

## OSTRÓW WIELKOPOLSKI – CITY PROFILE (POLAND)



### 1) Introduction

Ostrów Wielkopolski is located in the central-western Poland, about 250 km from Warsaw (see map). The city has a status of a municipality and is also a capital of middle-tier administrative unit – the Ostrowski County, including city and the surrounding rural municipalities. The population of Ostrów Wielkopolski is about **74 600** and the city covers the area of **42km<sup>2</sup>**. The average population density (per km<sup>2</sup>) reaches 1760.

Ostrów is located in the Wielkopolska region, which is considered as relatively well developed in terms of economy and the quality of life. However Ostrów is located in the poorest part of Wielkopolska, in NUTS 3 unit in which GDP per capita is 78% of national average (or about 33% of EU average in parity power purchase terms).

There are 7257 economic units registered within city borders, of which 7140 are private and 5957 are micro firms (so called “physical person enterprises”, i.e. not employing anyone else than the owner and his/her family). The number of unemployed is 4946 (30.06.2001) and increased during the last 3 years by 23% following the general slow down in Polish economy.

There are 22731 dwellings in Ostrów, of which 2983 are owned by the municipality. The average number of inhabitants per flat is 3,23. In 2000 256 new flats were built in the city.

During the last decade the most important municipal investments projects included the modernisation of city infrastructure: renovation of streets, building schools, modernisation of the heating plant (gas turbine) and water distribution/sewage network., and the construction of the waste-water treatment plant. Ostrów invested also in sport and entertainment infrastructure – bicycle paths and athletic halls. The budget revenues of Ostrów in 2000 reached almost 80 mln of zlotys. (22 mln EUR). The revenues per capita were 1065 zł, that is 88% of average per capita municipal revenue in Poland. Total expenditures of the city in 2000 were close to 90 mln zł (25 mln EUR). One third of this amount was spent on investments. The most significant chapter in the structure of Ostrów expenditures is education. In 2000 30% of annual budget was used to cover the current and investment costs of the school system.

Almost 2400 families living in Ostrów receive a benefit from social aid system. In 2000 the city spent 10 million zlotys (2,7 million EUR) on social benefits.

Ostrów Wielkopolski is known as the first municipality in Poland, which issued municipal bonds to gain the resources for the investment projects.

The main employers in Ostrów (in 2001) are:

1. “Wagon” Company (2400 employees = 10% of total city employees) – producing and repairing carriages and trucks;
2. “Delphi Automotive Systems Poland Ltd.” (604 employees) – producing radiators
3. “Wielkopolskie Zakłady Sklejek “Sklejka-Eko” joint stocks company ( 442 employees) – producing plywood and fibreboards.
4. PSS “Społem” ( 375 employees) – retail trade
5. Fabryka Maszyn Spożywczych ( 236 employees) –producing machines for the food industry.

Considering employment by sectors there are two main areas:

1. Industry - 40% of total city employees
2. transport/telecommunication – 20% of total city employees

## **2) Socio-economic data on population**

Female employees are the 44% of the total number of 22 500 working inhabitants. The biggest share in the demand for labour comes from industry (almost 9000 employees) and transport/telecommunication (3000) sectors.

The total unemployment rate in the whole Ostrów County reached 19,4% at the end of June 2002. (More detailed data, concerning only city of Ostrów are not available). But the number of registered unemployed in the city was 5701 (at the end of the September 2001). The share of females in the number of unemployed is 60%. Unemployment is the most frequent among citizens with vocational (38% of all unemployed) and secondary vocational (30%) education. The share of unemployed with university degree is only 2,8%. Almost 50% of the unemployed lost their last job at least 12 months ago (data for the end of the September 2001). However only 544 (about 9%) were fired due to the structural problems of their companies.

There are 16 kindergartens in Ostrów, having in total 2229 children under custody. There are also 17 primary schools of which 4 are gymnasiums (second level of primary school for the pupils aged 13-15). The number of pupils in primary schools is close to 9000. The number of students in different types of secondary schools is shown in the table below.

