGPP with helping formulate the strategy including such items as building new housing in the style of the old to preserve the pleasant architectural character. The council representatives of Zyrardow also found the housing program helpful. A plan had been approved by the city, following the help from the contractor Habitat that increased by 75 percent the amount of money devoted to renovation and maintenance of existing housing stock. In Mikolajki, the mayor described the housing program as a complete failure. The process was taking so long, he reported that Mikolajki decided to start without LGPP, and requested that the program be cancelled.
- (6) PR/Communications: Programs such as the Dukla PR program, the Trzcianka FORUM project, Outreach in Nowa Deba and Sosno were all very highly rated by the gmina officials. Nowa Deba has made considerable progress in creating what appears to be the first Catalog of Gmina Services in Poland, available to all citizens in easy-to-read, user friendly format. They have created a position and looking to hire a qualified individual to handle gmina- public communications. The Forum Project in Trzcianka has created a means through which NGOs have begun to cooperate and address their issues with city officials.

Overall the quality of services and quality of contractors is quite high, and generally appropriate. Most city officials commented that the process by which they were brought into the program was well done and clear, although one gmina reported that the process had been a bit too theoretical for them and could have benefited from a more practical presentation. Nearly all reported that the experience had greatly benefited the gminas and that the progress seen could not have happened without LGPP. One exception was Mikolajki where the mayor first complemented LGPP, but later considered some of the programs to be failures or worthless and would not repeat the cooperation if given the chance. In Sandomierz, the actual work done by the LGPP was well regarded, but results have not materialized. The city has changed its mind leaving some programs unfinished, while not happy about the cost sharing arrangements for the newer programs.

It is still early, but the program does appear to be impacting the way gminas function. Multiyear investment plans have been passed and are in place, information from TBBs is being used, communication and PR plans are being followed. Moreover, there is clearly a shift in the thinking of gmina officials. Many commented that the LGPP experience has been an awakening for them. LGPP has shown many

of them where they are and what they can achieve, which has been a new experience for some and a strong boost for others who had already begun to work on economic development and administrative reforms.

- b) *Public Participation*: As stated in A(6) above, communications efforts have been successful, and keeping the public well informed is essential to their participation. In nearly all of the programs in all the gminas, LGPP included the formation of committees that have included the participation of citizens and other shareholders in the process. It is more difficult to identify in some of the gminas whether or not this has been not been pro forma only and institutionalized to some extent. Follow up conversations have confirmed very active participation by the economic development committee in Nowa Deba, which appears to be strongly considering forming itself into an association. An independent source in Trzcianka confirmed that NGOs have moved from being non-active and dysfunctional, to meeting, cooperating and speaking to the city authorities. It was also reported there that whereas the city was communicating its activities through its own newspapers, the paper itself was said not to be written in plain enough language for most common citizens. The Cieszyn Association of Gminas also has an active committee composed of business leaders and officials from the participating gminas which was formed during the EDS program and has been participating to date in workshops and meetings. Public participation has not been successful in Mikolajki. The mayor resented the “autocratic” (*sic*) requirement of LGPP that committees of citizens be formed to participate in the program because they would be a forum for his political opponents to criticize him. Participation has also not been embraced in Sandomierz, where the city only wanted workshops for the more cooperative NGOs. According to the contractor on the coordination project in Sandomierz Zbigniew Wejcman, Sandomierz is a very difficult, highly politicized gmina, but believes, fortunately, it is more the exception than the rule. The overall trend in the gminas visited, however, was positive as it looks like many mayors see informed, constructive public participation as essential to the development and growth of the gmina.

2) Is there a market for the technical assistance services developed by LGPP?

- a) *Demand for services*: Whereas nearly all gminas value the services received from LGPP, opinions vary as to whether the gminas themselves would be willing to pay for such services. Progressive gminas like Nowa Deba, Pepowo, Gostyn, and Trzcianka, who recognize the value of the services and see it in their strategic interests to budget and pay for consulting services in the future. On the other side, the mayor of Mikolajki has far from embraced this concept, thinking the money LGPP spent there would have been better spent on roadwork. Sandomierz claimed that they did not know how they could pay for such services on their own, and indeed were not at all happy about paying 25 percent in their latest cost sharing agreement. Somewhere in between is Dukla. By all counts a progressive, high achieving partner gmina, the mayor of Dukla said that as a small rural gmina, he probably was not in a position to spend a lot of money on future projects. He claimed to receive offers daily from consultants (LGPP and non LGPP) and said that he did not know how to know what services were good and what were not worth paying for, and as such, could not see convincing the council to approve the expenditure. Many gminas do have experience it seems in contracting for existing services such as Studium planning. It would follow that if TBB for instance becomes a legal requirement, there would be a great demand for this service. On the basis of the gminas visited, the concept of paying for consultant services appears to be directly related to the attitude and

mentality of the gmina officials. Those that think like modern managers see paying for services as an investment that can pay off in the future. Those that think like old style administrators tend to see it as money spent on something intangible. Experience with LGPP as Partners and Cooperating cost sharers indubitably has an effect on the development of this managerial mentality. Furthermore, as Poland itself advances and EU integration looms, the appreciation and willingness to pay for services will increase. The market is emerging but it appears (on the basis of the limited sample of this appraisal) that it may be too early to say that it has already arrived.

- b) *Effectiveness of the services.* On the basis of what has been seen, the proper implementation and use of LGPP model is leading to better local government. Dissemination of tools and lessons learned and cooperation between gminas in sharing success should contribute to the demand for services.
  - c) *Non-partners.* Based on gminas visited, the method of introducing new cooperating gminas in the Powiat of an existing Partner, appears to be an excellent means of introducing new gminas to the system and disseminating the experience of the models in Partner gminas.
- 3) Do the specified targets and indicators accurately reflect progress made by LGPP?
- a) *Targets attained in Progress Report.* In general the statements were verified in the gminas. There were only a few cases where city officials said that the statement was true, but LGPP had not played an important role. Only one (TBB Implemented in Gostyn) was said to have been completely untrue. The target achievements cannot convey the many witnessed intangibles from LGPP cooperation, such as awakened to new possibilities, better understanding, confidence, prestige. Interesting side stories such as the gmina-training center in Zgierz, where the gmina plans, among other things, to share lessons learned with neighboring gminas are ignored. Also statements such as a *citizen action committee was formed as part of developing an economic plan*, say nothing about the committees impact or whether it.
  - b) *Recommendations.* The target achievement statements could easily be written with less ambiguity that would provide USAID with more information. The statements should be grouped according to the context in which they were achieved. For instance, *Lublin established a public participation program in 18 of its local estate communes as advisory groups to the gmina following assistance of materials and information from materials from LGPP* sounds vague. If, however, it were listed separately among gminas that made progress following participation in a certain conference, it would be more meaningful.

### Conclusions:

On the basis of visits to gminas and subsequent research and conversations, it can be said that LGPP is successfully providing quality assistance to partner and cooperating gminas in most cases. The LGPP spoken to is very capable and very professional. A lot of good work has been done, the models have been developed and now in 2000 it seems that the program is just hitting its stride and poised to do some effective work, through the more extensive plan defined in the latest workplan. Unfortunately, there appears to be too little time left to truly capitalize on what has been done to date. The market for services is emerging from the demand side, but it is also not sure whether this system will be in place by the time LGPP closes.

### Success Stories

Visits to the gminas also uncovered positive activities not falling within the framework of the conventional LGPP results framework. A few examples are:

**Zgierz.** The Mayor and other officials were very enthusiastic about a new training center that the gmina had purchased and renovated with help from PHARE. The center would be a gmina owned enterprise and bring in revenue the rental of its facilities to various local businesses and through various sponsors. The center would then be available to hood various public services such as alcoholism prevention seminars. The officials planned to use the center for conducting conferences and workshops with neighboring gminas on the new development tools the gmina had acquired from LGPP.

**Nowa Deba.** A member of the Economic Development Council (formed through LGPP) reported that he had approached city hall with a plan to add floors to existing communal buildings as away around the current shortage of available space and cheaply increase the communal housing stock. He said that the mayor's office had been extremely open to his idea and that the mayor had been very accessible. The mayors office confirmed that this initiative had been approved and was being put into action.

**Trzcianka.** The leader for the Boy Scouts commented NGOs had undergone a revolution in the coordination they now showed among themselves and also for the accessibility they had with the mayor's office thanks to the FORUM program instituted by MISTIA.

## **CITIES AND GMINAS**

### **Krakow Region**

#### **Dukla**

William Rich Visited Dukla on 21 February and met with the mayor Piotr Witkowski, the treasurer and the development specialist Leszek Bak

*Background.* Dukla is a rural Gmina in southeast Poland, in the mountains near the Slovak border. It contains a small town, forest and farmland and has a population of 17,000. In terms of area it is one of the largest gminas in Poland. According to the mayor, it is a microcosm reflecting many of the problems seen all over Poland, and as such is interesting to see the results of LGPP technical assistance. Dukla was interested in help with its Multi year Investment Plan and tourism promotion. USAID and Dukla agreed on seven assistance programs in their agreement.

*CIP:* The LGPP TA officer worked closely with the gmina to analysis gmina needs and resources and put together a multiyear investment plan, prioritizing the needs against the available funds. The contractor Cityprof came in at the end to help them evaluate. (This was also a learning experience for the contractor, in Dukla, the LGPP officer handled most of the work, but the contractor learned and in the next case of cooperation, Cityprof did most of the work.) The plan was finalized and approved by the gmina council, the first gmina in Poland to approve its multiyear investment plan, according to the mayor. The mayor stressed that this is extremely significant because budgets are approved yearly, threatening each project when the yearly debates were held. With the Investment plan covering five years, the projects are already approved and ranked in order of importance. They cannot withdraw items from the budget without another resolution being passed on the Plan.

*Infrastructure finance:* Windmill electricity project. It was decided to drop this project in favor of infrastructure project on the sewage system. According to the mayor, they had too many projects and too much to do and had to drop this one. They have a Krakow professor wanting to do a study, and even a private contractor in Rzeszow interested in putting up some money, but the gmina lacks 12,000 PLN necessary to put it into action. Maybe an LGPP cost sharing project down the road.

*EDS.* The program to develop an economic strategy. ED committee was formed and studies were taken of the gmina. The officials said that this has started to show results; citizens appear to be awakened and are taking an active role.

*Studium Plan.* LGP helped with the studium plan. The LGPP officer working, Zbigniew Zuziak on the studium was instrumental in bringing all the various projects together, creating an overall structure to the TA work in Dukla, and cooperation among the contractors.

*TBB.* Elements of TBB were established in Dukla. Owing to the gminas small size, only big-ticket items were included. The officials stated that this was an internal exercise only and they did not want to risk the budget's not being approved. Still, TB is an essential part of developing the Multiyear Investment Plan.

*PR.* A public relations program was implemented mainly by the LGPP officer, with some help in the end from the contractor *Partners Poland*. The mayor was very happy with this exercise, returning to it often during the interview, stating that the gmina was becoming well known and developing a reputation. Other gminas in the area have begun to take an interest in what is happening in Dukla. It would be advantageous for gminas to cooperate on the problems, and devise similar solutions, and Dukla's growing prestigious and abilities are a step in the direction of realizing this.

*Infrastructure finance– Water service.* The mayor was disappointed with this project. He repeated several times that the main problem of the gmina was how to solve the wastewater issue. The current system of septic tanks was not at all acceptable and the problem was that a comprehensive feasibility study needed to be conducted to determine needs and propose what technology was the most appropriate for the mountainous gmina and neighbors. He felt there was no since in developing a financing plan if they still didn't know what technology was the best for them. This may be a case of inappropriate expectations by the gmina, because what the mayor wants doesn't seem to be in line with what LGPP was proposing.

*General comments.* Dukla is clearly a high achiever and LGPP has devoted a lot of effort here, so one would expect some results. The officials were not overflowing or obsequious in their praise; very conservative in fact. LGPP has helped them but they still have a long way to go, as a poor, rural gmina. The mayor said that the work had been difficult, and the realization of all the projects had burden to the gmina in terms of the labor and time given. Overall the feeling was very positive. The mayor verified all target statements mentioned in the Progress Report. He said he felt he was not qualified to judge the quality of the work completed so far by LGPP contractors, and tended to take their word as experts on some issues. When asked whether he know that LGPP had been working to develop a network of independent contractors that could take over after LGPP was gone, he replied that he did and stated that there was even competition to LGPP. Faxes come in everyday offering all kinds of services. However, these were not things

that a small gmina was likely to pay for. They were too costly and it is difficult for them to judge the quality of the work.

### **Cieszyn Association of Gminas.**

William Rich visited the association on 22 February and talked to the Chairman, and Mayor of the city of Cieszyn, Bogdan Ficek, and the Cieszyn Head of Economic Development.

The Association was founded in 1991 and includes 11 gminas. The association had been active prior to LGPP, converting the regional water supply and running it as its owner. The association had been reluctant to become involved with LGPP, partially because the administration reforms were looming and the possibility that the new powiats would render them obsolete. When Ficek came to power in 1998, he turned this around and the association entered into negotiations with LGPP. The agreement was signed relatively late, but two projects were completed by the end of 1999. The character of the work here seemed less intensive in nature, than in individual gminas, possible owing to the Association structure and to the lateness of the agreement. The CIP/TBB training that was completed consisted of short-term training and workshops were held for the gminas within the Association. The Municipal services program was the same. The EDS program is longer; representatives meet regularly for a series of workshops. The Association is a medium for future outside cooperation for the member gminas. It is highly regarded by LGPP and considered a possible model for other associations of gminas. There is some thought that certain issues are too big for gminas and sometimes even powiats to deal with and associations are the best way to go.

The biggest contribution of LGPP here seems to have been the formation of the Association Development Committee, composed of local business leaders and officials, which has been meeting regularly and working on the economic development plan. According to the Union office, it has been quite active. All of the targets met claimed by LGPP, however, more time will be needed to ascertain their real effectiveness.

### **Myslinice powiat.**

William Rich met with the Starosta Ignacy Paniak, on 22 February. Myslinice is a non-partner powiat, which is very involved in getting the gminas to cooperate on economic development issues. With LGPP's help, the Powiat has implemented a system of advisory committees; to incorporate input from the gminas, as well the general public, under the introductory assistance program. This has been followed up by a cost sharing initiative involving a wastewater system for the member gminas and there is interest in a further program involving road improvement. The Starosta is a very tuned in, hands-on manager, and has succeeded in getting the gminas to buy into the plan and to work together on common issues. They had plans in mind and were looking for help, just as LGPP came along. The Powiat is exemplary of what can be done, through the powiat, and how a little assistance can go along way when applied properly. Unfortunately, Myslinice appears to be the exception to how Powiats are managed not the rule. The Starosta complained bitterly about gmina associations because they are doing what should be done in the Powiat, and considers them to be less accountable because they are not political bodies. He sited an example of an association misusing funds, because the controls that oversee government are not there.

According to LGPP Krakow, this is not exactly the case. Because associations are composed of members who have joined for a particular purpose, they are more effective at getting things done than the Powiat. They are bound by the same rules that govern all associations, so are subject to the disclosure of their financial records.

### **Sandomierz.**

William Rich met with Mayor Andrzej Tenderowicz, as well as six members of the staff on 28 February.

*Background and programs.* Sandomierz was in the original pilot program and signed its agreement with USAID in 1998, starting with four programs: Studium, Improved communication, TBB, and housing strategy. All work was put on hold, however, as Sandomierz became one of the cities where Pope John Paul II was to say mass during his 1999 pilgrimage to Poland. The city invested huge sums of money in infrastructure and general sprucing up, and this activity dominated the gmina council for half a year. The gmina has changed its mind after beginning the planned projects, wanting instead to concentrate on SM and EDS. They were not happy because the mayor reported that they were told by Norton Berman that they would only have to co-finance 10 –15 percent of the cost, because they had already spent a lot on the studium advising. However, the agreement they received from LGPP stipulated that their portion would be 25 % and that they didn't know how they would pay for it. Furthermore they felt they were in the dark, as to how much they would have to pay (25% of what?) for other projects such as TBB. I asked why they didn't call LGPP and address these issues but did not receive an answer. They also seemed to be under some impression that I would be able to tell USAID that they wished to renegotiate the agreement.

The City administration is highly political. Only two of the current staff were there before the elections, the rest, including the mayor, came after October 1998. The communication projects, studium, and housing strategy were started, but seem to be on hold, while the gmina focuses its attention on economic development strategy. They felt that having the EDS and a multi year investment plan (this would be CIP, but should check with LGPP to see what they have in the works for Sandomierz), could they concentrate on other issues. It looks like they could not reach a decision earlier on doing an investment plan because that requires a consensus, and a willingness on the part of council members to put aside personnel interests.

The mayor and the staff spoke highly of the contractors that they had to date and did not show any sign that the lack of progress was due to LGPP. They seemed to be a little overwhelmed by everything and had too much going on and unable to focus on the work they had to do on the tasks that they were working on with LGPP. They were very interested in revitalizing the old town, restructuring the ownership so that more commerce and tourist friendly business such as restaurants could spring up, but the mayor said that have decided to do this on their own, not with LGPP.

In short, Sandomierz has made inconsistent progress in its cooperative efforts with LGPP, owing both to the huge distraction of the Pope visit and their own indecisiveness and political rivalries within the city government. The impression one has when listening to the mayor, is that Sandomierz has not embraced what LGPP has to offer, lacks the political will to benefit from the types of tools being offered and may have little demand for them in the future. To date it has had

little contact with other partner gminas and does not appear to have much promise as a source of dissemination. The attitude in Sandomierz at the present is not at all conducive to the idea of paying consultants in the future. There is evidence that they do see value in these services, and the question remains whether the situation will change and the use of better, modern management tools becomes a priority.

