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COUNTRY PARTNERSHIP STRATEGY PROGRESS REPORT

FOR THE

REPUBLIC OF POLAND

FOR THE PERIOD 2009-13

May 9, 2011

Poland Country Management Unit
Europe and Central Asia Region

REPUBLIC OF POLAND
COUNTRY PARTNERSHIP STRATEGY PROGRESS REPORT

CURRENCY EQUIVALENTS

(Exchange Rate Effective as of February 2011)

Currency Unit	
US$1.00	2.8 PLN
EUR 1.0	3.97 PLN

FISCAL YEAR

July 1 - June 30

ACRONYMS AND ABBREVIATIONS

AAA	Analytical and Advisory Activities
BGK	State Development Bank
CPS	Country Partnership Strategy
CPSPR	Country Partnership Strategy Progress Report
CEB	Council of Europe Development Bank
CEM	Country Economic Memorandum
DPL	Development Policy Loan
EC	European Commission
EIB	European Investment Bank
EU	European Union
FBS	Fee-based Services
FDI	Foreign Direct Investment
FSAP	Financial Sector Advisory Program
GDP	Gross Domestic Product
GEF	Global Environment Facility
GNI	Gross National Income
IBRD	International Bank for Reconstruction and Development
IFC	International Finance Corporation
IFIs	International Financial Institutions
IMF	International Monetary Fund
MIC	Middle Income Countries
OPFs	Open Pension Funds
PARSP	Post Accession Rural Support Project
PCF	Prototype Carbon Fund
PER	Public Expenditure Review
PISA	Programme for International Student Assessment
PPPs	Public Private Partnerships
SCAP	Subnational Cooperation Action Plan
SCHD	Strategy for Human Capital Development
SME	Small and Medium Enterprises
TA	Technical Assistance
VAT	Value-added Tax

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The CPS Progress Report was produced by a core team led by Thomas Laursen under the overall guidance of Peter Harrold. The preparation of the CPS Progress Report has been a team effort, which included involvement of Kaspar Richter, Ewa Korczyc, Janet Dooley, Emilia Skrok, Anna Bokina, Elisabetta Capannelli, Radoslaw Czapski, Gary Stuggins, Charles Griffin, John Pollner, Iwona Warzecha, Alberto Rodriguez, Nina Arnhold, Leszek Kasek, Kirsten Propst, Natasha Kapil, Jan Rutkowski, Valentina Martinovic, Katarzyna Popielarska, and Cathy Summers, as well as other Poland Country Team members. The team is grateful for the cooperation on this with Government officials.

Table of Contents

Tables and Boxes

POLAND
CPS PROGRESS REPORT

This CPS Progress Report (CPSPR) comes at a critical juncture for Poland, as it is about to assume the Presidency of the European Union (EU). Central to the Bank's program for the next two years is achieving convergence with European living standards, particularly at the subnational level. As such, this CPSPR maintains a strong focus on helping Poland make the most of its EU membership. It aims to assist Poland in strengthening national and subnational institutions and capacity. The CPSPR proposes a substantial program of knowledge and advisory service to be delivered in part through fee-based service (FBS), complemented by a lending program at around US$1 billion per year, expected to gradually decline. The International Finance Corporation (IFC) will selectively seek opportunities to invest in renewable energy and climate-friendly projects. This CPSPR also places a greater emphasis on bolstering Poland as a global partner, not necessarily for just financing but for the knowledge Poland can share with the region and the rest of the world. In this respect, the Bank will also support Poland in its emerging role as a donor, and during its EU Presidency.

1 INTRODUCTION

1. **This CPSPR assesses implementation of the Bank's 2009-13 CPS at mid-term.** The CPS was presented to the Bank's Board in July 2009. The CPS comprises four pillars: (i) Social and Spatial Inclusion; (ii) Public Sector Reform; (iii) Growth and Competitiveness; and (iv) Regional and Global Public Goods. The CPS was foreseen as a flexible tool to support the Bank's work in Poland, in line with the strategy for middle income countries (MIC). The CPS noted that while the Bank was a secondary partner to the EU, the Bank could continue to add significant value to Poland's development and convergence agenda for the years to come, while the active policy dialogue and technical cooperation would also add value to the Bank through enhancing its knowledge to the benefit of other client countries in the region and beyond. It was thus a clear win-win partnership.

