Poland

Type of state	Unitary
State / regional government level (number)	Regions (*voivodships*) (16)[1] Counties (*powiats)* (314)
Local general government levels (number)	Cities with *powiat* status (66) Municipalities (*gminas*), of which: Urban (302) Urban-rural (1,638) Rural (1,537)
Total subnational liabilities, 2020 (state/regional + local)	PLN 89.85 billion, (USD 23.04 billion eq.)
Local government outstanding liabilities, *% of total subnational, 2020*	85.95%
Total subnational *liabilities growth, CPI adjusted, 2016 to 2020*	18.53%
Total local government *liabilities growth, CPI adjusted, period 2016 to 2020*[2]	24.05%

Legal & regulatory environment	• Local governments can issue bonds[3] • Local governments have debt service limits based on individually assessed repayment capacity • There is no subnational insolvency framework
Borrowing readiness	• Local governments control one third of public expenditures • Local governments have more control over spending than over revenues[4] and have limited capacity to raise own revenue[5] • Municipal budget systems are not transparent[6]
Macro credit conditions	• Poland financial development is relatively high[7] • Benefits related to EU membership such as increase in: GDP, income, employment, trade volume, foreign direct investments, and integration of financial markets.

Highlights

- Poland is a decentralized country with a high proportion of local government spending when compared to other unitary countries. In 2020, local government spending in Poland stood at 11% of GDP and total subnational expenditures stood at 13%. Subnational governments in Poland were responsible for about 60% of total government expenditures[8] in 2020, and have considerable autonomy in their expenditure decisions.[9]
- Local governments are subject to strict fiscal rules. The general rule stipulates current expenditures cannot be higher than current revenues.
- From 2014, a new debt rule, which allows for greater flexibility, is in force. The new rule introduces a specific debt threshold for each local government entity and is calculated based on the financial situation of each local government.
- Regional Audit Chambers, which are independent bodies of financial oversight with the responsibility of overseeing local finances, exercise *ex ante* and *ex post* borrowing control.

Borrowing legal & regulatory environment

Overview: Poland has three levels of subnational government. In 2020, there were 16 regions (*voivodships*), 314 counties (*powiats*) and 2,477 municipalities (*gminas*). Among the municipalities there were: 302 urban municipalities, including 66 cities with county status (which have both municipal and county competences). 1,638 urban-rural municipalities, covering the city and the surrounding rural area, and 1,537 rural municipalities.[10] Subnational governments expenditure as a share of total public expenditure has been increasing substantially with the decentralization reforms that begun in the late 1990s, going from 23% in 1995 to 59% in 2020.[11] In 2020, local government expenditure accounted for 83% of total subnational government expenditures, reflecting the higher number of tasks assigned to municipalities. Counties and regions accounted for the remaining 17%.[12]

The most important part of local revenue is covered by transfers from the central government (60% for municipalities and 42% for cities with county status).[13] Local government own revenues consist of:

- **local taxes** that contribute 14% to municipal and city budgets. Local governments can decide about the tax rates (below centrally imposed maximums) and tax relief;
- **shared taxes** on personal and corporate incomes. Local governments receive a fixed percentage and have no fiscal autonomy over shared taxes. Municipalities cannot collect taxes other than those set by state law nor impose any surtaxes;
- **fees and charges**, user charges, business licenses & fees, etc. These revenues contribute to 10% of municipal and 17% of city budgets.

***Borrowing framework & process*:** Poland has had strong controls on local government borrowing since the post-Communist period. In 1990, the Act on Municipalities restricted debt repayments to 5% of local government expenditures. In a period of high inflation, this law made it almost impossible for local governments to borrow. The 1993 Act of Municipal Financing restricted debt service to 15% of local governments revenues, and the 1998 Public Finance Act limited local government outstanding debt to 60% of local governments revenues. In 2004, the Act on Local Government Revenue granted local governments more fiscal autonomy by decreasing central government transfers and an increasing shared tax revenue.[14]

Local governments today are subject to strict fiscal rules articulated in the Constitution and in the new Public Finance Act (2009). The Constitution of the Republic of Poland (1997) includes a ban on incurring loans and granting financial guarantees which would cause general government (all levels) public debt to exceed 60% of the annual GDP. The Constitution details procedures regarding the local governments' budgets if the public debt-to-GDP ratio exceeds 55%.