## **NOWA DEBA**

William Rich spoke with the mayor, Waclaw Wrobel, and the secretary of the Gmina, Wieslaw Orden on 29 February.

*Background.* Nowa Deba is a small town, facing high unemployment with limited resources. They have just become part of a special economic zone, which so far has brought in some jobs and investment. Nowa Deba originally requested help in SM and EDS, and in the end agreed to SM, EDS, studium, and improved communication. They were not sure of what all they needed until the negotiations with LGPP.

*SM.* The mayor and secretary stated that strategic management was very important for them. They had had some training previously and new about SM, but nothing had happened. At LGPP's initiative, an economic development council was formed with 33 business leaders and citizens. The council is active and works on SM and EDS issues. The council decided that the SM plan should encompass four goals: 1. Develop entrepreneurship, in small, medium and large companies; wide scale promotion of the gmina, both its physical features and membership in the economic zone; develop infrastructure for industry, protection of the environment. Nowa Deba has a developed infrastructure for heavy industry, but lacks roads and waste water system to facilitate agro-tourism. Once they have a SM plan, they are thinking of moving on to CIP.

*EDS.* The EDS plan has just gotten underway. The contractor, OPWR in Sandomierz, has helped them complete an analysis and is working with the on SWOT analysis.

*Studium,* so far, the gmina says that the work has concentrated on helping them establish where they are before determining where they are going. They are hoping to get lots of help in this from Zuziak, the TA manager.

*Communication.* The Gmina has been very active and passed the resolution to appoint a person to handle communication between the gmina and the authorities. This is not a press rep, but will work both sides, keeping the council aware of public opinion. The job carries high qualifications and LGPP has been very supportive and helped them screens, candidates. However, so far, they have not been able to find anyone qualified. The gmina has also prepared a user-friendly catalog of gmina services and how to use them, which will be ready for publication soon.

The mayor and secretary confirmed all the targets achieved stated in the Progress report, although weren't aware of some of LGPP's terminology. One of the statements was technically incorrect: it stated that the Citizens guide had already been distributed, but in fact the real distribution was held up while the council decides on a new tax rate. Then the catalogs will be printed and distributed. However, the gmina plans to go further than the indicator states by distributing them to all homes, not just to in public places. According to the contractor for improved communications, MSPPA, there are few active NGOs in Nowa Deba. Item 1.3, "Train

gmina officials and staff and leaders in business and NGO community in proposed strategy for communications” was in reality training for gmina officials.

Nowa Deba has a hard road ahead of it but credits LGPP with getting them on the right path to tackle these obstacles. They felt that the gmina had gained a great deal, and the progress made to date would not have happened without LGPP. Nowa Deba had some news exposure due to LGPP. They think some sort of survey would be interesting to see if Nowa Deba’s heightened profile might have contributed to its being selected to be in the special economic zone. They have had some limited contact with other gminas, but feel that there is a leadership role for the powiat in helping spreading best practices from Nowa Deba to its neighbors. LGPP has made a difference to this gmina; they feel that their eyes have been opened to many new possibilities.

On the negative side, public expectations were very high and unrealistic, when it was announced that the gmina had been selected for this project. The public was expected great public works, which the gmina won’t be able to deliver. On the process, they felt that at the beginning it was very theoretical and hard to understand. If it had been more concrete they would have know better what to ask for from LGPP. They think some sort of a site visits to the Czech Republic would have been very helpful to see the reforms further along in practice.

Further contact with members of the economic council revealed that it was active and that the mayor was very open to cooperation.

## **ZALESZANY**

*Summary.* William Rich spoke to five members of the Economic Development Council on 29 February 2000. The Council is composed of members of the gmina council, the gmina administration, and local business representatives. Zaleszany is a rural gmina of about 10,000 people, but owing to its proximity to larger cities, also is a bedroom community of Stalowa Wola and Tarnobrzeg. Zaleszany’s contract was not signed until 24 September 1999 and the council was very curious as to why they had to wait so long. Their proposal was submitted along with all the other gminas but the approval seemed to be much later. Despite the delay, Zaleszany made very quick progress on its programs completing and approving TBB and CIP only four months later.

*TBB/CIP.* Zaleszany worked with Cityprof on these two programs simultaneously. The Council rates the analysis done by Cityprof very high and pointed out that their investment per capita was much higher than the Polish average. They commented that the program was done very fast, but they recognized the value of it. For now, though, the council said that TBB was only an exercise. It wouldn’t be their budgeting method of choice in the foreseeable future.

*EDS.* This program had just gotten under way. The council rated it very highly and commented on the professionalism of the contractor, the Center for the Development of Rural Enterprise in Sandomierz. They expect the plan to be approved in June 2000. The Committee were positive but complained that the Eight-step, Norton Berman Process was too restrictive for them. They wanted to combine EDS with a Social development Program, and could not understand why LGPP would not let them do this.

The gmina was very positive about the LGPP experience. They felt that because of the program, they had developed a much greater awareness of the issues, problems and possibilities available to local government. However, they were very cautious. They were very engaged, very tuned in and resolute in trying to do the best for the gmina. They straightforwardly stated that they wanted to do CIP because they felt it would help them secure EU money. As a small gmina they felt that their ability to affect their environment was limited. A large number of the residents worked 14 km away in Stalowa Wola. Improving Zaleszany's affairs would be positive, but without an improvement in the economic viability of the major industrial centers in the region, Zaleszany would not see any improvements. The Council believed that there should be a regional development plan put in place by the Government of Poland. This region had been very poor before WWI. Pilsudski had industrialized it in the 1930s. The head of the Council said that without major action, the region would return to Galician Poverty (Galicia being the name of the province in the time of the Austro Hungarian Empire.) The council said that they also were considering working with other gminas in an association, but felt that LGPP could be doing more good working in the Powiat. Still the gmina valued the types of services offered and said they would pay for them themselves in the future.

## **Warsaw Region**

### **ZGIERZ**

*Summary:* Michael Lippe, Andrzej Rudka, and William Rich visited Zgierz on 16 February 2000. They met first with the Mayor, Bronislaw Matusz, the Vice Mayor Zdzislaw Rembisz, and then met with six members of the Gmina staff. Zgierz is a small Gmina with a population of approximately 10,000 people, situated on the outskirts of Łódź. LGPP is doing three projects with Zgierz: 1. TBB, which was completed during the third quarter of 1998; 2. Strategic Management, completed in the 4<sup>th</sup> quarter on 1999; 3. Enterprise Accounting, which the Gmina has decided to discontinue.

*Enterprise Accounting.* According to the mayor, The Enterprise Accounting project could not go on for a number of reasons, citing mainly that conditions in the gmina were not favorable for such restructuring. The Enterprise in question was a large state enterprise responsible for water, waste, refuse collection, transportation and housing. It was intended to be brought under the control of the Gmina. The new administration had little will to continue with this project because they considered it to risky, stating that they risked running it into the ground and losing everything if they tried to implement the restructuring. When questioned as to whether they received bad advice from the consultants, they reported that they hadn't and acknowledged that they have a better idea of how to progress in the future, and that the enterprise was running better than it had in the past. They did comment (without sarcasm or malice) that it does not require outside consultants to realize that doubling prices to citizens for the services will make the enterprise more profitable. (Follow up with contractor, PWC, and LGPP)

*TBB.* The mayor confirmed that TBB had been implemented and that now the gmina prepared two budgets: One traditional and one task based. According to the law, gminas must provide their budget information in this traditional form, so TBB can not replace the previous way of budgeting. The gmina is now incorporated TBB into their traditional budgeting and it was now more readable and informative. According to the IT specialist on the staff, there was no TBB

accounting software that would let them do this easily. They had regular accounting software but there was nothing that enabled them to easily add the TBB part to this.

*Strategic Management.* The gmina had been working on strategic management prior to LGPP; the staff had had some training, and was using basic management tools such as SWOT analyses. The LGPP SM program was reported to have been very helpful. The gmina had difficulty in finding their own solutions to the problems, or lacked confidence in the decisions. Working with the contractor MISTIA not only showed them the tools to develop a comprehensive plan, but also importantly, introduced new ways of thinking, and of overcoming the legacies of old thinking. In practical terms, the gmina feels that TBB, as well as SM, will be helpful to them in terms of EU integration. They would not have created TBB on their own.

A subsequent conversation with MISTIA confirmed this view and explained that in Zgierz and other Gminas where they were working on the Strategic Management, it was on the basis that a Gmina already had a strategic plan. What was the case in Zgierz and elsewhere was that the Gmina's strategic planning had been incomplete, too general, without timeframe, or designation of responsibility. MISTIA had to work first with the Gmina to develop the plan before they could begin with Strategic Management.

*General Comments.* The Mayor and Vice Mayor came into office after the local government elections and were not involved with the initial phase of LGPP. However, they considered the evaluation and tasks outlined to be reasonable. He commented that the LGPP program was helpful to them. The Mayor had reservations concerning the strategy of LGPP. He felt that they should have created a general, universal block of tools that would always be there for the use of Polish local government instead of activities. If the activities don't work, LGPP's work will not leave anything behind. The gmina was asked to rate the statement in the LGPP Progress report under A2 indicator2: "Zgierz's strategic management task force, composed of gmina officials, citizens and representatives of the business community, worked on developing the gmina's strategic goals and vision during workshops that helped prepare citizens for future involvement in public processes. The general conclusion was that this was true to the extent that the public was very involved, but felt that the stated impact was somewhat exaggerated.

All Gmina representatives were excited about a new conference center that they had acquired and renovated (with some PHARE funds). The center would be rented out to area business and used by the gmina for training and by other local partners, such as prevention of alcoholism meetings. The mayor felt that this would be an ideal venue for meeting and cooperating with fellow gminas for both LGPP supported initiatives and other cooperative initiative.

Overall, it appears that LGPP had been helpful to Zgierz. In addition to stated goals, the gmina had benefited psychologically from the program. This boost was evident in the prestige gained by the gmina, the improved confidence it had in its management and administration, and the new contacts and lines of communication that had opened up with neighboring Gminas.

## **Zyrardow**

*Summary:* Michael Lippe, Andrzej Rudka, and William Rich visited Zgierz on 18 February 2000. Zyrardow is a medium sized city of 44,000 people. It developed industrially in the 19<sup>th</sup> Century and has many buildings from this period. The town suffered from severe

unemployment as its main employers went bankrupt, but it has succeeded in attracting considerable international investment. This may be due to SLD party leader Leszek Miller comes from Zyrardow.

*Creditworthiness Assessment.* The city expressed general satisfaction with this program. They had worked on this before but had encountered problems with the installation of computers and software. Two specialists from the Warsaw School of Economics were the contractors, Jarosinski and Wojtczak. The existing system was analyzed, and a report was written showing strengths and weaknesses, and investment needs. Forecasts of future needs, spending and debt was also compiled, to assist the gmina in assessing its ability to issue debt.

*Waste Management. Tender and contract Assistance.* Zyrardow has had an agreement with a neighboring gmina concerning a mutual landfill. Zyrardow planned to modernize and upgrade the capacity. LEM helped them organize a tender for the selection of the waste management company, and helped them evaluate the candidates and select the company. However an earlier agreement on the relocation of the landfill has met resistance from the other gmina following the 98 elections. The problem is proving to be very political and difficult to solve. The tendering part of the assistance was not as important to them because they had experience in procurement, but the procedures showing them how to specify specific areas of concentration were helpful. LEM, working with a technical specialist from Krakow were very helpful in the technical area of evaluating waste management methodologies. They added that the landfill was only one final part of a much larger tender.

*Housing Strategy.* The officials were very concerned about housing and preserving the historic character of the town. Progress has already been made as a housing proposal has been approved, allocating 75 % more money to the upkeep of communal housing. Rents have been raised, but this is a sensitive areas and negotiations are still in progress. He action Plan prepared with Habitat is for 3-5 years, but the gmina is looking 15 years down the road and are trying to make sure that the housing stock does not deteriorate. They seemed satisfied and reported that the prospects for 2000. They had worked with Habitat previously and had a good impression of them. They received many good ideas thanks to the project, but the work necessary involves a lot of money, which they do not have at the moment.

Zyrardow was happy with the help from LGPP and thankful that it was provided for free. They will continue with the work started, especially on housing issues. They seemed willing to pay for consulting services if needed, saying they had LGPP's list. The program has made them more aware of what can be done and feel they can learn from other partner gminas. The officials verified statements in the Progress Report.

## **POZNAN REGION**

### **TRZCIANKA**

William Rich met with the mayor of Trzcianka Pawel Kolendowicz and the Vice-Mayor on 6 March.

Trzcianka is a town of 25,000, with some light industry. It has hope of developing tourism as an alternate form of economic activity. The mayor said it doesn't have he attractions

of the mountains or seashore, but it is a clean and very safe place with an abundance of lakes and forests.

The city already had a multi year investment plan prior to joining LGPP, and had sought advice from consultants on a limited basis. The mayor described the whole introductory process as very helpful in allowing them to see where they were and what tools would help them. They considered TBB, but decided that they did not need it at this time. I asked whether it wouldn't be helpful in preparing MYIPs in the future and the mayor responded that he felt their current budgeting system was sufficient for their needs.

Trzcianka has 6 programs:

1. Municipal services, Infrastructure finance, Improved Communication, Community Forum, Housing strategy and EDS. They are also receiving advice on two Infrastructure finance projects not in the agreement

Overall, the mayor was very enthusiastic in his support for LGPP and the consultants that came and worked with the gmina. The one exception was the Infrastructure Finance – District Heating Project. The mayor said that LGPP did deliver what they said they would, but this was not what the gmina had had in mind LGPP focused on the finance system for the existing city heating system. The city wanted a full technical evaluation with advice on how to develop and expand the heating system in the future. The mayor was told that such a project would have been too big for LGPP. He considers the LGPP project a first step, but only one element in what will be a big undertaking for them.

The gmina spoke very highly of the type and quality of assistance in the housing strategy. Trzcianka has some attractive but dilapidated and costly to repair older housing stock. The mayor said that LGPP assistance helped convince them to build new buildings in the old style and keeping the architectural integrity of the town. More importantly was the work of a consultant Majszek (?) from the Warsaw School of Economics. Thanks to him, the gmina was able to explain the need to raise the rent in communal housing and get the tenants to go along with it. (I can't find his name in the Progress report, perhaps part of consulting firm URBECON). The mayor pointed out the inclusion and communication between stakeholders in the process: the gmina reps, builders, developers, and tenants. Decisions were said to have been made based on input from everyone.

The communication project was considered a success and they are very happy with it. The project FORUM, was established to create a mechanism enabling and institutionalizing a two-way flow of information between the city government and the public and NGOs. - According to contractor MISTIA, Trzcianka had many NGOs but they were not active or effective. The city was aware of the value of NGOs before and tried to engage them in the past, with limited success. The FORUM program appears to have been successful in mobilizing NGOs, and forging a framework for cooperation and communication with the gmina.

Mayor also commented that public participation was included in all of their programs, adding that LGPP was on top of them making sure that it was. A journalist from Trzcianka reported that as a result of the work of Mistia and LGPP, NGOs are now meeting regularly on their own, and their issues are being addressed to the city authorities via the mechanism TOP created through the FORUM project. She said there is now an impulse for the NGOs to meet

and cooperate more, and there is a direct, shorter route for them to relate their issues to the city councils. On the negative side, the journalist said that city hall does keep the city informed of the work going on in EDS and via their newspaper *Ratusz*. However, she feels that this is not written in plain enough language that the local citizens can read with interest and understand. Everyone has the right to take part in town meetings, and address the council face to face, but if they are not being informed in terms they understand they won't take as active a part.

The gmina is still not sure whether they are happy with the EDS contractor or not. They did not like their methodology much in the beginning, and it is still too soon to tell.

LGPP also assisted in the Gmina on a cooperative project with neighboring gminas. Trzcianka invited other gminas to help on areas of common interest with LGPP facilitation. There was a noticeable absence of references to the Powiat. When asked why, the mayor laughed and said that there were still some bad feelings from the administration reform because Trzcianka felt that it should have been the seat of its own Powiat.

Overall, the assessment from Trzcianka was highly favorable. The city was already proactive and LGPP came along at the right place at the right time to help them achieve more than they would have otherwise. The mayor did not quite understand the wording of the stated attained goals in the progress report with respect to the hotel and recreation center

### **Sosno,**

William Rich Visited Sosno on 7 March and spoke with the Mayor, Mieczyslaw Droboszewski and Development officer.

Sosno is a rural gmina with about 5,000 inhabitants about 45 minutes northwest of Bydgoszcz. Sosno has been very proactive and has taken on four LGPP Programs. It also appears to improve and promote itself as often as possible, as evidenced by participation in gmina contests and strong LGPP involvement. The mayor considered the initial LGPP process very appropriate and that Sosno was able to choose programs relevant to the needs of the gmina.

*Citizen participation.* The mayor was very happy with this project. An Outreach Sosno project was implemented which reviewed the means of communication and trained gmina staff on better social communication skills. A local newspaper was established along with a monthly insert in the powiat paper. A survey was conducted to evaluate the level of public participation and the results made available to everyone. Sosno was noted with a Distinction in the "Our Gmina" Competition.

*SM.* A complete analysis was conducted of current management processes and structures. The mayor said that public participation was very intensive in this program. Four citizen work groups were formed in the areas of agriculture, infrastructure, education, and sports and culture. Workshops were held for community and business reps, gmina officials and staff and members of the press. Further more intensive training was arranged for gmina managers. The mayor commented that there had been quite a lot of training lasting over eight months. Further meetings were held in the surrounding villages in which the mayor received input. A final SM plan was drawn up and adopted by the gmina.

*CIP*. The mayor felt that this had also been a very valuable program, giving the gmina a perspective on the road ahead, possible admission to the EU and Sosno's future. The mayor felt that this had already been helpful. The analytical tools learned and work with the contractor, allowed them to study local and national demographics and decided on the basis of falling birthrate to not invest in a new school, but to invest the money elsewhere.