2. **The CPSPR finds that implementation of the Partnership so far has been broadly successful though in some areas progress has been slower than hoped for.** Notably, the EUR3 billion Development Policy Lending (DPL) lending program, supporting policy reforms in the areas of public finance, social sectors, and private sector development, was completed as envisaged in June 2010, and the first operation supporting climate change mitigation—an Energy Efficiency and Renewable Energy DPL—is being delivered as planned (though in a higher amount) along with this Strategy update. Further, the envisaged Analytical and Advisory Activities (AAA) program for FY10-11 has been fully delivered, including core strategic and innovative studies on Poland's transition to a low-emissions economy, employment, skills, and innovation (Europe2020), transport policy, and public expenditures. There has also been significant progress in developing subnational and FBS business, though the planned loan to Warsaw City (as well as the other non-sovereign operation—a credit line for small and medium-term enterprises (SMEs) through the Polish Development Bank (PKO) could not be delivered and important obstacles remain to developing these new lines of business (see Box 1). The possibility for scaling up FBS remain constrained by the Polish procurement law for competitive tendering of advisory services, and the tight fiscal situation, unless mechanisms are further developed to utilize the EU Structural Funds to engage the Bank for technical assistance.

2 RECENT POLITICAL AND ECONOMIC DEVELOPMENTS

2.1 Political Developments

3. **On April 10, 2010, a tragic plane crash near Smolensk in Russia changed the political landscape in Poland.** The disaster took the lives of 96 people: political, military and religious leaders, including the President of Poland, Mr. Lech Kaczynski and the First Lady, the President of the National Bank of Poland, as well as several Presidential officials, parliamentarians, the heads of all the Armed Forces and the head of the General Staff, a number of heads of other central institutions, as well as a number of respected Poles such as the former head of the Polish Government in Exile. Following presidential elections in 2010, Mr. Bronislaw Komorowski, the former Speaker of Parliament, became the new President of Poland. Prime Minister Donald Tusk leads a stable and popular majority government.

4. **In the second half of 2011, general elections will take place and Poland will take on the Presidency of the EU.** General elections are scheduled for October 2011. In July 2010, Poland's Council of Ministers adopted a document provisionally outlining the plans of the Polish Presidency. These will evolve in line with consultations and the final priorities will be announced in June 2011. General priorities include Internal Market, Relations with the East, External Energy Policy, Common Security and Defense policy, the EU 2014-19 Financial Perspectives, and Intellectual Capital.

2.2 Economic Developments

5. **Poland has shown remarkable resilience to the global financial crisis and in 2009 it was the only EU country to avoid a decline in economic activity.** Poland grew by 1.7 percent, while the EU declined by 4.2 percent. Poland's economic slowdown was muted for a number of reasons: (i) the relatively large domestic economy and limited exposure to the decline in world trade; (ii) the flexible exchange rate regime; (iii) limited vulnerabilities in Poland's banking system due to slower credit growth than in other Central and Eastern Europe countries; and (iv) the Government's appropriate policy responses during the crisis. In 2009, Poland became a high-income country with a Gross National Income (GNI) of US$12,260.[1]

6. **Poland remained one of the fastest growing EU countries in 2010.** Real Gross Domestic Product (GDP) expanded by 3.8 percent in 2010. While growth in 2009 was mainly due to the positive contribution from net exports, growth in 2010 was driven by domestic factors. The decline in private investment was largely compensated by a double-digit expansion in public investment, stimulated in particular by use of EU funds. Inflation marginally exceeded the target range of 1.5-3.5 percent in the first three months of 2011 for the first time since September 2009, but is expected to drop below the 3.5 percent upper threshold towards the end of the year.

7. **Growth is expected to stabilize at around 4 percent over the next few years.** The recovery is expected to be driven by improving global conditions and revived credit growth, with investment also supported by EU funds and improved corporate profitability and consumption supported by declining unemployment. These factors are set to compensate for the impact of fiscal consolidation, the end of the restocking cycle, and a declining contribution from net exports. With domestic demand gaining strength, inflation is expected to increase from 2.6

[1] (2009) Atlas Method (upper middle income US$3,946 – US$12,195; high income, US$12,196 or more). The EU average is US$35,351.

percent in 2010 to 3.5 percent in 2011 and decline to 2.8 percent in 2012. The external current account deficit is expected to remain at less than 4 percent of GDP, adequately financed by Foreign Direct Investment (FDI) inflows and EU funding. The main upside risk to economic prospects is a stronger-than-expected recovery in the EU, aided by buoyant growth in emerging markets. Downside risks include a larger-than-expected growth reduction from fiscal consolidation, and a reversal in global capital flows in view of the large purchases of government securities from nonresidents during the last year.