Table 1. Secondary education in Ostrów Wielkopolski

	<i>number of schools</i>	<i>number of students</i>
<i>Lyceum (comprehensive education)</i>	6	3954
<i>Vocational school</i>	38	8085
<i>Post-lyceum vocational schools</i>	2	86

Ostrów does not have its own university-type schools, but 3 schools (two from Lodz and one from Poznań) established their branches in the city (see table 2).

Table 2. School types in Ostrów Wielkopolski

<i>School</i>	<i>number of students in Ostrów</i>
<i>Lodz Enterprise Management School (private school)</i>	607
<i>Electronics Department of Lodz Technical University (Polytechnique)</i>	219
<i>Institute of Political Studies and Journalism, University of Poznań</i>	273

Ostrów has two hospitals with the total number of beds exceeding 500. There are also 10 health centres employing 58 doctors and 72 nurses.

The total number of inhabitants receiving social assistance is 6307. The city manages also so called “social aid houses” for the most poor and/or rejected people. There is a space for 59 guests in all such houses in Ostrów.

### 3) The municipal authority

#### Powers, functions

The most important tasks of the municipal authorities involve:

- pre-school and primary education
- roads maintenance and construction
- water provision and sewage treatment
- central heating
- solid waste disposal
- city public transportation
- maintenance of city green areas
- municipal housing
- fire protection
- social welfare
- local cultural institutions (libraries, cinemas, museums)
- several administrative functions
- physical planning and building permission
- public safety

The number of employees in the City Hall administration is 157. However the number of all city employees (including teachers and social aid staff) reaches 1000. The city office is divided into 8 departments and 23 squads dealing with different issues of city management.

#### Budget of the city

The revenues of the city consist of three main components: own revenues, revenues from city's shares in state taxes and state general purpose as well as specific grants. One of the usual measures of local authority performance is its ability to increase the own revenues (coming from local taxes, fees and

municipal property use.) The structure of Ostrów budget in comparison to other Polish cities of similar size (50-100 thousand citizens) is shown in the tables 3 and 4.

Table 3. Structure of the city revenues (in % 2000).

	Ostrów Wielkopolski	Average for other cities of similar size
Own revenues	40.7%	32.8%
-property tax	22.5%	14.4%
Share in Personal Income Tax	21.6%	18.7%
Share in Corporate Income Tax	1.5%	1.2%
General purpose grant	27.0%	30.6%
Earmarked grants	8.2%	15.5%

Table 4. Structure of city budget expenditures (in % 2000).

	Current expenditures		Capital investments	
	Ostrów	Average for cities of similar size	Ostrów	Average for cities of similar size
Streets	4.3%	3.4%	44.7%	19.6%
Communal services	13.6%	6.8%	30.9%	41.8%
Housing	0.8%	4.8%	0.7%	9.7%
Education	52.0%	54.2%	17.8%	10.5%
Health care	0.2%	2.3%	0.0%	2.1%
Social welfare	5.8%	6.3%	0.2%	1.4%
Administration	14.0%	13.2	1.7%	3.9%

#### 4) The political management system

There is a proportional representation system in council elections. Between 8 and 10 councillors are elected in each ward and seats are distributed among political organisations (usually parties) lists proportionally to the number of votes gained in a ward. Currently there are 36 councillors, however according to the April 2002 amendment to Municipal Government Act this number will be reduced to 23 after Autumn 2002 elections.

Current term of the council expires in 2002 and new elections will be held on October 2002. Current councillors were elected in 1998 and are grouped into political organisations (see table 5). The bolded organisations constitute the current ruling coalition.

Table 5. Political parties in the council.

<i>Party/organisation</i>	<i>number of councillors</i>
<b>Solidarity (AWS)</b>	13
Alliance of Democratic Left	13
<b>Union of Freedom</b>	4
Independent councillors	4
Residential districts representatives	2

The president (mayor) and his deputy as well as rest of the board of the city are elected by the city council. The member of the City Board position is separate from the position of the heads of Departments. Most of the Board members' position are recruited from among councillors. The board indicates candidates for the secretary and the treasurer of the city. These candidates have to be approved by the council. The heads of departments and squads are called by nomination, which makes them independent of current political trends in the office. This rule is applied to assure a continuous implementation of city development plans.