*TBB*. The TBB program to date has mainly only involved training.

The Mayor is very happy with the services received from LGPP. He said that the gmina had already seen the impact from the programs for which they didn't have to pay. He said based on the experience, he understands the gains to be made from working with the LGPP trained consultants. Sosno would pay consultants themselves in the future

He mayor said that Sosno had also received a lot of attention, some national, from the cooperation with LGPP. Neighboring gminas were definitely interested and some cooperation may occur in the future. The mayor confirmed all target achievement indicators in the progress report.

### **THREE GMINAS IN THE GOSTYN POWIAT: KROBIA, GOSTYN, AND PEPOWO**

The Gostyn Powiat is the home of one partner gmina, Pepowo, and an introductory assistance program introduced through the Starosta to all seven gminas in the Powiat

**Krobia.** William Rich met with The Mayor and Vice Mayor on 7 March 2000.

Krobia is a small town gmina of approximately 5000 people, situated between Poznan and Wroclaw. The Mayor has been in office for three terms and reported that his first contact with LGPP was last November when during a regularly scheduled meeting of the Powiat mayors, the Powiat introduced some people from LGPP who explained the program and how they could help. The mayor said that he had not been aware of LGPP previously and had not heard about the first round contact when the partners were selected. Pepowo, the partner gmina is smaller than Krobia and just 10 km down the road. The process involved two workshops conducted by LGPP and the Center for Local Government Development in Pepowo (on an LGPP grant), the first showing the gminas how to evaluate their current situation, determine what needed to be done and what could be done, is the current administration helping growth or hindering it. Each of the 7 seven Gostyn gminas sent representation to these first two workshops and invited to apply for participation in the program in which LGPP would co-finance 1-2 assistance programs in the following areas: 1. TBB, 2. CIP. 3. Enterprise accounting. 4. Infrastructure finance and analysis. The mayor reported that broad based committee had been formed to advise the council on these issues and help work on a plan of action to be submitted to LGPP (target indicator I-4 in Progress report.) Krobia decided that TBB and CIP were the most important and made their proposal requesting TBB assistance. The mayor said that to move forward they needed to see what the financial prospects were and then decide how they would plan their capital investment. However, what the gmina really wanted was work on a strategic development plan (EDS or SM?). They had made request and seemed unsure if it would be possible and why not. They also were very concerned about doing a tender process about choosing a contractor. They were unsure of the process and how they would physically be able to do it. Their understanding was that they would be responsible and was unsure how they would be able to choose an appropriate contractor. They have 14 offers and said, "they all look good to us." They didn't know how they

would make the choice, and then be able to convince the council of its validity. They brought up the possibility of LGPP training on this.

The gmina already did a studium plan, which was done by an outside contractor, chosen through public procurement office. When ask what the difference was between this and choosing a TBB contractor, they said that the studium was all documented in Polish law. All requirements were known and fairly standardized. For TBB, they felt they were in the dark.

On the plus side, they were very happy with the contact with LGPP to date. Before they felt they were doing a good job, but the program has opened their eyes to the potential.

**Gostyn.** William Rich meet with the Vice-Mayor Karol Zawieja, and Maria Mikolajczak, Director of Organization on 7 March 2000. The Mayor also joined the meeting later.

Gostyn is the site of the Powiat administration, and a city of about 20,000. The gmina began participating in the same program as Krobia and went through the same procedure. Unlike Krobia, Gostyn has been very interested in the LGPP work in Pepowo, and admires Pepowo's skill in building up outside contacts and participating in aid programs. Gostyn had just started work on a multi year investment plan, and the said that the timing of the LGPP offer could not have been better. They have submitted their proposal and are awaiting a favorable reply for help on CIP. The Gmina further differs from Krobia in that they have already selected the contractor from the list of LGPP approved consultants. They said they had experience with the Wielkopolska Business School (where the contractor is based) and felt good about continuing with them. They simply picked the consultant and didn't worry about a tender. Further more, they have, on their own, already held a tender for their own SM project, which was won by Mistia. They said that they weren't exactly like fish in water, but felt they knew what to do about choosing contractors for provision of various services for the gmina. They added that if they did have any problems, they would refer to WOKISS, the Greater Poland Center For Education and Study of Local Government, an organization like Mistia, formed through FDL in Wroclaw. They said that Gostyn is a member of this association. Members pay dues and then can participate in their training programs. For an extra price they can receive professional opinions from WOKIS. WOKISS appears to be an organization like WOKISS that may have a role to play after LGPP.

## **PEPOWO**

William Rich met with the mayor, Marek Turbanski on 7 March 2000. Pepowo is a rural partner gmina with about 6100 people. The main source of income for the gmina is pork farming. The mayor said that Pepowo had been actively trying to improve its position prior to LGPP and had worked on developing a SM plan. Five years ago, the gmina founded the NGO Center of Development of Local Government in Pepowo, which has subsequently gone on and become an LGPP grantee. Work had been done over the last four years in the area of training the local farmers on preparing for EU integration. When the gmina saw they ad for LGPP in *Wspolnota*, they were very keen on cooperating. They signed on for Economic Development, CIP, TBB and Enterprise Accounting.

**EDS.** The mayor reported having worked with the contractor Idealna Gmina prior to LGPP, and had been satisfied. An ED committee was formed and helped develop and action plan. There was a lot of input from community representatives in developing this plan. Meetings were held

with the village soltyses, and there was informative coverage in the local press. The mayor commented that LGPP was very insistent that public participation was high

*CIP.* This was an interesting area and the only incidence encountered during the evaluation where the contractor was removed. The mayor felt it was not working out but was unsure whether to say something or not. Mirek Olczak of LGPP, however, was keeping a close watch on the project and, according to the mayor, sensed that there was a problem. The mayor said he acted very quickly in removing the contractor and took over supervision of the project himself, pending the hiring of another contractor. The mayor was very satisfied and felt that that LGPP was doing a very good job in assuring program quality. He said the program had been set up to include social participation in the budget decision making process and prioritization of investment projects. A new action plan was set to be approved by the council and the mayor said he was not worried about the result.

*TBB.* The mayor commented that the contractor had been one person from Lublin, and there had been a lot of work done by everyone. The project had been completed and it was too soon to tell what the results would be. However, the mayor saw TBB as essential for the gmina and foresaw using BB extensively in the future for the better management of the gmina. He was particularly interested in Pepowo's issuance of municipal bonds. He commented that he attended an excellent LGPP conference on this and was very interested. Before using such instruments, the gmina needed very detailed and precise financial management, and TBB was a part of this.

*Enterprise accounting.* The mayor did not say much about this program, but it was yet another example of this, which was not completed for various reasons.

Pepowo is a very active gmina and a good partner for LGPP. They are also an excellent example upon which to build the powiat wide introductory assistance project. In the mayor's opinion, the only non-positive aspect was that LGPP was "very democratic." He said he understood and respected LGPP's insistence on public participation, but sometimes strong decision making would be more in the gmina's interest. The gmina understood the value of management services and would pay in the future for them.

## **Konin.**

William Rich spoke with Andrzej Bartosik, Head of Economic Development in the Konin city council. It had been reported that there had been resistance to LGPP in Konin but this was not in evidence during this short visit. Much more time would be needed to be devoted there to learn more about the experience their experience. All in all, Mr. Bartosik said that the experience with LGPP had been very favorable. He had been involved with the program all along and had confidence in LGPP's abilities and professionalism. He said that he felt LGPP had learned a lot from their pilot program and knew how to work with gminas. In cases where the programs had not gone so well, he blamed the city authorities for not cooperating as much as they might have and not working quickly enough.

*PR.* The PR plan was almost completed and the city was very satisfied.

*CIP.* The city had started working on this before LGPP but did not make any progress. They continued through LGP< but the city had different ideas on how it should be done, which caused some delays. Things seemed to be back on tract. With the council to resume discussions about it.

SM. The city said they benefited very much from this program. They really liked the contractor LEJM and felt they were very professional.

TBB. This program was going forward. It looked like it would only be implemented in a very limited way.

Mr. Bartosik would not comment on the Restructuring Assessment or Enterprise Fund Accounting Project, saying he was not involved with the, On the Enterprise Accounting Project, he remarked that that was all happening between the Water Sewage Company and Price Waterhouse and he didn't know anything about it.

Konin was happy with the LGPP despite delays on some of the programs. LGPP had been an awakening for them and allowed for new thinking to take root. This has had an effect within the city by influencing the way other areas not covered by LGPP were covered. Konin definitely saw the value of LGPP contractor services and would use them in the future.

## NGOs

Orodek Promowania i Wspierania Przedsiębiorczości Rolnej w Sandomierzu. A grantee and contractor to LGPP.

OPWPR is an NGO that has been active in the region for several years. The Director Halina Szymaszko, said that 4-5 years ago, gminas were not interested in learning strategic management, but had been working on raising awareness. She felt that the Center had had a lot of success in opening the eyes of some gminas. Halina said that there were mayors who understood the value of training and SM assistance, and those who didn't. Of course, budgetary constraints are a problem everywhere, but mayors who only think that they have no money for services such as developing and EDS, really don't believe that there is real value to be had there. If they saw it as a concrete value, they would consider its priority and put it in the budget accordingly. It comes down to a question of mentality in the end. (This could really be seen in the difference in attitudes of the mayors in Sandomierz and Nowa Deba.).

OPWPR was very enthusiastic about LGPP, and felt that the training and help they received from them was very valuable.

OPWPR appears to be another institution like MISTIA only smaller, which is in a good position to take a leadership role in helping local governments become more effective. They are looking to attract international training programs but plan to keep their local government work limited to their own region where they feel they have a distinct advantage. OPWPR is very enthusiastic about LGPP and feels it is providing a good service and feels that they themselves have gained from the contact. Halina felt that the LGPP system could be confusing for gminas, owing to its complexity. With a head office, regional office, training officers and contractor, it is not always easy to determine for the gminas who they should be contacting.

## Appendix 9

Andrzej Rudka

## FINAL REPORT ON LGSOs

### ANSWERS TO QUESTIONS

#### *THE QUALITY OF THE TECHNICAL ASSISTANCE*

- *What is the quality of the technical assistance delivered by LGPP staff, Polish subcontractors, and grantees?*

The quality of technical assistance delivered by LGPP staff was pretty poor in the first year of the Program implementation. It changed radically after substituting the staff with more local experts in the second half of the first year. There are many indicators, including views from cooperating partners, that at the beginning of the third year of the Program the LGPP staff is fully capable of conducting scheduled activities: properly trained to do this, responsive to the needs and expectations of grantees and contractors as well as gmina authorities.

The quality of technical assistance delivered by Polish subcontractors and grantees has been valued fairly highly in most of visited gminas. It does not mean that all of the contractors and grantees have been equally efficient in doing their job and effective in working with gmina authorities. They have been occasional complaints that some of the experts offered rather superfluous and (politically) unrealistic advice (like a consultant in Zgierz who suggested increasing prices for communal services almost overnight by 50% or 100%). Some of them came with almost ready-made solutions for gminas, not necessarily adequately taking into consideration local specificity (like, for example, economic development strategy for Olecko, though it was not city authorities, but an outside NGO which slightly criticized such an approach). It was also mentioned (at least a few times) that relatively short period of individual project implementation had some negative impact on the quality of delivered services (by some grantees).

- *Has Chemonics/LGPP developed an approach or a system to evaluate effectively the quality of the assistance delivered?*

The introduced system to monitor progress of projects (regular meetings and reviews) and to evaluate reaching by LGPP interim targets (quarterly reports) seems to guarantee the control over achieving the quantitative goals (signing this and that number of agreements, contracts, etc., setting up this and that number of committees, etc., and finishing this and that number of contracts, etc.) The fact that some grantees or contractors have been offered more than one job, following their earlier positive performance, certifies that some system of evaluation has been in place. However, most probably this system does not guarantee full-proof verification of the quality of work. Occasionally it was confirmed that some claims of achieving certain goals constituted an overstating. The only conducted so far survey of 10 gminas was too

limited in scope to answer all questions regarding this problem.

- ***Has Chemonics/LGPP developed means to enhance subcontractor and grantee performance, where necessary?***

The introduced system of training, seminars and conferences (including sharing of experience among gminas and experts), as well as provided materials offer fairly good basis for that. LGPP staff has been usually easily available and responsive to the needs of subcontractors and grantees. Also the introduction of the system of certified consultants in the area of financial projects also guarantees higher quality of services delivered today and increasingly in the future.

### ***DEMAND FOR LGPP PRODUCTS - IS THERE AN EMERGING MARKET?***

- ***Are the technical assistance activities identified and implemented under the LGPP addressing the priority needs of Polish local government?***

At least some of the interviewed Polish experts, knowing the history of LGPP, argued that individual projects (topics) proposed within the Program were set up in advance and not adequately consulted with the Polish experts beforehand, not even mentioning consulting them well enough with gminas. It is fairly well known that the main Polish associations/unions, represented in the first phase of the Program on its Recommending Committee, had somewhat different views on the directions of LGPP. According to many experts, this was one of major reasons why these institutions were later moved to the sidelines of the Program. Also representatives of some gminas as well as quite a few LGSOs expressed views that some of the offered tools, like for example a TBB project - though interesting and useful - were introduced rather prematurely in many gminas. Neither Polish gminas are ready, nor the Polish law on budgeting allows yet for making full use of this method in the near future.

At the same time, some of the biggest priorities of some gminas nowadays, e.g., how to battle high unemployment, have been addressed only partially (in rather general terms within economic development strategies). According to quite many interviewed experts, authorities of many Polish gminas were making the choice to apply for participation in this or that LGPP project quite hastily and without full knowledge of their details. It was often done along the lines - if there is American assistance available, why not to use it; if we do not gain much of it, we certainly should not loose on it, either.

- ***Are local governments willing to use their own resources to procure these services? If not, why not?***

In most cases representatives of the interviewed gminas are willing to continue procure such services on more or fully commercial bases, but there is not enough evidence to verify that. This question could be answered with more assurance in two years time or so. It is fairly easy for the current gmina authorities to answer this question with "Yes", knowing that in two years or so someone else will be seating in their place and they will bear no responsibility for future actions in their respective gminas. On the other hand, most gmina representatives are aware of the fact of "large amounts" of EU money looming around the corner and thus they can probably count on fulfilling at least part of their future financial needs in this respect from that pot. According to some experts (for example, those from MDA), there are (will be

in the nearest future) in Poland no more than 200-250 gminas (i.e., about 10% of the total number of gminas) capable and ready to use their own resources to pay for this kind of services.

- ***Will the proper implementation and use of the models and approaches developed lead to local government that is more effective and more responsive to the needs and desires of citizens?***

In principle "Yes", but ... There are at least two conditions for this statement to become a truth: 1/ it has to be a "proper implementation and use" and this cannot be guaranteed always to the same degree (depending on the attitude of local authorities, like in Sandomierz or Mikolajki); and 2/ there is still a problem with active enough involvement and participation of citizens in gmina activities. Thus, it is often difficult to talk about local government being more responsive to the needs and desires of them (unless we assume that there are largely known to anyone even without having direct contact with citizens).

- ***Are non-partner local governments receiving assistance from the program? What steps might Chemonics/LGPP take to increase non-partner local government involvement and have national impact?***

Some of them do receive it. Workplan 2000 addresses most of these issues, though - assuming that the number of all gminas directly involved (i.e., partner and non-partner ones) will not be under the best circumstances much higher than 200 - it is rather difficult to talk about the national impact of the Program. It would require much larger coverage, what would require longer time of Program's functioning, as well as reaching out on a larger scale to powiats, i.e., mid-level entities of the Polish administration structure. They are now the weakest part of the system and it looks that quite a few administrative tasks (like, for example, solving environmental or infrastructure problems) can be dealt with only by a group of cooperating gminas or just powiats.

- ***Is there evidence that a market is emerging for the kinds of technical assistance activities offered by LGPP? How extensive is this market? What steps have been taken and what steps could be taken to encourage the further development of this market?***

As the market should consist from both supply and demand sides, one can argue that LGPP has contributed fairly strongly to developing supply side of the equation, but in a limited extent to the demand side. On the other hand, one can also argue that the increase on the supply side is not only the result of LGPP, but also of a few other programs run in Poland over the last few years. Some of them have been also financed by USAID (like SAS), but other financing has been also available (from PHARE programs, other bilateral projects, World Bank assistance, etc.) Though demand for such activities has been also growing, it is rather lagging behind the supply.

As mentioned above, about 200-250 gminas (out of about 2.500) are currently realistic recipients of this kind of services. Thus, in theory at least, the potential market is very large, i.e., the remaining over 2.200 gminas as well as 340 or so powiats. LGPP Workplan 2000 offers certain steps to further build and enlarge this real market, but finishing the Program at the end of 2000/early 2001 puts additional limits to direct dissemination of LGPP results in

the forms scheduled for 2000. Therefore, it is necessary to involve a group of relatively stronger and capable LGSOs to continue the job beyond 2000 (*see Conclusions below*).

## CONCLUSIONS AND RECOMMENDATIONS

### GRANTEES (NGOs)

- Larger/major nationwide associations/unions had from the very beginning somewhat different views on needs of gminas and thus the final content of LGPP. It came, in some case from their earlier experience within other assistance programs, including those financed also by USAID (like ASA). On the other hand, some of these associations expressed the view that gminas needed more general, macro support and not necessarily technical assistance in specific areas, like providing specific tools/mechanisms (for example of financial management) that were not exactly fitting their *current* requirements or, at least, were not gmina priorities at the actual stage of their economic and social development (e.g., TBB).