8. **Fiscal consolidation is among Poland's main economic policy challenges.** The general government deficit doubled to 7.2 percent of GDP in 2009 from 3.6 percent of GDP in 2008, in part due to fiscal relaxation measures of about 2 percent of GDP. In 2010, fiscal policy continued to support recovery and the general government deficit increased to 7.9 percent of GDP. The Government aims to reduce the fiscal deficit to 5.6 percent of GDP in 2011 and to 2.9 percent of GDP in 2012. This would bring Poland's general government deficit in line with the reference value of 3 percent of GDP referred to in the Treaty.[2] The reduction in the general government deficit is influenced by three factors: limits on discretionary expenditure growth to one percent over inflation (now reflected in legislation); a 1 percentage point value-added tax (VAT) increase; and a planned reduction in the contribution rate to private Open Pension Funds (OPFs) from 7.3 percent to 2.3 percent of gross wages which would reduce the fiscal deficit by about 1.2 percent of GDP by 2012. The cyclical rebound is expected to reduce social expenditures, including on unemployment benefits, and improve tax collection.

9. **Public debt is projected to remain at sustainable levels.** Strong economic recovery, steady exchange rate appreciation, fiscal consolidation, better public sector cash management, stepped-up privatization and strengthened public debt thresholds at local levels are projected to be sufficient to maintain public debt below national and EU thresholds.

10. **In January 2011, Poland renewed and increased to US$30 billion a Flexible Credit Line Arrangement with the International Monetary Fund (IMF).** This was a further important signal of confidence in the Polish economy.

3 PROGRAM IMPLEMENTATION AND PROGRESS TOWARDS RESULTS

3.1 Program Implementation

11. **The 2009 Country Partnership Strategy (CPS) provided a good framework for cooperation during FY09-11, and the Bank's support during the crisis and for Poland's longer term development agenda was highly valued**. The strategic pillars of engagement remained relevant, and the macro-oriented and flexible partnership proved well-suited to help Poland mitigate the impact of the crisis while promoting reforms to support longer-term growth. The partnership between Poland and the Bank has continued to strengthen, as it has become clear to the clients that the Bank is not only an important potential source of financing, but also a critical source of global knowledge and expertise. Poland's pragmatic attitude towards the Bank and other International Financial Institutions (IFIs) served it well during the crisis, with Poland

[2] The EU is set to decide in June 2011 on a more flexible approach, under the excessive deficit procedure, to Member States which have implemented systemic pension reforms. As a result, reducing the general government deficit to 3.5 percent of GDP would be sufficient in the future to consider the abrogation of the excessive deficit procedure for Poland in light of Poland's second pillar pension reforms from the late 1990s.

becoming one of the largest borrowers from the Bank and gaining outside support for critical policy reforms, while paving the way for a lasting, mutually beneficial knowledge partnership.

12. **The CPS envisaged an increasing emphasis on subnational engagement and FBS delivery, but despite some progress, important obstacles remain to developing these lines of business.** In particular, hurdles were encountered in responding to interest in borrowing by subnational governments, and development of FBS was constrained by the Polish Procurement Law which generally requires competitive tendering for advisory services (see Box 1). These challenges are further discussed in Section 4.

13. **The envisaged lending program was partially delivered.** The cornerstone of the lending program, the EUR3 billion DPL program which cut across most of the strategic pillars of engagement, was delivered in a full and timely manner. However, the planned non-sovereign projects (Warsaw City Sustainable Transport and PKO BP Small and Medium Enterprise (SME) Credit Line) did not materialize despite strong client interest. Notably, the Bank's sovereign guarantee requirement was met by demands for similar treatment from other key financing partners, notably the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB), which would increase central government debt levels and raise borrowing costs.