After the 2000 autumn local government elections the City Board will disappear. The directly elected executive mayor with a support of his/her 2 deputies nominated by him/her will perform the role of the City Board.

The management rules and political orientation of Ostrów city office must be considered very stable. 17 councillors acting in the period 1994-1998 were re-elected for the next term. President Mirosław Kruszyński has performed his duty for 12 years, since the re-establishment of local democracy in Poland in 1990 (which is very unique situation among Polish local governments. In the whole country, among almost 2500 municipalities, there are only 12 mayors who have survived so long on their positions). Also four out of seven present members of the city board were involved on local government in the 1994-1998 period

## **5) Description of 'governance'**

### Co-operation with other levels of governance, neighbours

As it was said, the city of Ostrów Wielkopolski is also a capital of the Ostrow County. The city and the county co-operate in numerous issues related to public services. The city manages kindergartens and primary education and the county is responsible for the secondary education. A municipal company (HOLDIKOM) established by the city authorities is responsible for maintaining and modernisation of city public streets but perform its services also on roads which are managed by the county.

Ostrów has good relations with two big cities located nearby: Kalisz (25 km distant) and Poznań (130 km). Ostrów and Kalisz plan to launch a joint project to build circular railroads enclosing the two cities. Poznań is a capital of the region and fifth biggest city in Poland. It is also an obvious destination place for Ostrowians seeking for higher education opportunities or jobs outside of their own city. Ostrów authorities try to keep contacts with former citizens who moved to Poznań and to preserve their identity. For this purpose they established the Association of Ostrowians in Poznań.

### Policy toward NGO

There are numerous non-governmental organisations in Ostrów. The most important are:

- City-Municipality Privatisation Association,
- Cultural Association of Ostrów,
- numerous sport associations.

The city encourages the civic activities by offering grants to non-profit organisations for the implementation of the projects related to education, culture and art, tourism, sport, health promotion. The council of Ostrów had also decided that the 49% of shares of HOLDICOM (a holding company for public utilities) should be transferred to the citizens. However to obtain the shares the inhabitants are required to form the privatisation associations or co-operatives. So far five civic organisations fulfilled all requirements and were given their block of shares<sup>1</sup>.

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<sup>1</sup> These are following associations: Association for Children and Family Promotion, „Krepcanie” Association, City-Municipality Privatisation Association, Association for the Construction of Salezian Sport-Education Center

### Relations with international programmes

In order to improve its development prospects and quality of management, the city of Ostrów Wielkopolski co-operates with academic centres as well as with international organisations and assistance programs. The Strategic Development Plan of the City was developed with the assistance of experts from Krakow Economic Academy and American consultants financed by the USAID. Methodology of preparation of reports on municipal property was developed jointly with British Know How Fund consultants. The city is also a member of "Cities of Change" – a network of cities in Central and Eastern Europe (a program supported by the Bertelsmann Foundation and the World Bank).

### Neighbourhood (District) authorities

The local authorities in Ostrów implement decentralised style of governing with the important role of auxiliary administrative units known as District Councils. There are 11 such councils in the city. The number of councillors elected in district popular elections varies from 15 to 24 as a result of the size of the district. (The number of citizens in individual district varies from 1300 to 15000, the average district in Ostrów has 6820 citizens).

The role of neighbourhood councils in the management of the city is mainly advisory and includes:

- commenting on projects undertaken by the city council and the city board concerning their own locality (district)
- formulating projects proposals concerning the locality (district)
- participation in the preparation of the city budget

The neighbourhood authorities are responsible for some tasks related to:

- spatial order,
- public safety,
- local technical infrastructure (car parks, pavements etc.)
- public property,
- public services.