In 2009, the new Public Finance Act substantially changed the institutional setting for local government budgeting with reforms aimed at enhancing transparency, budget consolidation and debt reduction.[15] The Public Finance Act of 2009 replaced the previous regulations by substituting the debt service and debt stock limits with individual debt limits. Article 243 of the Public Finance Act (2009) conditioned local government debt limit on individual repayment capacity (in force since 2014) basing the limit on local governments' current account balance and proceeds from assets sale calculated over a three-year period.[16] Essentially, the new rule replaced a constant factor of a debt repayment limit common to all local governments with one which is time-varying and entity-specific.[17] From 2026 onwards, the period based on which the limit of debt repayment is calculated will be extended to 7 years and the income from the sale of assets will be excluded from the calculation of the debt ratio.

Borrowing restrictions:[18]

General restrictions:

- Mandatory "balanced budget rule", which prohibits an operating (current) deficit (Public Finance Act, 2009).
- Loans incurred and securities issued for covering temporary budget deficit of local government have to be paid off or redeemed in the same year as they were incurred or issued.
- Local governments cannot borrow to cover current expenditures.
- The Regional Audit Chambers, a set of constitutional supervisory bodies in financial matters, issue opinions on capacity to repay debt. A negative opinion from the Regional Audit Chamber on capacity to repay liabilities (loans, credits, redemption of securities) is not a formal ban on borrowing, but banks and other lenders generally refuse to lend to local governments with a negative opinion.
- Current revenues (in addition to budget surpluses from the past) shall cover all current expenditures (Act of Public Finance of 2009). This rule is supposed to diminish the propensity for asset sales to satisfy the new debt repayment rule.[19]

Debt limits:

- Debt service limits are calculated by a uniform formula, integrating several local indicators (Article 243 of the Public Finance Act). Debt limitation is estimated separately for each local government (an individual debt limit). A three-year average ratio of current balance and asset sales to revenues serves as a proxy for the debt repayment ability.
- Local government borrowing is conditional on the borrowing position of the national government in that the consolidated public debt may not exceed 60 percent of GDP.

Borrowing incentives / credit enhancements: Lenders might be incentivized to invest in Polish local governments because the financial risks are mitigated by an implicit central government guarantee. Local governments cannot go bankrupt and can receive a central government loan in case of severe financial problems.[20]

Penalties related to public debt management: (from the Constitution of the Republic of Poland and Public Finance Act of 2009)

Limits on public debt to GDP ratio:

- When the ratio is greater than 55% and lower than 60%:
- Any budget deficit of local governments for the following 2 years can only derive from expenditures co-financed from EU or European Free Trade Association (EFTA) member countries funds.
- When the ratio is equal to or greater than 60%:
- budgets of local government units for the two following years must be balanced.

Debt service limits legal procedures:
When local governments exceed the debt service limit outlined above, Article 240a of the Public Finance Act stipulates that the Regional Audit Chamber mandate the local governments to adopt a three-year remedial program. Under the program, local governments cannot make new investments financed by credit, loans, or issuance of securities. They also cannot engage in any off-balance sheet activities, including the provision of guarantees and/or other special financing arrangements.[21]