These views stemmed first of all from more macro and sometimes even somewhat political orientation of these associations as lobbying organizations, etc. Anyway, this affected their relatively limited willingness to cooperate within the program in the first place and devote more time (and resources) to this end, especially after their initial attempts to get support from LGPP (in the form of grants) failed (like in case of the Union of Polish Cities). The above mentioned features of these associations could also have some impact on LGPP's leadership not to engage them more actively in the program activities.

Another possible factor of their limited participation in the program was an active involvement of some of these organizations in the initial stage of LGPP planning, including for some of them also participation in the pilot program with another American company – RTI and Urban Institute. Accumulated experience in this respect plus good cooperation ties among those partners seemed to almost guarantee that the same group of institutions would implement the main part of LGPP. The surprising outcome of the bid and the winning of Chemonics definitely came as a shock to some of them and additionally contributed to their hesitation to cooperate within the program managed by the former competitor. Chemonics quickly noticed that kind of approach and in effect some of these institutions were left on the sidelines of the program.

#### Recommendation #1

Some of the nationwide Polish associations/unions are still willing and capable to cooperate within LGPP. They can and should be used in the final period of LGPP implementation, for example to:

- 1/ disseminate LGPP products (publications, materials, information, etc.);
- 2/ become potential active repositories of these materials for the future (after LGPP is closed);
- 3/ prepare (in cooperation with LGPP) resource catalogues (of materials and experts) for future use and update them (after LGPP is closed) to enhance chances for sustainability of the program. They could be additionally endowed (for example, in the form of in-kind contribution) to continue such activities in the future.

One of the issues raised by a few partners was the size of the LGPP office and division of work between the office itself (practically headquarters and three regional offices) and outside organizations. Pretty often a question is asked if it had not been better if LGPP program was managed by a much smaller group of people and more responsibilities and resources were given to a group of chosen NGOs (including probably the above mentioned unions/ associations) capable of doing many things LGPP has been doing. Such a solution was in fact implemented in some earlier USAID funded projects, but maybe not always good experiences from those

endeavors influenced the choice of the approach?

This suggested approach would:

- 1/ change the overall structure of money spent for the office/s and outside partners (in favor of the latter);
- 2/ strengthen much more the outside organizations and their experts (in fact, would also allow gathering more good experts around those organizations instead of doing this around LGPP headquarters and regional offices, which will disappear soon anyway); and
- 3/ train their experts in additional areas (project coordination); and thus contribute to increased chances for sustainability of activities after LGPP is over.

NGO sector is represented by a relatively large group of very different organizations, ranging from large to small ones, from stronger to weaker in organizational, substantive and financial terms, from those with relatively large number of employed experts to completely voluntary staff, etc. As a result the picture is mixed, experience gathered quite different and perspectives for continuation of activities in areas offered by LGPP, i.e., for sustainability, varies. Chances for sustainability of LGPP activities, without additional outside funding, are usually much bigger in larger NGOs (or associations/unions), but one should not entirely exclude all others.

One of the characteristics of the Program raised by those interviewed was the relative centralization of running the Program, i.e., concentrating a lot of work within the LGPP offices (first of all in its headquarters in Warsaw). That also, in their view, contributed to delays in negotiating and signing agreements for grants and contracts, what resulted – in a few cases - in resigning by prospective partners from doing the job.

#### Recommendation #2

Though one cannot change now (in the third year of running the program) entirely the organization of LGPP and division of work introduced over the last two years, some corrections in this direction can and should be made in the final year of the Program, i.e., shifting more and more activities and their management from the LGPP headquarters and their regional offices to partner organizations. LGPP leadership knows best which organizations participating in the Program over the last two years are capable of undertaking these tasks. The procedure of unsolicited grants (or /and also in-kind endowment) can be used for furthering this concept in the final year of the Program.

- The future of LGPP office (headquarters) material base and its disposition will come up for decision later this year or early 2001. In a way, that could be divided among the group of NGOs chosen, as stipulated above, for continuation of LGPP-kind activities in the form of in-kind endowment (desks, computers, etc.) This is, however, not only the question of disposing of equipment, but – even more important - also assuring that LGPP high-level experts managing the projects at its headquarters or regional offices are not dispersed at random and somewhat lost in the vast group of NGOs or other organizations across Poland.

#### Recommendation #3

*LGPP should undertake some efforts to preserve the critical mass of the current staff working at LGPP. This can be done either by assuring that they will find work in those NGOs or consulting companies (or other institutions) that are capable and willing to continue this kind of activities in the future or possibly creating a new NGO or consulting*

*company based on the material basis of LGPP (if it is allowed by the US law) and using this group (at least part of them) experts, so they will continue their present activities, offering them in the future on the commercial basis.*

- Quite a few NGOs, not necessarily only smaller ones, raised the issue of burdensome system of regular (monthly) reporting on the grants, even though they all were trained in that and supplied with special forms (also on computer disks). This requirement was, of course, more difficult to meet for those organizations that have not dealt with any public money grants before, like USAID or PHARE money. This was especially difficult for small organizations with little or no professional staff employed (volunteers only). Anyway, all those receiving smaller grants complained about that, arguing that it is practically the same procedure in case of large grants as in case of small ones, thus the proportion of work devoted to reporting versus that devoted to actual activities in the latter case is unreasonably high. On the other hand, those organizations that had earlier experience with other assistance money, in particular PHARE money, praised the smoothness of the money reimbursement system employed by LGPP in case of grants.

☞ *Recommendation #4*

*USAID should reconsider this issue and in the future try to change (ease) in some way this requirement, particularly in case of smaller grants (up to a certain amount of money, like USD 10K or 15K).*

## **CONTRACTORS (NGOs and consulting companies)**

- Experience gathered within LGPP for individual consultants, even those working for large international companies (like PricewaterhouseCoopers or Ernst & Young) were interesting and valuable. They learned new things, applied them at different (gmina) level than usual (large companies), met with local authorities what can help them in future activities. However, for large international consulting companies like PWC, Ernst & Young, etc. it does not seem to be a very prospective market – it is not the right scale of a project (too small), not a big enough professional challenge (and prestige), not the normal level of their activity (gminas versus larger enterprises), and finally not good enough money for them (these are rather cheap projects, as gminas and their communal enterprises, for example, are rather weak economically). Anyway, there was a small unit responsible for such issues created, for example, at Ernst & Young. PWC was included in the project as a member of an original consortium to strengthen the bargaining position of Chemonics and it definitely fulfilled its role in this respect, but has been definitely less needed and thus less useful in the project implementation.

On top of that, there were/are some restrictions on participation of original subcontractors (partners of the Chemonics consortium) in the implementation phase of the project (that is the case of PricewaterhouseCoopers, Habitat or Cityprof)). Thus, this is mainly a potential market for smaller consulting companies and their experts, especially LGPP certified experts.

☞ *Recommendation #5*

*In the last year of running the Program it is better to concentrate on using services of medium and smaller consulting companies. For them kind of services offered within LGPP as well as the market on which they operate are the prospective areas of their*

*activities. Thus, they can give better assurance of sustainability of the Program activities than larger (in particular, international) companies.*

- As LGPP has been always offering services within its respective projects on the subsidized basis (for example, it still does it in case of using its certified experts in financial areas), it is in fact undermining competition from other consulting companies offering their services on full commercial basis. In this way it practically weakens some of them. There are firms offering virtually the same or very similar products of the market waiting impatiently for LGPP to end and leave the market and only worrying how to withstand this unfair competition a bit longer and survive another nine months or so without going out of business.

☞ *Recommendation #6*

*It is impossible to recommend complete phasing out of the subsidy element in LGPP-offered services as the project is partly about this. The program of gradual phasing them out and preparing most of gminas for future applying for them on fully commercial basis should be in place in the last year of LGPP.*

### **OVERALL (both grantees and contractors)**

- Addressing the issue of LGPP effectiveness in creating, through its many activities, real market for this kind of services, i.e., demand on the side of gminas and supply on the side of NGOs and consultants, the answer should be fairly positive. Definitely there is a large number of well trained, in some areas even certified experts who are able to deliver in the future quality services on the topics covered by LGPP. This number will be significantly increased in the final year of the Program implementation. These experts will be ready to offer their services on commercial basis, assuming there is enough demand on gminas side and readiness to pay commercial rates. By the way, there may be attempts at seizing the opportunity created by increased demand by non-partners to LGPP, trying to compete by undercutting those rates, but possibly offering lesser quality products. Therefore, LGPP should assure that lists/catalogues of LGPP (i.e., quality) experts are prepared, widely distributed and accessible (as mentioned above). It should also think about possible additional sources of funding for the first period after LGPP is finished to sustain some of these activities in case the market (demand) is still not strong enough, e.g., gminas are not rich enough to pay full costs of certain services.

☞ *Recommendation #7*

*In order to assure (increase chances for) sustainability of the LGPP activities after LGPP is closed, alternative sources of additional funding (for example, for cost-sharing purposes) should be identified and suggested (like, for example, Polish-American „Freedom Foundation”); that would guarantee much smoother transition, especially for smaller, poorer gminas (both municipal and rural ones) from LGPP to after-LGPP phase of conducting certain activities.*

- LGPP initiative to involve schools of public administration from around the country to take over many products of the program, including published materials, is a right approach, but cannot be treated as a panacea for solving the problem of LGPP sustainability. First of all, it is rather a long shot. Those schools whose experts were involved in the LGPP work (like the one from Bialystok) can much easier and faster transform these products into materials needed for academic courses and utilize them to this end. Representatives of others stressed

that it is not so easy just to take LGPP materials and use them in academia. There are simply different qualities represented by practical materials of LGPP and academia textbooks. Of course, in principle nobody questions the possibility of making some good use of LGPP materials as the supporting stuff, but a bit longer term than just a few months is required to prepare all that.

☞ *Recommendation #8*

*It seems reasonable to invite also other higher education institutions, besides public administration schools, to join the initiative. In particular, economic academia should be also included. It is also a mistake of LGPP to leave aside colleges functioning in the very cities of LGPP operation (like Olecko) and not engage them into the endeavor.*

- Since the very beginning there has been a strong tendency present in LGPP for stressing PR aspect of the Program. It is OK, assuming that the substance of the program fully substantiates that. According to many interviewed experts, the balance has been tipped in the direction of PR and one can be sure that PR activity will be even strengthened in the last year of conducting the Program.

☞ *Recommendation #9*

*It is very important to strengthen PR activity even further in the final year of the Program, but that should be fully based on the substance of undertaken activities and reflect real achievements (concentrate on the results) of the Program (not just informing only about meetings, agreements signed, etc.)*

- Changing the structure of funding between grants and contracts already during the implementation of LGPP has definitely assured better focus of cooperating partners (contractors) on the individual tasks and goals of the LGPP. It was definitely aimed at better fulfillment of objectives and criteria of the program as well as allowed for better control of the implementation process. On the other hand, it disposed a certain group of NGOs of a chance to demonstrate and learn creativity and practice relative freedom of proposals within the project. From this point of view this change of priorities probably has not contributed to the strengthening of the non-governmental sector in Poland.

☞ *Recommendation #10*

*It is too late for this recommendation as the priorities has already been set and the grant program is practically over (only unsolicited proposals are being still considered, but in on a very limited scale).*

## Annexes

### A. LIST OF INTERVIEWED LGSOs (supported by written notes)

#### Cooperating NGOs/Associations (4)

Foundation for Support of Local Democracy (Fundacja Rozwoju Demokracji Lokalnej), Warszawa; Cezary Trutkowski, AID Program Director

Local Activity Center (Centrum Aktywnosci Lokalnej), Mikolajki; Mr. Jacek Maliszewski, Project Manager

Municipal Development Agency (Agencja Rozwoju Komunalnego), Warszawa; Mr. Jacek Szymanderski, Director, Mrs. Katarzyna Drzymala, Program Manager, Mrs. Alina Szklaruk, Office Manager

Union of Polish Cities (Zwiazek Miast Polskich), Poznan; Mrs. Mirosława Porfern-Zielinska, Director

#### Grantees (7)

Center for Agro Promotion/Support of Entrepreneurship (Osrodek Promowania i Wspierania Przedsiębiorczosci Rolnej), Sandomierz; Mrs. Halina Szymaszko, Director

Cultural Association “Attributed to the North” (Stowarzyszenie Kulturalne “Przypisani Polnocy”), Olecko; Mrs. Maria Wanda Dzienisiewicz, Project Manager

Institute of Public Affairs, (Instytut Spraw Publicznych), Warszawa; Jacek Kucharczyk, Deputy Director (responsible for ISP program)

Office for Servicing Self-Support Initiatives (Biuro Obslugi Ruchu Inicjatyw Samopomocowych - BORIS), Warszawa; Zbigniew Wejcman, Project Manager

Union of Rural Gminas (Zwiazek Gmin Wiejskich), Poznan; Mr. Pawel Tomczak, Office Director

Wielkopolski Centre for Education and Self-Government Studies (Wielkopolski Osrodek Kształcenia i Studiow Samorządowych - WOKiSS), Poznan; Mr. Marek Bigosinski, Project Manager

“Wsztechnica Mazurska” College, Olecko; Tomasz Laskowski, Pro-dean (Deputy Director) of the Faculty of Administration

#### Contractors (3)

Ernst & Young, Warsaw; Mr. Adam Durski, Project Manager

Habitat, Consulting Office Co., Warszawa; Mr. Jerzy Fiszer, Director

PricewaterhouseCoopers, Krakow branch; Mr. Jacek Paczek, Project Manager

#### Gminas (2)

Olecko – Mr. Waclaw Olszewski, Mayor, Mr. Leszek Galczyk, Deputy Mayor, Mr. Andrzej Ostrowski, Projects Manager, Mrs. Cecylia Domel, Treasurer, Mrs. Bozena Wrzyszczyk,

Mayor's Senior Assistant, Mrs. Ciesielska, responsible for Housing Project + Accounting Expert

Mikolajki – Mr. Edmund Puzio, Mayor

**B. OTHER MEETINGS AND TELEPHONE CONTACTS AND DISCUSSIONS (not supported by separate written notes)**

*(2 grantees, 6 contractors, 1 cooperating NGO, 2 gminas, 1 ministry)*

DGA - Economic Advisory (Doradztwo gospodarcze), Poznan; (contractor)

Doradca Consultants Ltd., Gdansk; (contractor)

Foundation "Ideal Gminna" (Idealna gmina), Warsaw; (contractor)

Foundation for Socio-Economic Initiatives (FISE), Warsaw; Krzysztof Herbst, Director; (contractor)

Higher School of Public Administration (Wyższa Szkoła Administracji Publicznej), Białystok; Prof. Barbara Kudrycka, Rector (grantee)

LEM Projekt, Krakow; (contractor)

Malopolski Institute of Local Government and Administration (Malopolski Instytut Samorządu Terytorialnego i Administracji - MISTiA), Krakow; (grantee and contractor)

Mikolajki Association of Support for Local Initiatives (Mikolajskie Stowarzyszenie Wspierania Inicjatyw Lokalnych), Mikolajki; Mr. Jacek Maliszewski, President (cooperating NGO)

Ministry of Internal Affairs, Warszawa; Mr. Aleksander Nelicki, Department Director

Zgierz gmina – Mr. Bronislaw Matusz, Gmina Director (Wojt), Mr. Zdzislaw Rembisz, Gmina Deputy Director (Deputy Wojt) + 5

Zyrardow gmina – Mr. Zdzislaw Wilk, Vice President (of the town), Mr. Grzegorz Kozlowski, Member of Town Government, Mr. Bogdan Zielinski, Member of Town Government, Mr. Marian Czyzewski, Member of Town Government + 1

+ participation in many meetings at USAID and LGPP and meeting individually with most of USAID and LGPP staff members.

## C. INDIVIDUAL REPORTS

### **Foundation for Support of Local Democracy (FRDL), Warsaw (cooperating NGO)**

#### ***General Info***

Meeting of A. Rudka on 25 February, 2000 with Cezary Trutkowski, AID Program Manager.

Foundation for the Development of Local Democracy (Fundacja Rozwoju Demokracji Lokalnej, FRDL) was created in 1990. It is the largest NGO in Poland dealing with self-government issues at all levels (regional, local, etc.) It has 17 branches - headquarters and offices in all Polish voivodships (16), altogether employing ca 200 people. Their training activities involve about 50.000 people each year.

#### ***LGPP Involvement***

As a major organization of this type in Poland FRDL seemed to be a natural partner for LGPP. However, its earlier connections and close cooperation with RTI complicated later relations with Chemonics and LGPP. In their view, RTI's concept of LGPP involved a real partnership with Polish NGOs while the approach of Chemonics if more of a mentor towards Polish NGOs (limited discussion, imposing of strict conditions, dictating rules, etc.) As a result LGPP developed more as a competitor to FRDL than an ally and a cooperation partner.

FRDL was involved in projects concerning civilian participation. In particular surveys of public opinion were conducted in Sosno and Gorzow Wielkopolski. Much better cooperation and involvement of experts has developed with some branch organizations of FRDL, in particular with its Krakow-based branch MISTIA. Unfortunately, MISTIA used this connection as a way to get as much independence from Warsaw headquarters as possible and one cannot exclude future split within FRDL. One could then even talk about LGPP's contribution to breaking FRDL network in Poland!

#### ***LGPP Evaluation***

Within LGPP the form (and PR) has always been more important than its substance. The first and most important goal of the program is to be visible. The program has also been too much centralized. Delays in initial phase caused that FRDL resigned from signing one of the grants. On the other hands, FRDL's attempt to engage LGPP in supporting of one of their existing projects ("Gmina jakich malo", i.e., There are not many gminas like this) failed. Comparisons of costs of individual projects show that FRDL implements comparable projects at a much lesser cost than LGPP does.