BOX 1. SUBNATIONAL ENGAGEMENT IN POLAND: STRATEGY AND EXPERIENCE

World Bank cooperation with subnational entities in Poland is guided by the Subnational Cooperation Action Plan (SCAP) developed by the Bank with local experts and partners in 2010 (see Annex 2 for further details). The document proposes a strategic approach to subnational engagement and constitutes the basis for Bank activities in this field. The main objective of the SCAP is to support sustainable socio-economic development of Polish regions and cities, in particular those with low levels of income, through knowledge-based services and financial cooperation.

Based on the past and current efforts to engage with subnational governments, the Bank has identified four priority strategic areas: (i) transport sector; (ii) regional development; (iii) public finance; and (iv) social sectors. World Bank assistance is to be provided primarily through analytic and advisory services, where possible on a fee-for-service or cost-sharing basis. Selective financial support to individual self-governments or through a financial intermediary is also being pursued to help lesser-developed subnational governments cofinance EU programs and gain access to market financing.

Warsaw and the capital region of Mazowieckie, where the Bank has good contacts and technical and administrative capacity is high, were targeted during FY10-11 in an initial pilot phase. While the planned loan to Warsaw City did not materialize, the Bank carried out TAs, through a FBS arrangement, for Mazowieckie and is currently implementing another with the Lubelskie region. Contacts have also been established with some other subnational partners.

FBS business development has been limited by the Polish procurement law which does not provide explicit possibility for sole-sourcing of Bank or other IFI advisory services. Currently the Bank's own resources have been combined with client funding. In other cases, the Bank has been engaged based on the uniqueness of the services it provided. As discussions with the European Commission proceed to clarify that its members can sole-source Bank advisory services there will be greater possibilities for this line of business going forward as the Government has stated its clear intention to increase use of FBS.

Subnational lending has to date been affected by the Bank's guarantee requirements and associated fiscal and borrowing cost implications as well as pari-passu requirements—in the case of Warsaw City—from other IFIs, notably the EIB and CEB. Efforts are ongoing to explore lending through the state development bank (BGK) or to individual cities where the EIB and CEB are not main financial partners.

Table 1. CPS PR 2011: Planned Versus Actual Program (June 09-June 11)

FY09				FY10				FY11			
Plan		Status		Plan		Status		Plan		Status	
LENDING											
DPL 2	1.25	√	1.3	Warsaw City	0.5	Dropped		City 2	0.25	N/A	
				PKO BP Credit Line	0.5	Dropped		Climate Change 1	0.3	√ EE and Renewable Energy DPL	1.1
				DPL 3	1.25	√	1.3				
Total	**1.25**		**1.3**		**2.25**		**1.3**		**0.55**		**1.1**
ANAYTICAL AND ADVISORY ASSISTANCE											
PBB TA		√		DPL Education TA		√		Lubelskie/Lubin AAA (FBS/ongoing)			
Poznan CC		√		Mazowieckie PER		√		Energy ESW (ongoing)			
Housing Fin TA (FBS) [1/]				Mazowieckie Transport FBS		√		Transport/railways ESW		Postponed	
				CC CEM→ Low Emissions Study		√(FY11)		Financial Reporting TA (FBS/ongoing) [1/]			
				Ministry of Economy FBS		√(FY11)		Europe 2020 ESW [1, 2/]		√	
				Ministry of Regional Development FBS		Dropped		Financial Sector TA [1,3/]		√	
				Min of Infrastructure FBS		Dropped		Public Finance TA [1,4/]		√	
				PER		√		ROSC (BCP/IAIS) [1/]		√	
				DPL Health/SP TA		√(FY11)					
				Warsaw City Policy Notes		√					
				Transport Policy Note		√					
				Regional Devel TA [1/]							

Amounts in US$ billions; √ Completed. [1/] Not planned in CPS; [2/] Case-study related to regional work; [3/] Regulation of savings cooperatives; [4/] Tax expenditures; micro-modeling