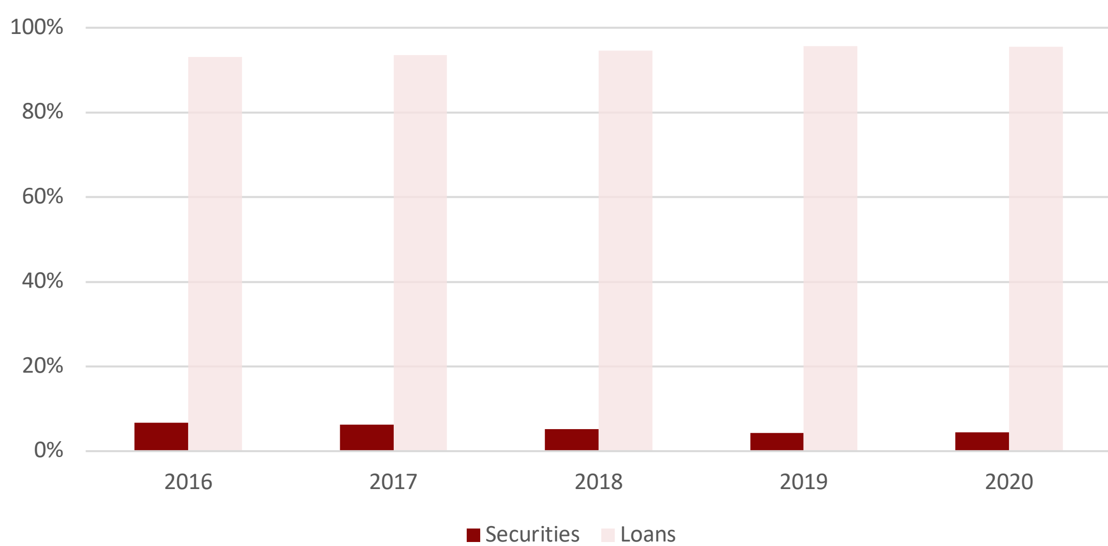
Should a local government fail to meet debt limit rules, local government officials might risk removal from office.[22]

Debt management

Aggregate debt levels: In 2020, local government liabilities amounted to 3.3% of GDP.[23] In 2020, local government debt was made up loans (96%); bonds (4.5%). Figure 1 shows the rates of loans and bonds since 2016.

In 2020, the total liabilities of local governments amounted to PLN 77,226 million (USD 19.8 billion) and the balance increased in real terms by 24% since 2016. The total subnational share of public debt was 6.7% and the local government share of public debt amounted to 5.8%.

Figure 1: Securities and loans as percentage of total local government borrowing (2020)



Sources: CCI-LGDB calculations based on data from Poland Statistical Office

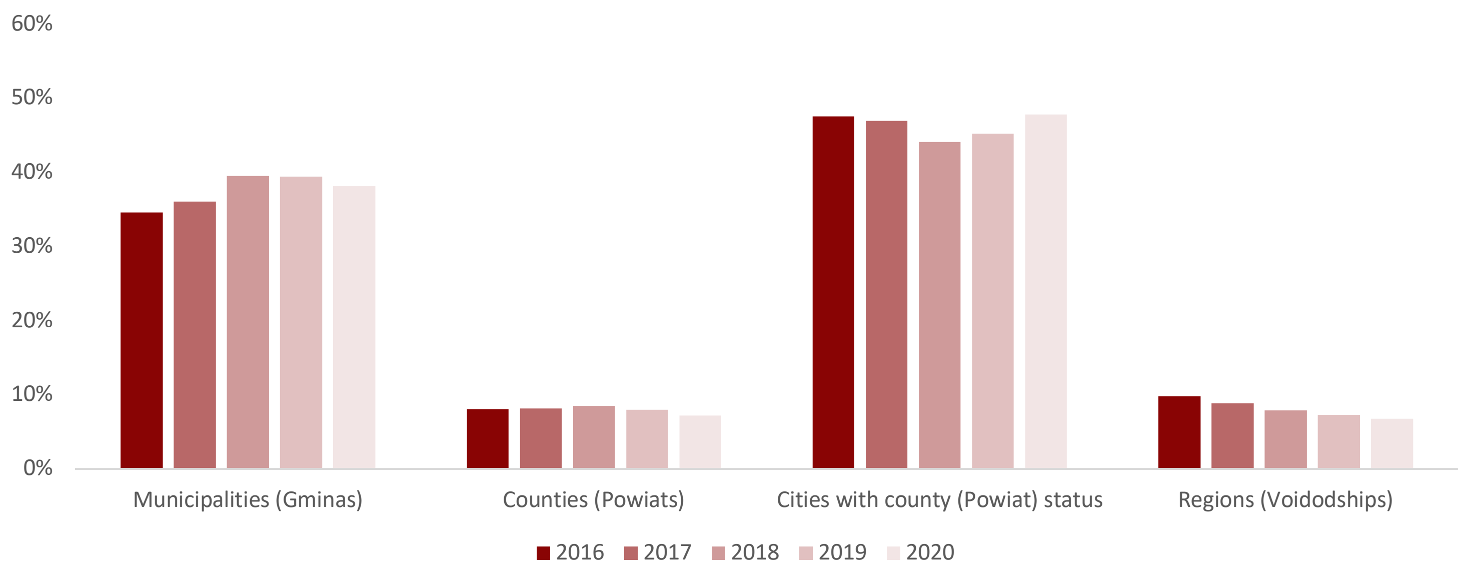
A noticeable increase in debt when levels in 2020 are compared to 2016 was recorded in municipalities, where liabilities increased in nominal term by almost 45%. At the same time, regional governments' (*voivodships)* liabilities have decreased since 2016. 86% of subnational government liabilities are held by municipalities (*gminas*) and cities with county (*powiats*) status. The liabilities of municipalities[24] (*gminas*) accounted for 38% of total subnational governments liabilities and the liabilities of cities with powiat status amounted to 48% of total subnational government liabilities. On the other hand, the liabilities of counties (*powiats*) and regions (*voivodships*) amounted only to 7% each (Table 1). The share of subnational government units' debt has not changed dramatically since 2016 as can be seen from Figure 2.