In the first phase of the program, while refusing to support some activities run by other organizations, LGPP took over a group of people from a few NGOs and thus weakened their own projects. As result it created a bad atmosphere for cooperation. It would be better if LGPP with much smaller staff (15-20 people) concentrated more on coordination of programs/projects run by other organizations. Otherwise, it is rather difficult to achieve some of major LGPP goals, i.e., strengthening local NGOs and assure sustainability of some projects. Especially as, by offering projects at no or small cost, LGPP creates unfair competition and distorts the market.

#### ***Conclusions/Recommendations***

Develop more and close cooperation with Polish NGOs and devote more money for their activities, while leaving in LGPP hands mostly coordination. Competition with other NGOs is

useless, as LGPP will soon disappear from the market while other organizations will stay here. If some of them they fail for financial reasons, it will be partly a result of unfair LGPP practices.

## **Local Activity Center, Mikolajki (cooperating NGO)**

### ***General Info***

Meeting of A. Rudka on 2 March, 2000 with Director of Mikolajki Association of Local Initiatives, Mr. Jacek Maliszewski. He used to work on the Strategy for Mikolajki even before LGPP project, later cooperated with MISTIA experts on its verification and updating within LGPP. He works as well at the Local Activity Center. That was created last year with support of BORIS from Warsaw. It is one of the first LACs in Poland. Due to good cooperation with the Mayor, it received a lot on which a new office for LAC was constructed from other USAID assistance money.

### ***LGPP Involvement***

He was involved additionally in working on a strategy, mainly because of his earlier work on it and not necessarily as a representative of a local NGO.

### ***LGPP Evaluation***

Strategy is very useful for the region and will be further developed in the future. LGPP brought new elements in its preparation, new ideas, etc., so the whole endeavor was worth undertaking. LAC is not a product of LGPP, but he can easily use some experience gained during LGPP implementation in LAC activity. The EDS project is finished.

TBB and CIP are almost finished, i.e., slightly delayed compared to the original schedule, but practically LGPP in Mikolajki is almost over.

Developing of more active cooperation with local businesses is rather difficult. The really successful businesses are not genuinely local (a big hotel and a construction business).

LGPP has not turned thing upside down at Mikolajki, but they learned certain techniques and this should help them (they hope) in applying for other financial resources, maybe even from the EU.

As far as organization of LGPP was concerned, there was relatively frequent exchange of LGPP personnel (especially in the first period) and thus some lack of continuity in projects' implementation. There were also very long procedures used by LGPP and this exactly decided about resignation from the Housing project.

### ***Conclusions/Recommendations***

Mikolajki got involved in LGPP with expectations, especially on Mayor's side, quite different from program's goals. They would prefer tangible results from it (like, in Mayor's words, constructing at least a few meters of a pavement) and not just production of papers only.

LGPP did not put forward clearly enough its goals at the beginning of the project, at least in Mikolajki.

The Mayor stressed that there is lack of any logical connection between LGPP projects and other assistance offers (from other sources) which makes it less useful. It would be worth to try and find such ties at least in a few of LGPP sites (where other assistance is present).

Mistakes were made in case of the Housing project. It looks that they cannot be corrected even though formally this project was to run until June 2000.

Program of grants is generally not suitable for local and small NGOs. Requirement of own contribution and long, scrupulous procedures favor larger (and richer) organizations. This is a mistake of LGPP, of course from the point of view of local NGOs.

## **Municipal Development Agency, Warsaw (cooperating NGO)**

### ***General Info***

Meeting of A. Rudka and M. Lippe on 18 February, 2000 with MDA's Director, Jacek Szymanderski, Mrs. Katarzyna Drzymala, Program Manager and Alina Szklaruk, Office Manager.

Municipal Development Agency (Agencja Rozwoju Komunalnego, ARK) was created in early 1990s and the funding came from USAID. In 2000 it has been using already the third USAID grant, but it may find itself in a difficult financial position in the second half of 2000 when this grant is over and no new funding is on the horizon.

### ***LGPP Involvement***

MDA was involved in LGPP project from the very beginning. It participated in the pilot project, cooperating very closely with RTI and Urban Institute, and was a carry-over contractor until Chemonics consortium won the project, serving as its secretariat. It was also a member of the Recommending Committee, together with a few other associations like Union of Polish Cities, Union of Metropolitan Cities and Union of Rural Gminas. After Chemonics took over, MDA was to support LGPP, but not to participate directly in its implementation. This meant, however, practical elimination of MDA from the program to its total disappointment.

MDA's frustration comes from the fact that most of the tools and mechanisms being introduced by LGPP (TBB, CIP, EDS, etc.) were introduced a few years earlier to MDA during previous USAID funded projects. So now it offers them in competition to LGPP, but at less competitive prices (usually on the 50-50 basis, i.e., MDA pays 50%, usually from USAID money and gminas also 50%), while LGPP initially was undercutting MDA's competitive position (until cost-sharing was introduced). In fact, quite a few activities initiated in certain locations by MDA were then overtaken by LGPP (like in Trzcianka, Namyslow or Leczyca).

### ***LGPP Evaluation***

LGPP has done in principle good job, though there have been complaints about organization of efforts, coordination of some activities, etc. One of the big achievements of LGPP has been the promotion of certain way of thinking by gmina authorities and thus creation of demand for new services. As they are offered not only by LGPP, others profit from this as well.

One has to remember, however, that from ca 2.500 gminas in Poland, probably only 250, i.e., 10% of them are capable and willing to pay for this kind of services. That means that the market is limited and competing with LGPP has become very difficult. On the other hand, LGPP may create demand and market, which will be then taken over with the inflow of bigger EU money. This could be probably an unintended effect of LGPP. It may be true not necessarily on the local (gmina) level, but especially on the regional level as the regional policy is one of the key areas of

EU policy and funding. Thus, the tools and mechanism worked out within LGPP program probably may be then adapted to the regional needs.

LGPP has competed on the market for the same group of experts. As a result it has hurt some organizations by stealing their experts (in case of MDA there were two such cases). There has been also some competition between LGPP and MDA (as well as a few other organizations) for political importance, what - according to MDA - was a mistake as LGPP did not need that, as it is to disappear soon anyway. At the same time it was damaging to others.

### ***Conclusions/Recommendations***

Not much could be probably changed in relations between LGPP and MDA (and other organizations of this type) in the third year of the program. LGPP could, of course, consider handing over its results for a sustainability purpose to a group of larger Polish NGOs, including also MDA, but it is uncertain.

## **Union of Polish Cities, Poznan (cooperating NGO)**

### ***General Info***

Telephone conversation by A. Rudka with Mirosława Pofern-Zielinska, Director of the Union of Polish Cities on 16 March, 2000.

Union of Polish Cities (Związek Miast Polskich) was created as an association in 1990 and has as its members smaller and medium-size cities. It has been largely involved in the implementation of SAS program, also financed by USAID. It seemed then natural that it was initially meant to constitute one of the leading organizations in LGPP.

UPC is sometimes labeled as an over-politicized organization. Its management board consists of political party nominees. However, according to its Director, this does not have any influence on day-to-day activities of the Union.

### ***LGPP Involvement***

Contrary to initial expectations, UPC has not been practically involved in LGPP. There have been a few contacts of LGPP representatives with UPC leadership, but no practical follow-up has taken place. UPC submitted a few grant proposals, but they were rejected. One of the reasons could be strong initial criticism of LGPP design, etc. by UPC leadership.

### ***LGPP Evaluation***

According to UPC information, LGPP is a pretty expensive program. Comparison of LGPP administrative and staff costs with other projects, like SAS, leads them to this conclusion.

LGPP created some demand and supply for its activities. The question is if this demand can be financed from gminas own resources. In case of the cities, especially larger ones, it is not a problem to finance this kind of activities - most of those participating in SAS program have adequate financial means and expert base (regional/local academic centers). In case of gminas,

the major target of LGPP, the situation is different. Many of them will not be able to sustain activities on their own after LGPP is over.

### ***Conclusions/Recommendations***

UPC is still determined to take part in LGPP program in its third year. They have the support of USAID and were to file another proposal soon (using the unsolicited proposal procedure). It would be advisable for LGPP not to leave this organization completely outside of the program activities.

## **Center for Agro Promotion/Support of Entrepreneurship, Sandomierz (grantee and contractor)**

### ***General Info***

Meeting of Bill Rich with Director, Mrs. Halina Szymaszko (first week of March).

Center for Agro Promotion/Support of Entrepreneurship (Osrodek Promowania i Wspierania Przedsiębiorczosci Rolnej, OPWPR) is an NGO active in the region already for several years. According to its Director, 4-5 years ago gminas were not interested in learning strategic management, but their awareness of this need has been growing over time. The Center has had a lot of success in opening the eyes of some gminas. Of course, there were mayors who understood the value of training and SM assistance, and those who didn't. Of course, budgetary constraints are a problem everywhere, but mayors who only think that they have no money for services such as developing and EDS really do not believe that there is real value there. If they saw it as a concrete value, they would consider its priority and put it in the budget accordingly. It comes down to the question of mentality in the end. (This could really be seen in the difference in attitudes of the mayors in Sandomierz and Nowa Deba).

OPWPR appears to be another institution like MISTIA in Krakow (only smaller). It is in a good position to take a leadership role in helping local governments become more effective. They are looking to attract international training programs, but plan to keep their local government work limited to their own region where they feel they have a distinct advantage.

### ***LGPP Involvement***

As a grantor OPWPR implemented a project on supporting young people in Nowa Deba in getting their first jobs *First Step*.

### ***LGPP evaluation***

OPWPR was very enthusiastic about LGPP, and felt that the training and help they received from them was very valuable. LGPP provided a good service and organizations like OPWPR gained from the contracts. However, owing to its complexity, LGPP system could be confusing to gminas. With a lead office, regional office, training officers and contractor, it is not always easy to determine for the gminas who they should be contacting.

### ***Conclusions/Recommendations***

Simplification of the program, making its structure less complicated and more transparent would make the cooperation for gminas much easier and thus more efficient.

## **Cultural Association "Przypisani Północy" (Assigned to the North), Olecko (grantee)**

### ***General Info***

Meeting of A. Rudka on 3 March, 2000 with Mrs. Maria Wanda Dzienisiewicz, a member of the Board of the Association (all volunteers). Practically it is a fully voluntary organization, created in 1995 and initially devoted entirely to cultural and artistic affairs. Since 1997 its activity has been widened and covered also social affairs (with support of the Center for Local Activity) in the entire Mazuria Region (north-eastern part of Poland).

### ***LGPP Involvement***

The Association got involved in the LGPP in 1999 encouraged by the city authorities. It received a grant in the Fall of 1999 for the project in the area of *Social Communication*.. There was a very strong competition for the grant, the system of checking the organization by LGPP was very detailed. The project has been under way since December 1999 and should be finished in September 2000. It consists of three components: 1/ organizing workshops for representatives of local authorities, councilors and leaders from citizens of Olecko city and gmina; 2/ organizing meetings with national leaders of social and economic transformation in Poland; and 3/ organizing social debates, including city and gmina officers. This activity is aimed at setting up a permanent tradition of meetings between representatives of local authorities and representatives of local society. Publication of materials associated with the project (end report) should help in its continuation after LGPP funding expires.

### ***LGPP Evaluation***

The project is an extremely valuable contribution to the strengthening of the Association and placing it on the NGO map of the region (among ca 20 NGOs present there) and the whole country (project is implemented in cooperation with the all-Poland Voluntary Center, Ekolecko Foundation, etc.). In its implementation it has also received in-kind support from other NGOs of the region, i.e., it allowed the Association to develop cooperation with other partners. Participation in the project allows for cooperation with numerous NGOs across the country. This project receives a very good support of LGPP experts from Warsaw, including frequent and direct contacts.

Neighboring gminas (for example, Goldap, north of Olecko) expressed great interest in the meetings and other activities organized by the Association within the project and contemplate organizing similar activities by themselves.

The biggest problem in implementation of the project is associated with extremely detailed and highly restrictive reporting (monthly) and accounting system, with a lot of paper work. There are weeks when this kind of activity takes up to two-thirds of their entire work. As a result the Association was forced to employ formally one person, i.e., an accountant. The most shocking requirement for the Association was the demand to report to LGPP in English. They were not prepared for that (nobody informed them in advance) and costs them dearly, eating up essential part of the money devoted to their activity.

Another problem is associated with the relatively short period of project's implementation and its intensiveness. There is not enough time for adequate promotion of the project, i.e., for convincing in such a short period of time all social partners (councilors, etc.) to participate in training and meetings with citizens. Only after entering into cooperation with other social (NGO) partners present in the city and the region, the Association managed to secure participation of representatives of the authorities into common events.

### ***Conclusions/Recommendations***

The same restrictive requirements of LGPP, concerning reporting on a grant and accounting, apply both to large and small grants. Easing this requirement in this latter case would greatly help in implementation of projects, especially for small organizations and relatively financially weak NGOs.

The requirement of reporting in English should be abolished in such cases and the cost of translation documents into English covered by LGPP regional or central offices.

## **Institute of Public Affairs, Warsaw (grantee)**

### ***General Info***

Meeting on 17 February, 2000 with Jacek Kucharczyk, Deputy Director; participants - Michael Lippe, William Rich and Andrzej Rudka.

Institute of Public Affairs was created in 1995, but its Public Administration Program was started even earlier, in 1993, at that time within the activities of the Batory Foundation (Soros money). The Program of decentralization of the public administration was initiated after the Solidarity-led government lost parliamentary elections in September 1993 and it became obvious that the new left-oriented government coalition, with strong influence of anti-reformist farmers' party, would not be extremely eager to introduce this kind of reforms. So, the program was meant as a preparation of deep reform after Solidarity would come back to power, what happened after the next parliamentary elections in the Fall of 1997. As a result, the new government took over the fruits of the project and decided to implement it quickly. The reform was started on 1 January, 1999. Since then a new program has been run by the Institute on Monitoring of the Public Administration Reform, aiming - among other things - at measuring the level of civil society development achieved at the gmina level.

### ***LGPP involvement***

In the period May-October 1999 IPA realized a project on Women in Local Government, financed by a grant from LGPP in the amount of \$ 30K. The project provided for training for women (three two-day courses were organized) and development of training materials (they are available for further use). Participants included women from gmina level (a few from powiat level), usually gmina counselors. There were, however, certain problems with recruiting candidates for training - in Poland, especially in smaller towns/gminas there is no tradition of differentiation between men and women as participants of anything. The recruiting was made according to certain rules and gathered representative groups of women from across Poland. The project was discontinued, however, after the LGPP funding expired. IPA is ready to continue training of women if demand appears, but this time on a pay-for-participation basis.

### ***LGPP Evaluation***

One of the problems raised by IPA was the imposition by LGPP of strong institutional criteria/conditions for grantees-to-be. It required 25% own contribution from IPA. It was possible for IPA to do it because IPA is a relatively strong institution, but this kind of restriction was viewed by some as a real barrier preventing them from applying for LGPP grants.

Too much reporting was required (monthly financial reports), especially in comparison with the relatively small amount of the grant. Cooperation with LGPP staff was satisfactory, but the deadline imposed for the completion of the project was difficult to keep. So, even though it was finally kept, it had some negative impact on the quality of performed services!

It would be an exaggeration to say that it strengthened the Institute in an important way. IPA is simply too large an institution for achieving that with such a small project. But this was one of the first training projects conducted by IPA, so it had some impact on opening for it this area of activity. Especially as it did produce training materials (with the participation of very good experts) ready for use in the future. Right now they have another training project financed by PHARE money from the European Union.

### ***Conclusions/Recommendations***

LGPP offers too small grants and imposes too string restrictions on compliance side, including short implementation deadlines, frequent reporting and organization's own financial contribution.

Lack of continues funding causes discontinuation of certain projects, so they may look sometimes as one-time events. In such a case their contribution to sustainability of certain activities may be questioned.

## **BORIS - Center for the Support of Self-government Initiatives, Warsaw (grantee)**

### ***General Info***

Meeting on 14 February, 2000 with Zbigniew Wejcman, Project Manager; participants - Michael Lippe, William Rich and Andrzej Rudka.

BORIS is an NGO, grant-giving organization created in 1992. It provides information for other NGOs: 1/ consults them on various issues; 2/ disseminates information (through publications, in electronic way - from its database); 3/ offers training for NGO representatives in twelve different areas; 4/ supports integration of non-profit sector; and 5/ supports cooperation among non-profits and local governments. BORIS employs six professional staff people, is financed by various US foundations, PHARE money and local sources, for example Batory Foundation (Soros money). About 6-7% of financing comes from local government sources. BORIS has a formal status of association, so it can receive money for its services. It cooperates with NGOs in a few countries, like Germany, United Kingdom or Lithuania, starts cooperation with Ukraine.

### ***LGPP Involvement***

Since 1994 BORIS has been involved in facilitating contacts among NGOs and local governments. Polish NGOs are rather weak and volatile, especially those operating outside of Warsaw and a few other larger cities. Similarly weak are most of local governments - there are usually new and inexperienced people running them. BORIS tries to assist both sides. In view of that, it appeared that LGPP program falls into its major area of activity. BORIS received (in May 1999) a grant in the amount of about USD 14K to set up in three chosen gminas local laws/regulations/democratic rules for functioning of NGOs, including financing of their activity. Through implemented procedure gminas can then make grants to local NGOs. In theory the project was relatively simple, but the practice is somewhat different.

People in gminas are usually not active enough, are preoccupied with today's matters and do not care much about the distant future. Gmina officials are usually not prepared/are afraid to work with NGOs, do not believe that NGOs can perform certain services better and cheaper and prefer conducting them by gmina's own staff/units. When gminas repeat to refuse money to NGOs, people usually resign from further applying for them - they lack skills to ask effectively for

money. Thus, weaknesses on both sides contribute to mutual lack of trust. BORIS task is to create a good representation of NGOs (a team) and then organize a meeting and effective discussion/negotiations between NGO team and gmina authorities. The main challenge is to support and strengthen NGOs in advocacy area.