14. **The planned AAA program was fully delivered and very well received by the client despite some delays owing inter alia to the complexity of the work.** The core strategic diagnostic work delivered during the first half of the CPS included an update of the Public Expenditure Review (PER), a Country Economic Memorandum (CEM) on Transition to a Low-Emission Economy, a Policy Note on Sustainable Land Transport, and a study on Employment, Skills, and Innovation (see Annex 4 for a summary of these studies). Moreover, the Bank undertook additional strategic work and responded "just-in-time" to a number of unforeseen client demands. Since 2009, several AAA that were not planned as part of the CPS were delivered (see Table 1). Several of these additional activities were fee-based (using Polish budget funds, EU funds, and bilateral funds) marking some progress in this area both at central and subnational government levels. FBS activities included areas such as transport planning, housing finance regulation, business regulatory reform, and innovation systems. The ongoing Financial Reporting Technical Assistance (TA) Program for 2010-2015 in the amount of US$10 million (among the largest in the Bank; funded through the Swiss Contribution to the enlarged EU) is enhancing institutional and regulatory capacity building for corporate sector financial reporting and auditing in Poland. The AAA program was well-received by the government, both in terms of adding important value to the analysis and discussion of key current policy issues and in terms of timely and effective response to evolving client demands.

15. **The current portfolio is not at risk and performance has been broadly satisfactory despite some delays in implementation.** The active portfolio consists of seven operations amounting to US$471 million, of which US$183 million remain undisbursed. Of these projects, three are investment loans, one is a Global Environment Facility (GEF) project and three are Prototype Carbon Fund (PCF) renewable energy projects. A EUR750 million Energy Efficiency

and Renewable Energy DPL is being presented to the Board along with this CPSPR. The Odra River Flood Protection Project has experienced some delays due to the technical complexity of the preparatory work but procurement for major construction works is now underway. The Post-Accession Rural Support Project also experienced delays due to constraints on counterpart funds, but the Social Inclusion component is complete and the small KRUS modernization component is due for completion this year. The third Road Maintenance and Rehabilitation Project has been largely successful though the small component on institutional strengthening has been difficult to implement. In the energy sector, the GEF Energy Efficiency Project was partly delivered to plan albeit a component is being restructured, and two of the three PCF alternative energy projects have been successful.

3.2 Progress towards Results

16. **Progress at mid-term towards achieving the results targeted in the CPS has generally been good, especially in areas where the program has been fully delivered**. However, it is challenging to identify results that could be uniquely linked to the Bank's program given the macro-oriented nature of the program and because the Bank is a relatively small partner compared with EU institutions. Some of the results are thus higher order. Poland's most notable achievement during the CPS period was that it weathered the international crisis well and was the only country in the EU that avoided recession. The main reasons for this were discussed in the macro section, but the Bank played an important role in helping preserve confidence in Poland through its relatively positive (and in retrospect correct) assessment of Poland's macroeconomic situation compared to other IFIs, rating agencies, and investment banks, through advocating the differences between Poland and the other more vulnerable countries in the region, and through its timely approval of the EUR3 billion DPL program which was an important financial contribution but even more important signal of confidence in Poland.

Pillar 1: Social and Spatial Inclusion

17. **Poland made good progress on labor market and social sector issues supported by the DPL program**. Despite the crisis and slowdown in growth, labor force participation and employment rates increased from 2008 to 2010, especially for older workers. This was stimulated by tightening of early retirement privileges, a new program (50+) to raise employment of older workers, less generous unemployment benefits, and more flexible working arrangements during the crisis. In education, outcomes continue to be commendable with the Program for International Student Assessment (PISA) scores stabilizing on a comparatively high level while government approved important further reforms in higher education.[3] In health, there was progress in implementing a voluntary program converting public hospitals to corporate entities under the Commercial Code. In pensions, progress is being made through reducing early retirement privileges and bringing uniform pensions more in line with the main pension system, while harmonizing and raising retirement ages, linking indexation purely to inflation, and removing privileges for farmers and disabled remain important (as highlighted in the PER) but controversial. Poland also moved forward on its regional development agenda. While regional income disparities have been increasing since EU accession, EU funds absorption has been strong in the last couple of years at both national and subnational levels. The Post Accession

[3] PISA reading scores slightly decreased from 2006 to 2009 though Poland is still the regional leader in CEE. The math score continues to be slightly below OECD average, while the science score is now above OECD average.

Rural Support Project (PARSP) project contributed importantly to strengthening social inclusion in poor communes and raising awareness among key stakeholders.

Pillar 2: Public Sector Reform

18. **Public sector reform was affected by the international crisis and sharp slowdown in growth but important measures were taken with support from the DPL and associated AAA program.** The fiscal deficit and debt increased substantially thus delaying euro adoption, though this policy response was broadly appropriate. Fiscal consolidation is starting in 2011, supported by strengthened fiscal institutions. The Government has amended the Public Finance Act to introduce medium-term and performance-based budgeting and limit the growth of discretionary budgetary spending, including on wages as recommended in the PER. The Government is working on legislation to introduce multi-year binding expenditure ceilings, tighten fiscal rules for local governments, and integrate uniformed services into main pension system. Accompanied by increased infrastructure spending, social and public finance management reforms are helping improve the quality and efficiency of public finances.