Table 1: Subnational government units' ratios (2020)

Local Government Unit	***Share of Total SNG Debt***	***Loans***	***Bonds***
Municipalities (*Gminas*)	38%	98%	2%
Cities with county (*Powiat*) status	48%	93%	7%
Counties (*Powiats*)	7%	99%	1%
Regions (*Voivodships*)	7%	98%	2%

Sources: Poland Statistical Office and author's calculations

Figure 2: Share of subnational government debt by local government units from 2016 to 2020.



Sources: Author's calculations based on data from Poland Statistical Office

Lenders and types of instruments: Local government debt consists of mainly loans. In 2020, these accounted for more than 96% of the total debt stock of local governments. Polish local governments are free to issue bonds but rarely make use of this instrument (securities accounted for about 4% of local debt stock in 2020).

Subnational governments' share of foreign creditor debt accounted for 25% of all debts - an increase in the share by 2.9 percentage points[25] compared to the previous year. The highest share of these liabilities occurred in cities with *powiat* status, where debt held by foreign creditors accounted for 90.5% of subnational governments' foreign debt stock. From 2016, the share of liabilities to foreign creditors in cities with county (*powiat)* status increased from 39.9% in 2016 to 46.7% in 2020. In the Regions (*voivodships)*, the share of liabilities to foreign creditors in 2020 accounted for 34.3% of total regional liabilities and 9.5% of foreign liabilities of subnational governments.

Municipalities (*gminas*) and counties (*powiats*) borrow only domestically.[26]

In Poland, municipal bonds issuances are in most cases carried out via private placement. The securities are primarily purchased by the commercial banks.[27] There is little interest of other non-banking institutions to the municipal bond market due to perceptions of low liquidity.[28]

Use of Special Purpose Entities and Public-Private Partnerships: In the Polish legal system, local governments can perform their service mandates through their own organizational units or through municipal-owned entities. Municipal-owned entities receive no subsidies from local governments. The only instrument available for compensating losses arising from the provision of municipal services is a payment of a surcharge to a limited liability company's equity to cover the financial loss recognized in the annual financial statements at the end of the prior fiscal year (Commercial Companies Code/2000). An exception is made for water supply and sewage disposal companies, for which the municipal council may adopt a surcharge for a low tariff if the tariff does not cover the full cost of the service provided. The surcharge allows the municipal company to maintain its liquidity.[29] Polish municipal-owned entities are regulated by the Commercial Companies Code.[30] Their debt is neither included in the local public debt nor limited by fiscal debt constraints applicable to local governments, nor is it guaranteed.