Central authorities are now contemplating introduction of a national legislation in this respect. This could remove many obstacles and hesitations on local levels, but the entire process is rather slow and has already dragged on for many months. LGPP aims at changing this approach of gmina authorities and NGO activists by training them, working with gminas, but sustainability of these efforts is in doubts after the program ends.

Besides BORIS, there is a network of such support centers located in ten major Polish cities - one part of their activities is devoted exactly to NGO-local government relations. There is also a national movement called Forum of Non-governmental Initiatives (FIP) organizing meetings, seminars, conferences, networking through internet, and having a legal office working, among other things, on preparing the national-level legislation in this area. There are also regional associations of NGOs as well as a few foundations and associations with branches spread all over Poland (like the Foundation for the Development of Local Democracy in Warsaw or a newly created WRZOS - Working Community of Social Non-profits in Poland, set up in Wroclaw).

### ***LGPP Evaluation***

It was a good initiative in principle, especially useful for good, successful organizations, but money provided within the project for NGOs is rather limited, definitely not enough. In fact, LGPP builds in this area on top of what was established a few years earlier within other similar, but smaller programs (including a PHARE project from 1993, of which BORIS was a creation). As LGPP has mainly a technical assistance character (and not an institution building, for example), it is a less tangible assistance and its results may not be visible for long. To achieve its goal, i.e., to change people's acting, may need a bit longer time and work than provided under the LGPP program.

Nonetheless, by training NGO people LGPP contributes to strengthening supply side for certain kind of services; by training gminas' officials it creates increased demand for this kind of services on their side. It also creates networks of experts as well as institutions-local partners and this is a positive outcome of the program as well.

### ***Conclusions/Recommendations***

To concentrate in the third year on networking and strengthening local partners (NGOs), thus supporting the supply side infrastructure.

## **Union of Rural Gminas, Poznan (grantee)**

### ***General Info***

Meeting of A. Rudka, M. Lippe and B. Rich with Director Pawel Tomczak on 17 February, 2000.

Union of Rural Gminas (Zwiazek Gmin Wiejskich, ZGW) was created in early 1990s. It is an association of rural gminas, but also have a number of cities as members.

### ***LGPP Involvement***

ARK runs a project on "Internet Guide" aiming at creation of a database on innovative solutions for gminas and their dissemination (in such critical areas like network of educational institutions, waste management, etc.) They also think about further developing the ideas before disseminating them. It cooperates in this endeavor with the Restructuring Agency and deals mostly with rural gminas, but also with a number of cities. They cooperate also with Union of Polish Cities and try to go beyond gminas and include powiats. The dissemination takes place via internet and it reaches 2.200 gminas in Poland (out of ca 2.500). By February 2000 380 gminas, out of all 1608 rural gminas, i.e., 23% of all rural gminas participated in the project They expect to reach the number of 500-600, others are less active.

URG started the project a few years ago on its own and later offered LGPP to support it with a grant. However, they have to contribute 25% of their own financing and LGPP grant is mainly for basic needs. They would like LGPP to contribute more funds to the project in the third year, but ... P. Tomczak himself participated in the work of the Recommending Committee of LGPP.

### ***LGPP Evaluation***

LGPP problem, as viewed by others, is its lack of continuity. It starts a project, kind of initiates it and then leaves it for further development on its own. It is questionable if it has always managed to create sustainability momentum before leaving the project on its own. On top of it, certain principles of LGPP were developed before gminas expressed their expectations. As a result they were kind of imposed on gminas, but that means that those expectations are not always met. Sometimes LGPP offers gminas too sophisticated tools (like TBB, for example), though they would prefer at this stage simpler and less sophisticated ones.

As far as creation of groups of specialized experts and institutions is concerned, LGPP has not been active enough (in the first two years) in this area. There is a serious risk that gminas may not be capable to find and use experts and their services after LGPP is finished.

According to URG, LGPP has been generally too focused on specific issues, too narrow for associations and unions and thus could not develop close enough cooperation with them. In fact, they have received much bigger contribution to their work within SAS project than from LGPP (and also from British Know-How Fund). On top of all that, it took very long for LGPP to sign an agreement with a grantee. URG applied in May 1999 and the agreement was signed only in November 1999.

### ***Conclusions/Recommendations***

A centralized database of experts should be created by LGPP for future use by gminas and other institutions.

## **Wielkopolski Center for Training and Local Government Studies (WOKISS), Poznan (grantee)**

### ***General Info***

Telephone conversation by A. Rudka with Marek Bigosinski, Project Manager on 16 March, 2000.

Wielkopolski Ośrodek Kształcenia i Studiów Samorządowych (WOKISS) was created in 1990. It has an association status and is a Poznan member of FRDL network in Poland. WOKISS is in principle financed from membership dues (only three gminas in Poznan area do not belong to this association). Mr. Bigosinski is involved in its informatics projects, namely in: 1/ informatization of gminas, and 2/ offering internet services for gmina authorities (providing information about innovative activities). Altogether 140 gminas and 31 powiats are involved. WOKISS offers paid services, though initially 90% of the cost was paid by Phare (since 1994) while today gminas cover fully their costs.

### ***LGPP Involvement***

Under LGPP it managed the project on "Local government internet service on innovative initiatives in gminas". The project involved about 30 gminas.

### ***LGPP Evaluation***

It is a pretty effective project. In comparison to Phare-financed project, within LGPP money flows pretty quickly and on time. Unfortunately (for WOKISS) LGPP money constitute only one third of the Phare financing. They also received much less financing within LGPP than the Krakow-base sister institution, i.e., MISTIA.

Sustainability is not a problem as there is pretty good demand for their services. It is good that more and more accent is put on financing those activities that allow train others, thus further spreading the results of the program.

### ***Conclusions/Recommendations***

The mistake of LGPP was not involving powiats in the initial phase of the project. Thus, it is an imperative to do more work on the powiat level.

## **"Wszechnica Mazurska" College, Olecko (cooperating NGO)**

### ***General Info***

Meeting on 3 March, 2000 with Mr. Tomasz Laskowski, a Deputy Dean at the Administration Faculty. It was organized in 1992, now has 6000 students (about 70% from the region, the rest from other parts of the country - costs of studying there is relatively low, sometimes one third of that in Warsaw). It has an important and growing meaning for the city of Olecko, both in terms of intellectual strength and prestige (many representatives of local authorities study there,

including - for example - a mayor of gmina Mikolajki), and in terms of growing source of income for the city and gmina. Nonetheless, their relations with city/gmina authorities are not too warm. The main reason is the difference of views in many areas concerning future development of the city and gmina between college professors and authorities.

### ***LGPP Involvement***

Wszechnica Mazurska or rather its representatives were involved in working on the Economic Development Strategy for the city/gmina of Olecko. However, they were not working on the project directly as experts, but involved in it indirectly - participated in local meetings and debates in the preparation stages of the Strategy. The main consulting work on the Strategy was conducted by outside experts from Krakow-based MISTIA organization. The fact that major work was done without local experts' direct participation significantly influenced their attitude towards the project's implementation and its results - they are very critical of them.

The EDS project was conducted in 1999 and the Strategy adopted by the city and gmina Council in January 2000.

### ***LGPP Evaluation***

Preparing the Economic Development Strategy for the city and gmina of Olecko was a great idea and could/should bring very positive long-term benefits for the region, assuming it would be done in the right way. According to representatives of Wszechnica it was not the case.

In their view, MISTIA experts came with and imposed on the city/gmina a ready-made standard form of a strategy, not necessarily considering all relevant aspects and peculiarities of the region. These are such factors as poor infrastructure of Olecko gmina, e.g., roads, limiting its chances for developing tourism, "closed" character of regional lakes (not being connected by channels with one another) and thus not being able to attract many boat sailors, etc. Partly it was the effect of MISTIA doing at the same time strategies both for Olecko and another, not so distant, though quite different, lake-saturated gmina, i.e., Mikolajki. As a result, according to Wszechnica the real value of the already accepted Strategy for the long-term development of the region is limited. Also the time devoted to its preparation was not long enough and that also contributed to limited involvement of local NGOs in the work on the project. These mistakes could have been avoided if representatives of Wszechnica, having extensive knowledge of the region, as well as those of some other local NGOs' would have been used properly in preparing the Strategy.

Work on the Strategy was monopolized by MISTIA and inclusion of local social NGOs was very limited. Looking from outside, one could have a feeling that fairly strong PR activity over the project dominated over the real work on it.

Comparing LGPP EDS project with others implemented recently in the region, he would value its importance for the society in the region below average (!).

In its statements on achieving stated goals by LGPP projects, it was stressed that LGPP experts try to include others' successes onto their lists of achievements (like assistance in constructing two communal buildings in Olecko).

### ***Conclusions/Recommendations***

It seems that there was an inadequate use of local NGOs and its extensive network of experts with excellent knowledge of the region and local-specific features. Arrogance (?) of outside experts.

Disillusion with practical results of the project - production of papers and not offering tangible effects within the project (misunderstanding of the project and its goals).

End result of the project, i.e., document with the Strategy was not widely distributed among local NGOs and other organizations, i.e., according to representatives of the Wszechnica has not been adequately disseminated.

### **Ernst & Young, Warsaw (contractor)**

#### ***General Info***

Telephone conversation by A. Rudka with Adam Durski on 16 March, 2000.

#### ***LGPP Involvement***

Ernst & Young had a few contracts on strategic management, CIP, infrastructure finance, etc.

#### ***LGPP Evaluation***

Their work under LGPP created real demand for their services. One of their clients (city) approached LGPP for additional financial support, this time offering also its own financial contribution.

#### ***Conclusions/Recommendations***

For Etrnsr & Young it was a minor, unimportant work on the margin of their usual services. On the other hand, development of local government institutions in Poland and their rising role creates a new market for this kind of services. Having this in mind, Ernst & Young decide to create a small unit specializing in serving this kind of clients. Thus, LGPP (and Phare program) create a new market in Poland.

### **Habitat, Consulting Office Co. (contractor)**

#### ***General Info***

Meeting of A. Rudka on 28 February, 2000 with Habitat's Director, Mr. Jerzy Fiszer.

Habitat is a consulting company created in early 1990s and specializing in services concentrated in the housing sector, performed practically all over Poland. About 80% of its work deal with the public sector and local governments.

#### ***LGPP Involvement***

Habitat has been involved in LGPP since its very early stages, as it was a subcontractor in the pilot project (together with the Urban Institute) as well as a subcontractor in the consortium led by Chemonics. This apparently promising positioning of Habitat in the program very quickly appeared to be its big handicap. As a member of the consortium it was, as a rule in order to avoid the conflict of interests, practically excluded from applying for grants and contracts initiated within LGPP. Hence a limited participation of Habitat in individual projects. Of course, the same concerned other members of the consortium, like for example PricewaterhouseCoopers or Cityprof.

Initial expectation was that part of the project would be done by LGPP staff and the rest by certified experts. It appeared, however, that LGPP staff grew over time and became much bigger than originally expected, taking over large part of work from outside experts and the process of certification had a rather slow start. Over the two-year period of LGPP functioning also too much re-organizations and shifting of staff responsibilities took place.

Habitat delegated three persons to LGPP project and it soon appeared that they constituted the only link between Habitat and LGPP. As at the beginning of LGPP meetings of consortium members (for coordination purposes) took place a few times a year, later on they disappeared entirely. As a result Habitat practically stopped performing also its role as an active member of the consortium. Thus, it appeared that Habitat's role in both capacities, i.e., as a subcontractor and performer of individual activities, was in practice largely limited.

### ***LGPP Evaluation***

Initial enthusiasm about the project quickly disappeared as the six-month delay in the start of the project (from October 1997 to March 1998) caused practical dissolution of a team gathered for the job - both firms and individual experts found alternative commitments. Local elections held in Poland in October 1997 contribute to this delay (suspension of gminas' activities before the elections, then changes in the authorities, etc.), but not taking that into consideration was more of a fault of USAID than LGPP leadership. This added to the wait-and-see approach of the first group of LGPP experts. In the first phase of the project different groups of experts paid practically parallel visits to gminas and engaged their workers in endless discussions. As usually staffing of gminas is rather limited that created a significant burden for some of them, especially as their workers did not receive any extra gratification for work conducted under LGPP auspices. This cause fairly often initial criticism of the program from the local level.

In the area of housing, LGPP offered rather long-term solutions and programs. There is practically no quick fix in this area. Therefore, also the tangible results of LGPP activities for local constituencies should appear within a longer period of time. Longer-term positive results should be also visible from the manual (guidelines) on preparing housing programs published within the program. That could help to assure some sustainability of this part of LGPP activity as the direct involvement of experts and their assistance to gminas have usually been a one-time effort. There have been cases of requests from gminas to get a follow-up support, but apparently limited resources of LGPP could not guarantee this.

In view of Habitat experts LGPP has not adequately taken into consideration results of earlier assistance programs offered to Poland in the housing area (for example offered by the Know-How Fund). One could even describe the situation as a natural competition between different programs and unwillingness to exchange and share mutual information on their respective results. In effect, there have been instances of repetition of certain activities and, from Poland's point of view as a recipient of assistance, it meant to some extent the waste of part of the resources. Also an all-inclusive tendency has been notices, i.e., LGPP has tried to include on its list of successes all good things that have happened within the area of its activity irrespective of the case whose success it really was. This is, however, not an exclusive feature of this program - it is quite probable that in few years most of achievements and progress in different areas will be devoted to activities performed within the growing assistance programs financed by the European Union.

From the point of view of Habitat as a profit-oriented company, free-of-charge activities conducted within LGPP have constituted unfair competition. Cost-sharing approach, of course, has improved these proportions, but still distorted the market conditions.

### ***Conclusions/Recommendations***

LGPP has contributed to raising in gminas awareness of certain tasks and tools available for solving their problems in the housing sector. It also helps them to learn some new techniques or strengthens already existing abilities in this respect. It has also helped a group of consultants to improve their skills, receive certificates and thus strengthen their position on the market.

The tangible results of the program will be seen on the market only in a few years. Thus, the performance indicators set up by LGPP and strictly observed are rather doubtful as real indicators of success in this area.

In view of budgetary constraints on the Polish side, i.e., local (and other) budgets are created on an annual basis, projects starting in first months of the year (1<sup>st</sup> quarter) are usually more successful while those started later on have more problems. Starting any project in the Fall multiplies the risks involved. This was visible also in projects realized on the cost-sharing basis. Thus, it is advised to start any projects early in the calendar year.

## **PricewaterhouseCoopers, Krakow (contractor)**

### ***General Info***

Telephone conversation by A. Rudka with Jacel Paczek on 15 March, 2000.

PricewaterhouseCoopers was a member of the original Chemonics consortium. It was important at this stage as it helped Chemonics to win the contract. Later in it was not really needed to run it.

### ***LGPP Involvement***

He served as an expert in LGPP project in gmina Zgierz. Unfortunately, initially gmina did not know what it could expect from the project. Later it appeared that gmina was not yet prepared to restructure its communal services and the project, though advanced by experts, who prepared all necessary studies and provided needed tools, was finally suspended and delayed for future implementation.

### ***LGPP Evaluation***

It was clear from the experience that the idea of such project in gmina Zgierz was not well thought through by LGPP in the first place. It should not have been accepted for implementation in such a situation as existed in gmina Zgierz. On the other hand, demand was created and it appears that gmina is ready to proceed with the project in 20001 on its own, i.e., to finance the remaining part of the project from its own resources.

One of the characteristic features of LGPP organization an dmanagement is autocracy and lack of real partnership.

### ***Conclusions/Recommendations***

Providing services for gminas is not a priority and has probably not much future for such large companies as PWC. This is not the right scale, not the right market, and not the right money (three times "too small").

## **Mikolajki City and Gmina**

### ***General Info***

Meeting of A. Rudka on 2 March, 2000 with Mayor Edmund Puzio. He is a strong, somewhat autocratic man and his activity is often described as a one-man show there. He has some American experience (lived in the States for some time) and is critical about many things.

Gmina Mikolajki is a poor region, with a tradition of agricultural. After the state-owned farm went bankrupt a few years ago, unemployment is high. It is largely a tourist area with pretty attractive location on a water route linking major Mazurian lakes. It became a pretty fashionable tourist attraction in 1990s, especially after a modern hotel with many resort facilities was open in 1992. Mikoajki's geographical location decides about the present orientation of its economy. However, local labor force is not qualified enough and often outside workers are employed at most tourist facilities (hotels, motels, etc.)

### ***LGPP Involvement***

They viewed the LGPP as a vehicle to strengthen the city and gmina in a few weaker areas. Initially the program was to cover four areas, i.e., EDS, TBB, CIP, and Housing., though both TBB and CIP were not completely new tools for Mikolajki. That was the first time they were using any foreign assistance (no Phare money went there), so they expectations were probably exaggerated. In some terms, there is an investment/construction boom under way in the city as one of Polish companies (with participation of foreign capital) implements a longer-term plan to completely revamp the city center and build a new commercial/tourist and residential quarters facing one of the lakes. This is very exceptional situation compared to any other city/gmina in the country as a new large investor has dominated the business in the region (besides a huge hotel and resort place from early 1990s).

### ***LGPP Evaluation***

The pace and quality of outside experts working on the Economic Development Strategy (from MISTIA in Krakow) were pretty good. Mikolajki had an earlier Strategy, but within LGPP it was updated, corrected and constitutes now a useful tool for planning development of the city and gmina in the next few years. He valued highly training received during the implementation of the project.

As far as TBB was concerned, it was a time consuming effort and hopefully useful for the city and gmina in the future; for the moment they still need to prepare two budgets. On the other hand, training on TBB organized in Sopot (at the Polish seaside) was - according to him - worthless. There is also lack of a TBB final document that would allow gmina to gain practical/tangible effects from the endeavor.