Pillar 3: Growth and Competitiveness

19. **Poland has continued to make progress towards strengthening the environment for private sector growth, including through enhancing transport infrastructure—one of the key bottlenecks to growth—though important challenges remain.** Poland has stepped up its road infrastructure investment program, but as noted in the Bank's Transport Policy Note, it will be important to ensure continued financial sustainability in the roads sector. Also, Poland needs to upgrade its rail infrastructure and make this a more competitive transport alternative, as well as making better use of inland waterways, including, reducing greenhouse gas emissions. The private sector will need to play a greater role in infrastructure, and the legal and regulatory framework for Public Private Partnerships (PPPs) has been strengthened in this regard. Measures have also been taken to improve the general business environment through further deregulation, for example the Law on Delivery of Services in the context of the EU Services Directive. The cost of SME start ups has been reduced by about 20 percent in the last couple of years and red tape has been cut through streamlining of business legislation. Outstanding challenges include starting a business, property registration, paying taxes, enforcing contracts, and protecting investors. Complementing reforms in basic and higher education, Poland has taken steps to improve its innovation systems and is continuing to work with the Bank on this and its human capital development strategy.

Pillar 4: Regional and Global Public Goods

20. **Progress in improving energy efficiency and mitigating climate change is by nature difficult to measure over the short term, but some important measures have been taken**. Poland adopted a new energy efficiency law to improve efficiency by 1 percent per year in private buildings in the next decade. This action is a cornerstone in the Energy Efficiency and Renewable Energy DPL that is being considered by the Board in conjunction with this CPSPR. Poland's Thermo Modernization Fund will play a key role in funding the needed investments. Work is also under way to increase co-generation in energy production. Poland is now participating in international emissions trading under the Kyoto protocol. The Bank's recent technical and macro-modeling work in this area has been well received and will form a good basis for further analysis. Poland's transition to low-emissions economy is technically and financially feasible over the longer run to 2030, with energy efficiency offering the highest returns in this area over the next decade.

21. **Recent severe floods have demonstrated that Poland needs to strengthen water management and flood protection.** Priority so far has been the Odra River, supported by a Bank project, and works are expected to start this year following some delays. Attention is now shifting to the Vistula River, and catastrophe risk insurance is being studied based on a recent Bank report assessing mechanisms for financial and fiscal management of such risks.

22. **Poland has been successful in preserving financial sector stability during the financial crisis.** Going forward, there will be a Financial Sector Advisory Program (FSAP) in 2012, and the Bank has stated its readiness to provide support in the context of Poland's upcoming EU Presidency on the new EU post-crisis regulatory and supervisory architecture.

4. MODIFICATIONS TO THE CPS AND CRITICAL PARTNERSHIP ISSUES

23. **The CPS remains valid and only minor modifications are called for in the remainder of the period.** The Government is interested in a continued and broad-based engagement with the Bank.[4] The partnership will remain centered around the existing strategic pillars but will increasingly be coordinated around Poland's EU role. Focus will also remain on engaging subnational governments and expanding provision of advisory services on a fee basis in core areas of Bank expertise. Further attention will be given to helping Poland continue developing its increasingly important regional and global role, including through sharing its development experience and expanding its donor functions. Poland's upcoming EU Presidency offers an important opportunity in this regard, including because of the importance Poland attaches to the Eastern Partnership, given the Bank's long experience in these countries.

4.1 New Themes

24. **Given that Poland is an EU Member State and that the EU is Poland's key external partner, the Bank's approach will increasingly be EU oriented.** New themes include Making Europe work for Poland; Policy Reforms for Europe2020 and Convergence; and Complementing the EU Agenda (see Annex 2 for how the existing pillars map to these themes). While there is no change in strategy, the idea is to place Bank engagement and work more clearly within the broader framework of complementarity and support of the European Commission's (EC) program in Poland, and to use these themes as filters to select AAA and lending operations. Already, major Bank activities and reports are being discussed with the EC and other IFIs.