The neighbourhood authorities are not legal entities. Their financial policy is conducted within resources set for their activities in the city budget. In 2001 total budget of neighbourhood authorities was 127.985 PLN (which is just about 0,16% of the total city budget expenditures).

Leaders of districts councils are regularly invited to participate in the sessions of city council.

## **6) Leadership of the locality**

### The leader

Mayor Mirosław Kruszyński is one of the best-known local politicians and he is indeed the leader of most projects undertaken by the city. His knowledge and management skills strongly contribute to tightening the Ostrów relations with research institutions and the international organisations such as USAID or World Bank. The mayor himself initiated the innovative program of municipal bonds and the privatisation of municipal utilities. High quality of management and mayors' clear vision of the city development assured him the support of local elite and let him preserve his position for 12 years.

The following citation comes from the report of rating organisation CERA (Central European Rating Agency), evaluating risk related to Ostrów municipal bonds issue.

*„The mayor is a strong personality and his role in city management is dominating. Ostrów benefits from the strong leadership of the president, but this model of governance brings also*

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(Stowarzyszenie Budowy i Rozwoju Salezjańskiego Centrum Edukacyjno-Sportowego w Ostrowie Wielkopolskim) and Association "ZACHARZEW 2000"

*some risk. It may be hard to find the proper successor after the present leader quits the city office. On the other hand, the long-lasting stable leadership and the credible management of municipal finance improves the rating of the city.”*

Recently (08.07.2002), *Rzeczpospolita*, one of the largest and the most influential Polish daily newspapers, published an article presenting achievements as well as controversies related to Mayor Kruszyński activities. The article quotes opinions of prominent experts in management in which they praise innovative solutions initiated by the Mayor.

#### Public Relations

The public relations of the city office are the task of city spokesman and the city promotion squad. The spokesman is responsible for providing the media information concerning the implemented projects and current issues related to local administration. His role is to explain and justify the actions taken by the city board

The city promotion squad prepares the publications highlighting the actions and policies conducted in the city hall. The squad publishes a monthly newsletter containing the current information on the local socio-economic situation and local policies. The newsletter is distributed together with the two biggest local daily newspapers. Beside, the promotion squad has it's column in one of local newspapers.

### **7) Public participation and policies on social inclusion**

The turnout in the 2001 parliament election in Ostrów was 53% while the national turnout was 46,3%. In 1998 local elections the turnout in Ostrów reached 46,61%, while in the whole country - 45,45%. This simple comparison indicates relatively big Ostrów citizens' involvement in the public life.

The authorities of Ostrów has made use of non-electoral participation mechanisms. For example the citizens of Ostrów directly contribute to the creation of city most important documents. In 1999 the city started to develop a Strategic Plan for Ostrów. The Committee of Economic Development was established to conduct a SWOT analysis being a part of a document. The committee has over 40 members – local leaders, entrepreneurs, schools' representatives and city authority representatives.

In 1995 the authorities conducted a survey on citizens' opinion on the most important infrastructure needs in Ostrów. It turned out that most of respondents indicated the road construction and modernisation as their investment priority. Therefore all revenues from the issue of bonds is spent on the road infrastructure investments.

Another action aimed at increasing the citizens' role in city development was a survey among the local business society conducted in order to identify the expectations of the employers concerning further city development and local business climate.

To increase the community involvement in the process of city development, the authorities of Ostrów launched several projects:

*(These projects are considered as possible candidates for case studies within the PLUS project. Which of them will be eventually selected depends on further detailed investigation)*

1. The most spectacular involves transferring 49% of shares in the company holding public utilities to citizens (Holdikom) . The authorities implement the programme of enfranchising of city inhabitants since 1998. There has been almost 5% of adult citizens enfranchised so far. Shares are available only for citizens organised in Associations (see above).

Thanks to this idea, the citizens of Ostrów have a direct impact (as owners) on the process of developing the quality and standards of public services. They have an opportunity to be involved in the communal property management.