The investment in infrastructure is an important task of local governments in Poland. The share of investments in local budgets has generally averaged just over 20% since the 1990s.[31] Starting from 2011, local governments could only borrow for investment purposes. Given their large investment needs, local governments have been using PPPs to access funds since 2009. In 2008, new laws were enacted for PPPs and concessions. Also, the special government agency dedicated to PPPs was established. From 2009 to 2016, 117 PPP projects were realized (85 by municipalities and cities). Polish PPPs are generally small, with most valued below 12 million euro).[32]

Transparency & open data: Data availability: Data on local government borrowing can be found on the Ministry of Finance annual "Public Finance Sector Debt Management Strategy", the Polish Statistical Office, and on the Eurostat database. Except for the Eurostat database that only reports total aggregate subnational government data, both the Ministry of Finance and the Polish Statistical office report annual data per local government unit. Information on lenders breakdown is not available.

Transparency and oversight: The 1990 Local Government Act defined three subnational governments supervisory bodies: the Prime Minister, the provincial governors, and the Regional Audit Chambers (regionalne izby obrachunkowe - RIO). The first two authorities control the legality of the local government action, the RIOs supervise the financial management of local government authorities and audit subnational government financial management and public procurements. In 1997, the Regional Chambers of Audit Act established 16 Regional Audit Chambers (*Regionalnych Izb Obrachunkowych, or RIO)* as audit bodies over local finances. The National Council of Regional Chambers coordinates the performance of all the chambers and publishes an annual report on the budgetary implementations of local government. Regional Audit Chambers focus mainly on budgeting procedure, debt limits, balancing of budgets, allocation of subsidies, taxes and fees, and financial forecasts. Local governments are legally obliged to present their draft budget to their regional chamber no later than October 15th.[33]

Regional Audit Chambers or RIOs execute financial supervision and auditing at the same time. Regional Chambers implement comprehensive audits about every four years[34]. They are also required to give non-binding opinions on issues like the capacity of a local government to service a loan. Finally, each RIO is responsible for preparing and realizing an annual training program for the local governments in its jurisdiction.[35]

Since September 2014, the financial data of general government units are prepared in accordance with Regulation of the European Parliament and the Council (EU) no. 549/2013 of May 21st, 2013, on the European System of National and Regional Accounts in the European Union (so-called ESA2010). In 2016, Eurostat published a new edition of the Deficit and Debt Manual "Introduction of ESA2010".[36]

Official, publicly available statistics on liabilities and borrowing				
Item	***Total liabilities***	***Total liabilities breakdown by level of government***	***Sources of borrowing breakdown***	***Borrowing instruments breakdown***
Official source(s)	Poland Statistical Office, Ministry of Finance, Eurostat	Poland Statistical Office, Ministry of Finance	Not reported	Poland Statistical Office, Ministry of Finance, Eurostat
Latest update; (periodicity)	2020, (annual)	2020, (annual)	N/A	2020, (annual)

Source: CCI-LGDB

Financial & debt management: The rapid growth of local government debt before 2010 has been considered by experts as one of the most alarming developments in Polish public finance.[37] Between 2004 and 2009 local government debt grew by more than 10 percent per year.[38] Since local governments in Poland cannot go bankrupt, new fiscal rules were enacted in 2009 to prevent debt repayment difficulties. In 2011, the central government imposed a balanced budget requirement and since 2014 local government debt issuance has been conditioned on local governments' individually-assessed repayment capacity (described above).[39] Since 2011, local governments have also been obliged to adopt multi-annual financial forecasts.[40]

Academic studies have cited two main concerns when describing Polish local government finance and debt management:

- *Asset sales to increase revenue*: In principle, a debt limit based on revenue is designed to instill sustainable financial practices. However, in the Polish context, it has been found that some local governments have increased their allowable debt capacity by temporarily bolstering total revenue through non-recurrent items such as asset sales. This can lead to excessive debt service burdens on sustainable, recurring income streams. From 2026 onward, such asset sales will be excluded from the total revenue basis for calculation of debt service capacity.[41]

- *Accounting loopholes to evade fiscal rules compliance*: Second, some local governments have used accounting loopholes to evade fiscal rules compliance.[42] Often, local governments approaching their borrowing limits will lean on off-balance sheet borrowing to evade the rules.[43] Unlike municipalities, municipal-owned companies can borrow as much as they need, without any fiscal debt constraints imposed by the public finance law (2009). Because municipally owned company debt is not included in the municipal debt stock, local governments may see the municipal-owned companies as an opportunity to avoid fiscal debt constraints via off-balance sheet debt financing.[44]

Subnational government finances: key ratios (2020)				
Level of government	***Total liabilities, % of total revenue***	***Borrowing (loans & bonds), % of total reported liabilities***	***Debt service, % of total expenditures***	***Operating surplus, % of total revenue***
Local (*Gminas*, cities with *Powiat* status)	31%	100%	N/A	1%
All sub-national governments (*Voivodship, Powiats, Gminas*, cities with *Powiat* status)	29%	100%	1%	1.9%

Sources: Author's calculations and Poland Statistical Office, 2020

Recent initiatives related to subnational government access to debt finance

Covid 19: According to Fitch Ratings, the pandemic decreased own- revenue for all Polish local governments.[45] Operating expenditure also declined due to lower demand for services such as passenger rail and cultural events. However, as of 2021 there is no quantification of these effects. The additional expenses incurred by Polish local governments to fight the effects of the crisis, puts municipalities at risk of insolvency.

Due to the outbreak of the COVID-19 epidemic, there have been changes to the fiscal rules applicable to local governments. Balance budget requirements will be relaxed to accommodate lost revenue caused by the COVID19 epidemic and by the amount of expenditure incurred to implement tasks related to counteracting COVID-19. As a result, in 2020 local governments are allowed report a deficit. In relation to local government debt repayments the following solutions have been adopted:

- Long-term exclusion from the balance budget ratio of loans and bonds incurred in connection to the COVID-19 epidemic (i.e. the repayment of the borrowed amount will not be accounted for in the limit for the entire repayment period).
- For 2021 and subsequent years, current expenditure used for tasks related to counteracting COVID-19 will be subtracted from total expenditures when determining the ratio limiting the amount of debt repayment.
- Only for 2020, a one-year debt limit at the level of 80% of the subnational government revenue has been introduced to secure the financial situation of subnational governments. However, subnational governments that will meet the individual debt service repayment limit (Article 24 of the Public Finance Act, 2009), while not excluding the repayment of liabilities incurred in connection with the loss of income, will be allowed not to meet the 80% income limit.

Main legal provisions	
Approved lenders:	Government/public banks, private financial institutions, International Financial Institutions
Instruments:	Credits, loans and bonds
Central govt guarantee:	The Ministry of Finance may decide to guarantee loans.[46] There is, however, an implicit guarantee since local governments cannot go bankrupt.[47]
Revenue intercept (pledge) of government transfers:	There is no revenue intercept of government transfers to repay local governments debt
Insolvency framework:	There is no bankruptcy regulation for local governments. Since 1999, the state treasury provides a fund for emergency loans to support financial recovery of overindebted local governments. The use of this instrument has been rare.[48]
Accounting basis:	Polish Public Sector GAAP is accruals-based and is broadly consistent with the IPSAS and European System of National and Regional Accounts (ESA) standards.
Credit rating requirements for borrowing:	No credit rating requirements needed to borrow.
Debt service limit:	Debt limitation is estimated separately for each local government (an individual debt limit IDL). Debt service limits are set based on uniform formula, integrating several local indicators. A three-year average ratio of current balance and asset sales to revenues serves as a proxy for the debt repayment ability.
Reporting of contingent liabilities	Polish PS GAAP is basically consistent with IPSAS 19. Provisions are being recognized, while contingent liabilities are not recognized but are disclosed. There are basic requirements for their measurement and estimation, such as the review of provisions at each reporting date, use of provisions for initial purpose and no recognition of provisions for net deficits from future operating activities.