He critically evaluated imposition of certain solutions on the city/gmina and him directly. In his view it concerned forced setting up of a Advisory committee consisting of representatives of different social and business communities of the city/gmina. His criticism came from the fact that establishment of such a body allowed some of his adversaries to use it as a vehicle to criticize his policies. Also he strongly criticized preparing and distributing a survey as a tool to undermine his policy in some areas.

Housing program was a complete failure. The concept was so long prepared by LGPP that the housing activity in Mikolajki started on its own (with outside investors), independently of LGPP. In effect, Housing project was canceled. Unfortunately, that does not necessarily mean solving fully the housing problem at Mikolajki. The character of apartments being constructed in relatively large numbers does not solve all local problems. They are built for relatively affluent, outside people, coming mostly from larger cities and buying those apartments for use only for a few months a year.

According to the Mayor there has been a pretty good cooperation with business community and NGOs (practically just one) in the city/gmina. The existing Business Club gave opinions on city/gmina budget even before LGPP.

He complained as well at the number of visitors and controllers coming to Mikolajki and talking to him (apparently Mikolajki as an attractive tourist place attracted many more visitors associated with the project that it was the case in most other areas).

Thus, even though he claimed that city/gmina officers benefited from LGPP (practice, training, etc.), the city and gmina would look practically the same today also without LGPP. So, even though the project has been satisfactory, he would never agree to repeat it, if he had a chance. He claimed that for this amount of money he would generate many more practical and useful things for the city and gmina.

As a result, he doubts that there is bright future for some of the tools offered to city/gmina within the project (for example, a survey), but this is understandable taking into consideration his way of "reigning" in the region.

### ***Conclusions/Recommendations***

Mikolajki got involved in LGPP with expectations, especially on Mayor's side, quite different from program's goals. They would prefer tangible results from it (like, in Mayor's words, constructing at least a few meters of a pavement) and not just production of papers only.

LGPP did not put forward clearly enough its goals at the beginning of the project, at least in Mikolajki.

The Mayor stressed that there is lack of any logical connection between LGPP projects and other assistance offers (from other sources) which makes it less useful. It would be worth to try and find such ties at least in a few of LGPP sites (where other assistance is present).

Mistakes were made in case of the Housing project. It looks that they cannot be corrected even though formally this project was to run until June 2000.

## **Olecko City and Gmina**

### ***General Info***

Meeting of A. Rudka on 3 March, 2000 with leadership of the city and gmina Olecko: Mayor Wacław Olszewski, his Deputy and coordinator of gmina's participation in LGPP - Mr. Leszek Galczyk, Mrs. Cecylia Domel, Treasurer, Mrs. Bożena Wrzyszczyk, Mrs. Ciesielska (responsible for Housing project) and Mr. Andrzej Ostrowski (responsible for investment project).

City and gmina Olecko are located in the north-eastern part of Poland, quite far from larger cities and economic and cultural centers of the region. Because of the growing deficit, a few years ago Polish Railways cut the rail connection with the city. The unemployment level is very high (roughly 27% in the city, 31% in gmina, and 54% among women). Three neighboring cities

joined efforts and created a special economic zone to attract outside investors, but Olecko was left out (some say that previous city/gmina authorities were not active enough to get involved). There is also limited cooperation with neighboring border region of Lithuania (within Niemen Euroregion), but it is not an extremely promising perspective. Nonetheless, against these odds Olecko managed to create in the last few years one of the largest academic centers in the region around the *Wsztechnica Mazurska* (with about six thousands students). This has many positive meanings for the city, gmina and the entire region: educational, cultural, public relational as well as financial. It does not seem, however, that local authorities are able to use this success properly to the benefit of the city, gmina and the whole region.

### ***LGPP Involvement***

Olecko was included into the LGPP project at its own initiative (the information about the project was found in the periodical *Wspólnota*) as only one of three gminas from the north-eastern part of Poland. The neighboring gminas were very much interested and inquired how gmina succeeded in getting involved. The application included all five areas of interest for gmina that were accepted by LGPP for implementation there. The agreement was signed in January 1999, but representatives of gmina participated in training and seminars even before that date. Two individual projects were implemented in 1999 as scheduled, i.e., EDS and TBB. CIP and Creditworthiness are slightly delayed, but will be finished this spring. There are not much activities taking place in the Housing project (and recently no contact with a project manager), even though there is still much interest on the gmina side to continue the project (it is to end in June 2000).

### ***LGPP Evaluation***

First of all, LGPP project plays a great role in promotion of the city and gmina. Representatives of Olecko were about those from five gminas present at the meeting/discussion concerning the project at the Polish parliament. Mrs. Domel represented experience of Olecko (in TBB area) at the conferences in Poznan and Debe devoted to sharing best experiences gained within LGPP. Mrs. Domel became a recognized expert in TBB and is approached by many to offer advice and training. Representatives of Olecko participated in TV show and presented its successes in implementation of the project, there was also a special program (30 minutes long) on radio devoted to this issue.

Preparing the Economic Development Strategy for the city and gmina is regarded as a big success by the authorities of Olecko. They value highly the work of MISTIA experts and relatively active participation of representatives of the local society (including NGOs). As a result of this experience, an idea was born to organize a Society for the Development of Olecko Region (it is in the process of registration) which will gather those who got involved in the work on EDS. The Strategy was accepted by the City Council in January 2000.

There are also very good experiences from TBB project. Even though they still have to prepare two slightly different budgets (traditional one and TBB), they recognize the contribution of the second one to better understanding, clarity etc. of the budgeting system, not only for them, but especially for city council's members. They have not yet prepared full TBB for 2000 (education was still not covered by it), but will do it at full length for 2001, treating TBB as the only way of preparing the budget in the near future. City Council works now on preparing a budget guide for general public, so it will be able to better understand details of the budget.

CIP and Creditworthiness projects, though slightly delayed, are closely related to TBB and together form a very valuable package of tools to manage city and gmina finances both in short- and longer-term. Experience gained during working on these projects helps them to prepare

many other documents, including application for new credits or for grants from other sources (including those of EU).

Delay in the start of the Housing project is difficult to understand as Olecko have large needs in this area (many houses are from the pre-war period, so a strategy to take care of them is needed).

Involvement of business community into LGPP project has been limited. First of all, there are not many businesses to deal with; they have practically only local character and are not much interested in city/gmina affairs. The city prepared earlier a special area for investments, but there is almost no interest to set up new businesses there.

### ***Conclusions/Recommendations***

Olecko authorities are sure that the effects of their participation in LGPP will stay long after the program is finished. It created a good supply of new types of services as well as demand on city/gmina side. They value long-term strategies (EDS and CIP) and confirmed their readiness to work on their updates in two-three years time.

They value the LGPP project highly even in view of some delays. They can compare this experience with earlier (also fairly good) participation in the EU financed Struder program.

General very good cooperation with LGPP and outside experts may be questioned in case of recent lack of contact in case of the Housing project.

Even though city/gmina authorities are fairly satisfied with involvement of representatives of local society, it seems that it was not always fully successful (especially in case of Wszechnica Mazurska). Practically no time is left to change that.

## Appendix 10

*Pawel Swianiewicz*

### Brief History of Local Government Reform in Poland

#### 1. Basic Facts in the History of the Reform

The inefficiency of the centralist system has been commonly seen for many years. The Polish Communist party tried to introduce some forms of decentralisation and local government (see Acts of 1983 and 1988). But those limited reforms did not change the doctrinal base of the centralist, communist state and did not change the dominance of communist party in the local decision-making system, so they could hardly result in more democratic or effective local government. The real reform had to wait until the political turn-over at the end of eighties.

The turning point was the round-table negotiation (between „Solidarity” opposition and ruling communist party) in 1989. The local government reform was one of topics of discussion. It is worth to stress that it was the only topic in which the final agreement was not reached and the „statement of disagreement” was signed. Nevertheless the main directions of the reform have been already drawn by the „Solidarity” opposition.

The local government reform has soon became one of the priorities for the first post-communist government which was formed in September 1989. Quick but intensive preparations allowed for passing the new Local Government Act in March 1990, which was followed by local elections in May 1990. The reform introduced elected local government on the municipal (*gmina*) level only, while upper tiers of territorial division remained managed by the state field administration. This solution was treated as tentative one. It was argued that the division on 49 small regions (*województwa*) introduced by the communist administration in the mid-seventies was dysfunctional and required modifications. New, elected regional government should be introduced together with the reform of territorial division.

The new regulations on municipal governments were rather fragmented. The Local Government Act settled only the general direction of the reform, while many detailed issues, including precise division of power between state and local government administration were regulated separately by the Act voted just few days before May 1990 local elections. Moreover, till the end of 1990 municipal governments had to operate within confines of the old financial system. New local government finance law was introduced at the beginning of 1991. But even those regulations were treated as tentative. They were changed in 1992 because of the reform of the tax system (including introduction of the personal income tax).

As a result of the 1990 reform *gmina* (municipal) governments received limited power of taxation, they have also shares in revenues from the central income taxes. The structure of municipal governments’ financing is briefly summarised in the table 1.

#### Table 1.

## The structure of municipal government revenues.

	1991	1993	1995	1997
Revenues from own sources	45,3%	46,5%	40,8%	37,6%
- property tax	15,3	14,8	14,2	11,2
- tax on agriculture	3,9	3,8	2,6	2,0
- tax on vehicles	3,3	3,3	3,0	2,9
Shares in central taxes	29,1%	25,4%	22,9%	24,2%
- personal income	NA	21,5	20,7	22,4
- corporate tax	5,2	3,9	2,2	1,8
General grants	13,7%	11,4%	15,3%	24,1%
Specific grants	11,9%	16,7%	21,0%	14,1%

In February 1991, the second post-communist Prime Minister – Bielecki - officially announced that the government was working on the deep territorial reform which would include replacement of small 49 *województwa* by about 10-12 stronger regions. At the beginning of nineties more than 20 versions of the new administrative division have been produced by government experts as well as by academics. Most of authors agreed that the new territorial organisation of the country should be based on three-tiers of sub-national administration: regions (*województwo*), counties (*powiat*) and municipalities (*gmina*). Individuals authors had very different opinions on the details of the future administrative map of Poland. For example the proposed number of regions varied from 6 to over 40.

Some of pro-reformers realised that the regional reform is politically difficult and requires longer discussions, but the quicker implementation of *powiat* (county) reform may be an important step towards decentralisation of the country. In the 1993 the proposal of the reform which would introduce over 300 self-government *powiat* was ready. The proposal has been prepared by the team led by prof. Michal Kulesza, who also was nominated the government plenipotary for implementation of the reform.

The government decided to start the implementation of the reform in 1994 by so-called „pilot programme”. The idea of pilot programme was to test new solutions by taking over *powiat* functions by 46 the largest cities (over 100,000 population). The rest of the country would be involved in the reform from the next year (1995). There is no doubt that the weak point of the pilot programme was the mechanism to finance new functions of „city-powiats”. The financing was based on transfer of state grants (without any new sources of own revenues), moreover allocation of the grant was based on historical data instead of any simulations of real needs and costs.

In the meantime (before the pilot programme was actually implemented), September 1993 brought new Parliamentary elections which results dramatically changed the political scene. The elections were won by post-communist party (SLD) which created the governing coalition with peasants’ party (PSL) which attitude towards the local government reform was probably the most sceptical. Very soon it has become obvious that the reforms not introduced during last two years would had to wait much longer.

The new central government (formed after 1993 Parliamentary elections) did not stop the „pilot programme” but separated it from the *powiat* reform which has been delayed for undefined

period. Opponents of the *powiat* reform argued that the new tier of the government was not necessary since functions too difficult to perform by individual *gmina* could be easily delivered through voluntary co-operation of neighbouring local governments. The practice shown that (for the number of reasons starting from psychological to the lack of any financial incentive for such a solution) that it has never really worked in that way. In 1996 the „pilot programme”, inherited from the previous governing coalition, was changed into permanent Act granting additional functions to the largest cities. The financing of those functions was changed from central government grants to cities’ shares in revenues from personal income tax. However, these shares were still allocated to individual cities on a basis related more to historical pattern of spending rather than to analysis of spending needs and diversification of costs.

At the end of 1993 one of the first decisions of the new government was to stop transfer of responsibility for primary schools to municipal governments. Originally such a transfer was scheduled for a beginning of 1994, but Prime Minister Pawlak decided to delay it to 1996.

The Autumn 1997 Parliamentary elections brought another turn-over on the political scene. The power has been taken over by the coalition of AWS (which itself has been a coalition of several small right-wing parties and „Solidarity” trade union) and UW (Freedom Union). The new government coming back to the idea of *powiat* tier reform seemed to be very probable but the regional reform looked much more complicated. It was so, mostly due to very strong divisions over this issue within the AWS. Some of right-wing politicians were very much afraid of radical decentralisation which - in their opinion - could be dangerous for the integrity of the state. Therefore a very vigorous preparations to the complex both regional and *powiat* reform were somewhat surprising.

The discussion was focused on two basic elements:

- territorial. Not surprisingly much of public opinion attention as well as politicians energy was attracted by the shape of the new map of territorial division. The first issue was a number of *powiats*. Theoretically most of disputants agreed that their number should be limited, probably not larger than 250. But in practice medium-sized towns threatened by not-getting the status of *powiat* capital organised very active and usually active lobbying „to defend their interest”. As a result the finally agreed number of *powiats* is over 360. Similarly, the initial government proposal to create 12 large regions was (as a result of long and complicated political battles) replaced by 16 slightly smaller units.
- functional. This dimension of the discussion was probably even more important, but more technical and though much less visible in public discussions. To avoid accusations of disintegration of the country the government suggested a mixed status of new regions. They would be a place of cohabitation of state administration (including a governor nominated by the Prime Minister) and popularly elected regional government. The other functional battle (or rather the whole series of smaller battles) has been between authors of the reform (who wanted to decentralise provision of as many functions as possible) and bureaucracy of individual central ministries (who tried to defend their powers arguing that strict state control and uniformisation is essential for many services). The lobbying of central bureaucrats was often quite effective, and they were able to stop (or at least to delay) decentralisation of many institutions. Sometime battles lasted till the last votings in the Parliament. The good examples of central bureaucracy victories may be provided by keeping Ministry of Culture control on many cultural institutions and the one year delay in taking over Labour Offices by *powiat* administration.

There are some striking similarities between the implementation of 1990 and 1998 reforms. As it happened in 1990, the 1998 reform was prepared very quickly. The specific directions of the government proposal were formulated at the beginning of 1998, the election to *powiat* and regional councils were held in October and new tiers of government started their operation 1 January of 1999. Again, similarly to 1990, many important legal regulations have been approved the last minute (or even later). The Act on Revenues of Territorial Self-Government has been voted after October 1998 elections. Moreover, the Act is only tentative (limitations of its validity to years 1999 and 2000 is specified in the title of the Act) - government and parliament agreed that substantial revisions will be necessary after one or two years of the new system operation. Also precise regulations on division of competencies between tiers of government and between local government and state administration have been discussed by the Parliament even after elections.

Currently both *powiat* and regional tiers are financed mostly through general and specific grants. In 1999 almost 70% of regions' revenues and even larger proportion of *powiat* revenues will be coming from state grants (see table 2). Such a situation is widely criticised and this is one of the main reasons why current financial regulations are treated as tentative only. In addition to revenues from state grants new tiers of government have also revenues from shares in central taxes (*powiat* 1% of revenues from personal income tax, regions 1.5% of revenues from personal income tax and 0.5% of revenues from corporate tax).

**Table 2.**  
**Structure of revenues of *powiat* and *województwo* governments – 1<sup>st</sup> half of 1999<sup>3</sup>**

	<i>Powiat</i> (excluding cities of <i>powiat</i> status)	<i>Województwa</i>
Shares in PIT and own revenues	5%	21%
General grant	49%	38%
- education part	35%	
- road part	9%	
- equalising part	5%	
Specific grants	46%	41%

## 2. The Territorial Organisation of the State and the Division of Functions

This section summarises basic features of the system created as a result of reforms described briefly in the section 1. The size of local governments on *gmina*, *powiat* and *województwo* tiers is illustrated in table 3. What should be stressed is relatively large size of *gmina* government (as compared to most of other European countries). Perhaps size is one of the factors explaining why Polish *gmina* enjoys relatively wide range of functions. The other part of explanation is political. Most of experts agree that there are some services (solid waste disposal is typical example) which

<sup>3</sup> Full 1999 data is not available yet.  
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could be better transferred to *powiat* rather than *gmina* tier of local government. However, central government while promoting 1998/99 local government reform needed political support of *gmina* governments. In order to obtain such support it promised to *gmina* governments that none of *gmina* functions nor none of *gmina* revenue sources would be transferred to *powiat* governments. This declaration has blocked possible moves towards rationalisation of distribution of functions and financial resources.

Table 3.

New territorial division of Poland – average sizes and their ranges

	Municipalities ( <i>gminy</i> )	<i>Powiat</i> level	Regional level ( <i>województwo</i> )
Number of units	about 2500	308 + 65 cities of <i>powiat</i> status	16
Area (sq. km)			
- Average	125	836	19,500
- minimum	2	13	9,415
- maximum	625	2,987	3,5612
Population (thousands)			
- Average	15.5	104	2,420
- minimum	1.3	22	1,018
- maximum	931.5	1,628	6,689

Presently, the most important own functions of *gmina* government include:

- provision of water and sewage services
- solid waste disposal
- street cleaning, street lighting
- central district heating
- gas
- maintenance and construction of streets and local roads
- city public transportation
- municipal housing
- provision of education services, including primary schools (taking over responsibility for primary schools by municipalities was voluntary before 1996 and compulsory after that date)
- culture, including local libraries and leisure centres
- some social services including services for elderly, handicapped and homeless people
- physical planning, building permissions

In addition to those so-called “own functions”, *gmina* governments performs certain (usually administrative) tasks delegated by the state administration. Typical example of such delegated task is registration of births and marriages or registration of cars. Delegated tasks are financed through specific grants. The volume spent on delegated tasks is not larger than around 20% of resources spent by *gmina* on their own functions.