2. Within the “Cities of Change” network Ostrów is developing a waste management strategy. This local strategy was built by the workgroup consisting of the representatives of local business, local governments of the neighbouring municipalities, housing co-operatives, NGOS and citizens. The purpose of the waste management strategy is to be developed for the entire region based on the latest waste disposal technology and the best environmental practices. Worth mentioned is fact that all the project was implemented with the great role of citizens. During the first stages of the programme they had the decisive voice (in the working groups) on what should be taken into consideration as the main problems and goals of the strategy. Even the financial papers connected with the programme needed the citizens’ consultation and approval.

3. Ostrów Wielkopolski implements the “Safe City” (Bezpieczne Miasto) programme, prepared by the local police. The city’s main goal related to this program is to make the municipality more friendly both to the inhabitants and the visitors.

There are following components of the programme:

- safe school (fight against the social pathologies in schools, drugs, alcoholism);
- safe garden (opposing crime at the recreation areas of Ostrów);
- safe water (safety of the youth spending holidays in Ostrów and swimming in the local lake).

Beside the “Safe City” programme the authorities help the police to conduct two other initiatives called “Warning! A pickpocket!” and “Neighbours Against Crime”.

## **8) Policies on economic competitiveness**

Ostrów is the centre of well developed industry, mainly food processing and transport means, machine engineering industry, precision and automation industry, building material industry and wood processing industry as well.

One of the main goals in the “City’s economic development strategy” for Ostrów is promoting local economic development in order to attract investments and stimulate growth of local business.

According to city authorities one of important ways to improve economic competitiveness is to improve access to local technical infrastructure. The city has the extensive heating, telecommunications, water supply and sewage systems. It offers low prices of communal services.

Starting from 2002 city offers also local tax incentives for investors. The city has also plots of land available for a variety of economic activities.

There are several initiatives conducting by local authorities and other actors to achieve those goals drafted in the strategic plan. The main projects which are currently implemented are:

*(These projects are considered as possible candidates for case studies within the PLUS project. Which of them will be eventually selected depends on further detail investigation.):*

1. In 2002 the Data Base of Investment Opportunities in the City (Miejska Baza Ofert Inwestycyjnych) available on the city website was created. The base gathers available plots, real estates for sale, launched auctions etc. Those information are also available in the City Office and is disseminated to the local media. Every entrepreneur is invited to enrich the base with his offers by putting them into the open website of the project.
2. The city office decided also to create the Local Guarantee Fund for the citizens establishing their own small businesses and seeking bank credit.

3. Opened recently European Information Centre is a result of co-operation between City Hall, the Chamber of Industry and Trade of South Wielkopolska (Izba Przemysłowo-Handlowa Południowej Wielkopolski w Ostrowie Wielkopolskim), County authorities (Starostwo Powiatowe w Ostrowie Wielkopolskim), Polish-Canadian Institute in Ostrów (Instytut Polsko-Kanadyjski) and High School of Management and Entrepreneurship. The main goal of the Centre is to prepare regional society and local business environment to the European Union membership. One of the operation goals is to create a data base helping entrepreneurs and local governments in getting EU grants. The activities of the Centre also aims at working out the highest citizens' acceptance of the idea of joining the European Union.
4. Opening of the branch of the Lodz Enterprise Management School in Ostrów. The local government has facilitated contacts between the School and "Wagon" company which resulted in the purchase of the building which was previously used by the "Wagon". The City hopes that development of local higher education base will contribute to economic attractiveness. The City has also a long-term agreement with the School aiming at the contribution of School in local development.

## **9) Summary**

Ostrów Wielkopolski is the economic and cultural centre of the southern Wielkopolska. The city is well-known in the country because of innovative policies in management of municipal services and in financing investment programmes. The mayor of Ostrów is considered one of the best managers in local governments, but also a skilful politician. City authorities believe that the recently approved City's Economic Development Strategy (which preparation involved numerous groups of citizens) should contribute to dynamic economic growth.

The success of the local government stabilized the position of the city during the last decade and gave the reputation of modern and well managed city.