Reporting of Joint Ventures & Public Private Partnerships	Polish PS GAAP does not address the accounting treatment of grantors' service concession arrangements neither from the grantor, nor the operator side and as such is not consistent with IPSAS 32.[49]

Significant legal and regulatory instruments	
Act on Municipal Self Government (1990)	The Law on Local Governments made municipalities responsible for all the basic functions of urban life[50] as well as for preschool and primary education, ambulatory health care, and some welfare services.
Law on Official Statistics (1995)	All statistics collected and published by the Ministry of Finance (MoF) are also governed by the *Law on Official Statistics* of June 29, 1995 (consolidated text: Journal of Laws 2019 item 649 with subsequent amendments). The data are disseminated by the Ministry of Finance as a service to the public.
Constitution of the Republic of Poland (1997)	Article 15 of the Constitution reinforced Poland's decentralized system by referring to municipalities as the basic unit of local self-government with legislative powers for areas of local interest (Art. 94). The Constitution assigns to municipalities all government tasks that are not explicitly assigned to other government levels. Furthermore, the Constitution sets general government debt limits to 60% of GDP.
Act on Bonds (2000)	The Act on Bonds enabled Local government to issue bonds. Article 2 of the Law on Bonds states that subnational governments, special purpose associations and the capital city of Warsaw can issue bonds
Local Government Revenues Act (2004)	The 2004 Act on Local Government Revenue granted local governments more fiscal autonomy. However, local government revenues are still highly dependent on central government grants and subsidies.
Act on Public Finance (2009)	Local government public finance is governed by the *Public Finance Act* of August 27, 2009. The Act establishes the following: • regulations on public debt: definitions, basic principles of issuing public debt and debt management, prudential and remedial procedures applied to public debt levels • definition of the scope of the public finance sector (consolidated text: April 4, 2019, Journal of Laws of 2019 item 869 with subsequent amendments).

Organizational roles and responsibilities: debt	
National govt. regulatory & process	
Ministry of Finance	The Ministry of Finance drafts and publishes on its website the Guidelines concerning the macroeconomic assumptions for the needs of multiannual financial forecasts of local government units, with the forecasting horizon of 30 years.
Regional Audit Chambers *(Krajowa Rada Regionalnych Izb Obrachunkowych, KRRIO)*	The 16 Regional Audit Chambers exercise *ex ante* (such as checking that local governments present balanced budgets) and *ex post* control over local governments finances (such as publishing reports on control of public expenditure).
The National Bank of Poland (Narodowy Bank Polski (NBP))	NBP is the Central Bank of Poland and reports borrowing statistics for central and local governments.
Risk Management	
Regional Audit Chamber (*Krajowa Rada Regionalnych Izb Obrachunkowych)*	The Regional Audit Chambers issues opinions on a local governments' capacity to repay debt. A negative opinion from the chamber on

	capacity to repay debt and the level of borrowing a subnational government can engage in. Also, opinions will alert banks and other lenders of financial risk.
Main Lenders	
European Investment Bank (EIB)	In 2020 eleven operations with a combined total of more than PLN 2 billion (equivalent to approximately €500 million) have been signed since January with ten Polish cities across the country.
Bank Gospodarstwa Krajowego (BGK)	BKG is the State development bank. Among others, BKG focus its activities on financing infrastructure projects and local government projects. In 2020, BGK financed over PLN 13 billion of loans and bonds to local government institutions and municipal companies.
PKO Bank Polski	PKO Bank Polski is the largest Polish bank and the largest underwriter of municipal bonds. PKO is in charge of servicing the largest local government units: it handles the budgets of 9 voivodships and 9 voivodship capital cities.[51]
Pekao	Pekao is the second largest Polish Bank. The Corporate Banking and MIB Division services over 2.5 thousand local government units and municipal companies.
Bank Inicjatyw Spoleczno-Ekonomicznych S.A. (BISE)	BISE is a medium-sized Polish bank, based in Warsaw, with a unique specialization in servicing small municipalities.