The most important own functions of *powiat* tier include:

- secondary education,

- health care<sup>4</sup>,
- maintenance and construction of *powiat* roads
- some of social services
- labour offices (from 2000; labour offices are responsible for fighting unemployment, register of unemployed and benefit payments)
- natural disasters' protection
- consumer protection
- land surveying

65 largest cities (so called cities of *powiat* status) are responsible for both *gmina* and *powiat* government functions.

The role of regions in direct delivery of services is very limited (although there are also some examples of such a role i.e. higher education and main roads) but they are mostly focused on strategic planning and regional development programmes.

### **Public Reaction for the Local Government Reform**

It is commonly accepted that decentralisation reform has been one of the largest successes of Polish transformation. It is not difficult to indicate examples of such opinions both in popular press or journals and in more sophisticated academic analysis. It is important to stress that local self-government has been the only government institution enjoying relatively high and stable level of public approval throughout the whole decade of nineties. Proportion of satisfied with local government functioning has been always at least twice larger than proportion of those dissatisfied, while in case of the President, Central Government and Parliament number of dissatisfied has been frequently higher than number of those satisfied. It is illustrated by figures 1 and 2 presenting changes in the approval and disapproval level for the most important government institutions as measured by CBOS (the largest Polish public opinion research institutions).

It does not mean that local governments are not criticised. Recent discussions on the level of salaries in top management positions in local government administration, corruption in local governments provide good examples of such criticism. Some analysts suggest that while the first term of *gmina* governments (1990-1994) attracted many of the best people from local communities, next local elections (in 1994 and 1998) were more a forum for the struggle of political parties and group interests. Nevertheless, the general tune of publications on local governments has been extremely positive.

Taking into account this very positive picture of the decentralisation reform one may ask the question whether external support (including foreign donors' technical assistance) for local governments has been really necessary and useful. The answer is positive and may be supported by following arguments:

- the great success of local development during first years of new local government system was possible as a result of easy to liquidate incredible inefficiency of the old centralist

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<sup>4</sup> Powiat governments manage only hospital buildings and other properties related to health services. The health reform implemented parallelly with local government reform has created independent health authorities which are responsible for most of current medical operations.

system. However, such “simple reserves” have been quickly exploited and further progress would require more sophisticated technical capacities including understanding of long-term strategic planning. Such abilities among local government staff have been scarce.

- some of innovative solutions (such as issuing bonds for development programmes financing) which many cities are proud of, have been possible to large extent thanks to foreign advisors’ assistance.

### **(Other than USAID) Foreign Assistance Programmes for Polish Local Governments**

USAID is one of the largest, but not only, agency active in providing support for Polish decentralisation reform. Such a support has started almost parallelly with the beginning of local government reform in 1990 and is provided by both multilateral and bilateral donor programmes. The most important institutional actors might be classified in following way:

#### **I. Multilateral Projects**

1. European Union
2. World Bank
3. United Nations

#### **II. Bilateral Programmes**

1. USAID and other American programmes (Peace Corp)
2. British Know How Fund
3. German semi-public foundations
4. France-Pologne Foundation
5. Other (smaller) bilateral programmes delivered by European (the most significant are probably Dutch and Swedish) and non-European (Canada, Japan) countries.

All programmes delivered by those agencies may be roughly classified into following clusters:

1. Financial assistance for development programmes (grants or loans)
2. Technical assistance programmes
  - directed at central level (for example support for legislative changes)
  - directed at local government associations or local governments in the whole country (e.g. manuals, conferences, organisational support for associations)
  - projects to assist individual (or small group) of local governments.

It should be added that apart of projects directly focused on decentralisation and local governments, there are numerous sector projects, which indirectly are very important for many local governments (for examples some of agriculture or rural development projects).

The above classification is obviously a simplification, in practice many programmes combines different types; for example some of financial assistance is dependent on technical assistance and development of local government capacity; projects to assist individual local governments are often concluded by the dissemination conference or publication of manual/textbook/case study utilising specific project's experience.

Alone enumeration of all implemented throughout last decade programmes' titles would be several pages long and is not possible in this short paper. In following sections I include very brief description of some subjectively selected programmes.

## European Union

This is probably the largest stream of the foreign support for Polish local government, and one of very few in which important role is played not only by technical assistance but also by grants for capital investment programmes. The largest part of EU assistance is channelled through the family of PHARE programmes. It is almost impossible to give even a brief summary of all EU programmes in very short note, therefore it should be reminded that it was inevitable to omit some of programmes. The most significant EU technical assistance programmes have included:

- implemented in 1992-1995 programme on “Restructuring and Privatisation of Municipal Enterprises”. The programme provided assistance to restructuring services in over 20 cities and entities delivering services. The programme financed also the most extensive research project focused on monitoring of changes in Polish municipal sector after 1990. Experiences of all implemented projects have been summarised in the manual published in 1996.
- OMEGA programme (replaced later by the Foundation for Development of Public Administration) financed (among others):
  - studies related to creation of Municipal Development Agency
  - monitoring of so-called “pilot programme” (transfer of new functions to 46 largest cities in Poland, project started in 1993)
  - free-of-charge or strongly subsidised training courses for local administration
  - data base on training and consultancy services available in Poland
  - several training and innovation-support projects implemented through the Foundation in Support for Local Democracy

European Union has had also separate programmes supporting cross-border co-operation and international twinning contacts of local governments.

### **Currently European Union finances projects related to the support for decentralisation reform (extensive programme of training for powiat and voivodship staff and monitoring of the reform implementation).**

European Union has also provided direct financial assistance for local government development programmes. Example of such a „well-established” programme is provided by PHARE-Struder which aim has been support for development of regions especially affected by negative consequences of economic transformation. The newest EU programmes of that type include: PHARE 2 (focused on central administration and regional development), ISPA (focused on environment protection and transport infrastructure) and SAPARD (focused on agriculture and rural development).

## World Bank

The World Bank has supported numerous analysis and technical assistance on municipal capital investment financing. The World Bank has offered two loans on development of rural infrastructure (one in mid nineties and one current). These have been loans for Polish governments, but they have been distributed as grants for rural local governments.

## UNITED NATIONS

UN provides assistance for Polish local governments through its Umbrella Project. In particular, it supports development of eco-development strategies going along with Agenda 21. Umbrella has also a quality management assurance project (ISO 9000) addressed at local governments.

## PEACE CORP

During last decade hundreds of volunteers came to Poland to support its democratic transition. Most of them worked as English language teachers in small towns and rural communities, some others worked in local government administration sharing their experience on management techniques and practice.

## BRITISH KNOW HOW FUND

The largest KHF programme addressed at local governments has been Local Government Assistance Programme (LGAP) which started in 1992 and will be completed in 2001. The Programme has prepared and published over 10 manuals on various aspects of local government services' management and has developed co-operation with the network of 8 Polish training and consultancy institutions. In 1995-1998 LGAP provided assistance for 25 municipalities through small demonstration. LGAP has also co-operated with Polish Regional Audit Offices on development of manual and training programme for RAO inspectors. Currently LGAP co-ordinates programme of training for about 1000 newly elected and appointed politicians and staff on a powiat government level and prepares series of booklets and training programme on consequences of European integration for Polish local governments. LGAP co-ordinates also development of training and manual for rural communities on preparation and implementation of investments in rural infrastructure. LGAP offers also small grants for projects aimed at strengthening of local government associations.

Other KHF programmes targeted at local government level have included:

- technical links scheme – supporting practical co-operation between local governments in UK and Poland;
- rural development project – currently implemented in Lublin voivodship
- social aspect of hard coal restructuring in Upper Silesia.

## OTHER BILATERAL PROGRAMMES

### - German

Most of programmes is implemented through semi-public German foundations, such as Konrad Adenauer and Friedrich Ebert Foundations. They support training, seminars and study visit of Polish local government politicians and administration. Adenauer Foundation co-operates (on permanent basis) with one of regional centres (in Jelenia Góra) of the Foundation in Support for

Local Democracy. Some German programmes offer also grants for technical and social infrastructure development (especially in Opole region inhabited by German minority).

### French

Since the beginning of nineties France-Pologne Foundation has organised many study visits (to French municipalities) for councillors and local government staff from Polish gminy. It also supports development of training and education for local governments in Poland (through seminars and development of short and long courses curricula).

### - Dutch

Programme of assistance for Polish local governments is managed by Association of Netherlands Municipalities (it is a part of a broader programme for EU candidating countries). Programme offers visits of Dutch experts to Poland, scholarships and training for Polish local government administration. Municipalities may also apply for small grants on projects concerning “social change” (programme administered by the Dutch Embassy).

### - Swedish

Swedish programmes are administered by the Swedish International Development Agency. They offer technical assistance for individual local governments as well as training programmes. The focus is on environment protection, financial management and physical planning.

### - Swiss

Swiss Regional Programme has offered assistance for local economic development in four groups of municipalities (including credits for SMEs)

### - Canadian

Among Canadian programmes, CESO (Canadian Executive Service Organisation) is the related to local government area. About 10 cities received assistance in implementation of projects such as development strategies preparation, geographical information systems etc.

### - Japanese

Japan Agency for International Co-operation supported training in management and preparation of economic development programmes. Municipal Development Agency implemented also small programme of communal credits.

## **FOREIGN ASSISTANCE PROJECTS IN LOCAL GOVERNMENTS' OPINION SURVEY**

The only known for the author extensive survey covering issues related to foreign assistance was conducted in 1997 in over 500 Polish municipal governments (gminas)<sup>5</sup>. Although the survey topic was much broader, it included few questions related to international contacts and foreign assistance programmes in Central-East European countries<sup>6</sup>. Even remembering that the sample was relatively limited and that the survey was conducted three years ago, it seems to be interesting to quote some of results, which are closely related to the subject of this paper.

As it was mentioned above, organisation of international study visits has been a significant part of some projects. Not surprisingly (taking into account geographical distance) trips to USA have not been among the most frequent<sup>7</sup> (table 1). The most frequent were travels to Germany (due to geographical proximity) and to France (perhaps because of project organised at the beginning of nineties which was focused on organisation of trips for Polish mayors

Table 1. Percentage of Polish mayors who declared they travelled abroad in business (by the country of destination).

<b>USA</b>	<b>1.8</b>
<b>Germany</b>	44.9
France	24.6
Austria	6.7
United Kingdom	3.5
Belgium, Netherlands	10.9
Nordic Countries	20.9
Other East-Central European Countries	20.2

Mayors were also asked about their experiences related to foreign experts' assistance for their communities. Peace Corp and European Union programmes were mentioned the most often (table 2). USAID was mentioned by 1.7% of respondents. It does not mean that other had no any contacts with USAID projects, the question was asking only about direct work of an expert in the community, so it did not include participation in the conferences, learning on other communities experiences etc.

Table 2. Mayors mentioning foreign experts' assistance for their communities (by the origin of an expert)

	Number of responses in the survey	Percentage of respondents
<b>USAID</b>	<b>9</b>	<b>1.7</b>
World Bank	4	0.8

<sup>5</sup> The survey was a part of international research project 'Local Democracy and Innovation', financed by the Norwegian Research Council for Applied Social Sciences and co-ordinated by the University of Bergen. Pawel Swianiewicz was a co-ordinator of the Polish team working in the project.

<sup>6</sup> This part of the survey's results has been described in details in: H. Baldersheim, P. Swianiewicz (1999) „Learning Across Borders: International Contacts of Central-East European Mayors”.

<sup>7</sup> It should be mentioned that the survey did not distinguish between sponsored study visits and trips and not-sponsored travels related for example to twinning contacts between cities.

Peace Corp	27	5.2
British Know How Fund	8	1.5
European Union(1)	49	9.4

(1) Respondents usually did not distinguish between bilateral German, French, Dutch etc. programmes and multilateral EU programmes (the only exception was British KHF – perhaps because of distinct, well recognised “brand name”). Therefore this row includes both PHARE and numerous smaller bilateral programmes.

Finally, mayors were asked about their opinions on assistance received. They could choose one of three answers: (1) it was good and useful, (2) it was partially useful, (3) it was not useful. Results from communities which declared presence of experts from different projects are presented in the table 3.

Table 3. Mayors’ opinions on received experts’ assistance

	Useful	So, so	Not useful
Total	50.7%	34.2%	15.1%
<b>USAID</b>	<b>38%</b>	<b>50%</b>	<b>13%</b>
<b>World Bank</b>	75%	25%	0%
Peace Corp	37%	44%	16%
British Know How Fund	57%	43%	0%
European Union	58%	40%	2%

## Appendix 11

## LGPP Information Dissemination &amp; Public Relations

<b>Product</b>	<b>Audience</b>	<b>Description</b>	<b>Impact</b>
LGPP Newsletter	Partner gminas, other gminas upon request, local government support organizations cooperating with LGPP and on request; always addressed to an individual	LGPP news, upcoming events, project updates by tool or technique, news from LGPP partner gminas (eight pages plus innovative practices)	<ul style="list-style-type: none"> <li>-1000 receive by direct mail</li> <li>-3000 additional copies distributed</li> <li>-Published every 6-8 weeks</li> <li>-IPs rated most useful by survey results, followed by sector news</li> <li>-Contact information for staff and local governments included to encourage follow-up</li> <li>-Year 2000 format updated based on survey results</li> </ul>
LGPP Insert in Wspólnota	Local government decision-makers and officials	Best practice (tool or technique) in a specific technical area with examples in Polish gminas emphasized, also innovative practices from Poland (four full pages in Wspólnota magazine)	<ul style="list-style-type: none"> <li>-20,000 subscribers receive</li> <li>-4000 additional distributed at LGPP events</li> <li>-Published every 6-8 weeks</li> <li>-Links resources to end users by including consultant references and book reviews</li> <li>-Target survey results demonstrate that readers have actually replicated best practices or innovations in their gminas</li> </ul>
Innovative Practices	All of above – distributed with Newsletter and Insert; plus all interested via Web	One page description of Innovative Practice that describes a problem and an innovative solution applied in a Polish local government; emphasizes results	<ul style="list-style-type: none"> <li>-25,000 distributed by LGPP plus additional via reprints in local government press (does not apply to all)</li> <li>-Positive feedback received from readers</li> <li>-Contact people in gmina who knows about the innovation described is included</li> <li>-Calls to those people indicate that they get inquiries regarding the innovations</li> </ul>

<b>Product</b>	<b>Audience</b>	<b>Description</b>	<b>Impact</b>
Best Practice Publications with Application Examples	Local government officials and staff; distributed through Municipium, LGPP subcontractor	Each publication provides an overview of a tool or procedure that has been tested and proven in Polish local government and specific examples of application in Poland (80-150 pages)	-Sold on demand through subcontractor, Municipium -First two publications have sold more than 290 each for PLN 20 per book -Preparation of additional books include local government review committee
Catalog of Local Government Publications	All interested in local governments, including local government officials, consultants and students	Promotes currently available local government publications (more than 500 from 121 publishers) plus 32 press titles devoted to local government	-5500+ distributed by LGPP directly and in cooperation with local government associations -Links resources to end users -Survey conducted to improve third edition, which will be completed by subcontractor -Feedback has indicated that sales have increased for some publishers due to catalog -LGSO will work on next edition and continue the catalog in the future
Journal Articles & special inserts in specialized press	Specific local government audience depending on magazine circulation	Technical content directed at operational audience in local government	-Occasional articles or inserts written and published -Circulation depends on specific magazine -Additional distribution of special inserts by LGPP -Direct feedback limited
Web-site	All interested in local government with access to internet – especially local government support organizations, students, consultants	Information about all major LGPP projects, partner gminas, articles from LGPP publications, innovative practices, LGPP books, grant information, conference information, contact information for LGPP staff, and links to other websites.	-More than 6000 visitors since launch in October, 1999

<b>Product</b>	<b>Audience</b>	<b>Description</b>	<b>Impact</b>
Conferences	Local government decision-makers and practitioners	Conferences present best practices (TBB, Housing Strategy) and provide both an overview as well as hands on workshops	<ul style="list-style-type: none"> <li>-Some conference participants have applied concepts in their own local government</li> <li>-A group of local governments consistently send their staff</li> <li>-Sometimes several people from one local government attend, which indicates that the gmina is serious about replication</li> <li>-80-140 people attend each conference</li> </ul>
Information Booths	Same as above plus LGSOs	LGPP materials distributed	<ul style="list-style-type: none"> <li>-Provides dissemination opportunity at non-LGPP events</li> <li>-PR for the LGPP</li> </ul>
Press (national and regional)	General public including local government	Content is about results of LGPP TA projects, grants, LGPP in general, role of USAID, activities in LGPP partners; purpose is to promote success of Polish local government to a broad audience and provide PR for LGPP	<ul style="list-style-type: none"> <li>-During fourth quarter 1999 there were at least 150 articles published about LGPP and successes in gminas in addition to those published as part of the civic journalism project</li> <li>-Readership based on newspaper circulation</li> </ul>
Television/Radio	General public including local government	Content emphasizes success in local government and seeks to give the audience a positive view of what has been achieved and for those who have less active local governments find out what they are missing and should expect	<ul style="list-style-type: none"> <li>-Vast majority of Poles get information from TV (more than 90% of households have TV)</li> <li>-Radio is most trusted source of information</li> <li>-National and local television have covered stories, which mean a large audience has seen</li> <li>-Seeks to influence attitude of the public toward local government</li> <li>-Impact difficult to measure</li> </ul>