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Notes

[1] CCI-LGBD examines borrowing at the local government level. In most countries, this can be broken up into regional governments and local governments. In Poland's case, "local governments" includes all cities with *powiat status,* urban, urban-rural and rural municipalities.

[2] CPI adjusted numbers with 2016 as base year: www.worldbank.org/en/research/brief/inflation-database

[3] Parlinska and Yavuz, 2017

[4] World Bank, 2017

[5] Gałuszka, 2016

[6] Parlinska and Yavuz, 2017

[7] IMF *Financial Development Index*, 2018

[8] Calculations based on State Budget Expenditures 2020 508,019,293,000 PLN (MoF, 2021)

[9] SNG-WOFI, 2019

[10] Statistics Poland, 2020

[11] Eurostat, 2021; MoF, 2021

[12] Poland Statistical Office, 2020

[13] European Committee of the Region, 2021

[14] SNG-WOFI, 2019

[15] Reichardt, 2011

[16] The individual debt limit has the following formula (Article 243 of the Public Finance Act):

$$\left(\frac{P+I}{R}\right)^{t} \leq \frac{1}{3}\left(\frac{CB(t-1)+AS(t-1)}{R\ (t-1)}+\frac{CB\ (t-2)+AS\ (t-2)}{R\ (t-2)}+\frac{CB\ (t-3)+AS\ (t-3)}{R(t-3)}\right)$$

where:
t – year for which the indicator is calculated;
P – principal instalments;
I – interest payments, discounts, etc.;
R – total revenues;
CB – current balance;
AS – asset sale proceeds.

[17] Banaszewska, 2018

[18] It should be noted that these limitations do not include the redemption of municipal bonds for the EU projects backed by the money from the European funds (UoFP, 2009, art. 243)

[19] Banaszewska, 2018

[20] Poland maintains a fund for municipalities in fiscal crisis, and in 2004 several local governments received a loan to avoid insolvency (Kopanska 2011, p. 122), but in 2018 it rejected a request for help from the municipality of Ostrowice

[21] Zawadzka–Pąk, 2014, p.77

[22] Blöchliger, 2016

[23] In calculating local government liabilities, liabilities for *gminas* were added to the liabilities of cities with powiat status

[24] Excluding cities with powiat status

[25] All local government foreign debt in Poland is owned within the European Union.

[26] Ministry of Finance, 2020

[27] Galinski, 2013

[28] NBP, 2012

[29] Lachiewicz, 2009

[30] Białek-Jaworska, 2020

[31] Kopańska and Asinski, 2019

[32] Kopańska and Asinski, 2019

[33] The Prime Minister appoints a president for each chamber for a period of six years.

[34] Geißler et al., 2018

[35] RIO, 2006

[36] Ministry of Finance, 2017

[37] Banaszewska, 2018

[38] Krajowa Rada Regionalnych Izb Obrachunkowych (KKROI), 2005, 2010

[39] The reason for limiting the allowed amount of planned or executed expenditures or the amount of debt is the lack of bankruptcy capacity of local governments.

[40] Geißler et al., 2018

[41] Banaszewska, 2018

[42] World Bank, 2017

[43] Liu and Pradelli, 2012

[44] Białek-Jaworska, 2020

[45] Especially corporate income tax which makes up about 40% of total revenue and is highly sensitive to economic changes.

[46] Each year the Budget Act stipulates the total amount up to which the State Treasury may grant guarantees and securities. The limit for 2021 in the draft Budget Act has been set at PLN 500 billion.

[47] Blöchliger, 2016

[48] Kopanska, 2011; 2018; Blöchliger, 2016

[49] World Bank. 2015

[50] Water supply and sewage treatment, storm drainage, solid waste collection and disposal, spatial planning, public lighting, and the maintenance and improvement of local infrastructure.

[51] PKO, 2020