4.2 The General Program

25. **The program for the remaining two years envisages delivery of the range of Bank services while strengthening the knowledge partnership and supporting Poland's emerging donor role**.[5] The indicative lending amount is intended to be maintained at the current level of around US$1 billion per year in FY12-13, of which about 40 percent is presently expected to be in the form of DPLs in support of the Government's ongoing policy reform agenda. However, overall lending amounts will depend on how government demand and performance evolves over the remainder of the CPS period, and on IBRD's lending capacity and demand from other borrowers. The DPLs are expected to support Poland's fiscal consolidation agenda, including through strengthening fiscal rules at both central and subnational government levels, improving the efficiency of public administration, and rationalizing social spending while maintaining

[4] See paragraph 30 for a discussion of graduation issues for Poland.
[5] The flexible 2009 CPS specified lending through FY12 and AAA through FY11, to be updated at progress report.

strong social service delivery. In addition, the program includes as a key strategic priority lending to targeted subnationals (see below), and aims to introduce the new Results-Based Lending instrument—most likely in the energy or transport sectors. The Bank is also ready to provide support through a variety of instruments to the Government as it seeks to extend its flood prevention work beyond the Odra River to the Vistula River. This diversified lending strategy allows for sufficient flexibility to respond to client demand, though we would not envisage major substitutability between the DPLs and subnational lending.

26. Building on recent core diagnostic work, analytic and advisory services to the central government would focus on follow-up TA and other forms of implementation support. In the public sector reform area, the public finance work is expected to be extended to public administration reform. The Bank's work on land transport and skills/innovation would also be continued, including through technical assistance in support of the development of the Strategy for Human Capital Development (SHCD) for Poland. In the energy sector, the Bank will follow up on the low-emissions modeling work and could support further development of alternative energy. The IFC will selectively seek opportunities to invest in renewable energy and climate-friendly projects in Poland where its participation brings significant additionality. Recent financial sector work might be expanded to support Poland's alignment with the new EU financial regulatory and supervisory framework. Finally, but importantly, the Bank will support Poland's emerging donor role, including in the context of its EU Presidency in the second half of 2011.

4.3 Subnational Engagement

27. **Going forward, the Bank's subnational engagement will target lesser-developed regions especially in Eastern Poland**. This work will be guided by the Subnational Cooperation Action Plan (see Box 1 and Annex 2). In line with the Bank's poverty mandate, focus will be shifted to lesser-developed regions and cities, notably in Eastern Poland, where technical, administrative, and financial constraints are more severe and the Bank can add significant value in support of their convergence process while complementing the work of EU financial institutions. Based on the Bank's work with the Mazowieckie region and ongoing collaboration with the Lubelskie region and City of Lublin, as well as consultations with other potential subnational partners, it appears that the Bank can play a useful role in areas such as public finance and debt management, land and property asset management, transport planning, hospital restructuring, development of PPPs, and regional development strategies.

28. **Bank support could be provided through lending and AAA.** The program foresees a two-stage process, with the first stage lending aimed at providing fungible resources to help finance subnational programs and projects and helping clients prepare for accessing capital markets, and the second stage aimed at supporting clients in going to the market (including potentially with the use of Partial Credit Guarantees). The precise modalities for providing Bank financial support have not yet been finalized but could take the form of a credit line administered or guaranteed by the State Development Bank BGK.

4.4 FBS Business Development

29. **Given the Bank's declining administrative budget in Poland, continued strong demand for Bank analytic and advisory services at both central and subnational government levels, and the mutual desire to strengthen the knowledge partnership, Bank AAA will increasingly have to rely on cost-sharing and FBS**. Some progress has been made in

developing this line of business, with FBS projects concluded or in the pipeline with both levels of government. While these activities will likely continue to be opportunistic, they are confined to areas of the Bank's broader strategic engagement and focused mainly on institution building where the Bank's expertise can add most value to the benefit of all partners. Other requests for FBS would be contingent on the need for critical Bank expertise. However, there are two key constraints to expanding FBS. The Polish procurement law generally requires competitive tendering for advisory services, although there are exceptions if only one provider exists for a given service or if there is a grant element involved. Second, the current fiscal constraints means that clients have limited resources of their own to pay for Bank services and will have to rely mainly on the very large amount of technical assistance resources available under EU funds. Under these circumstances, and also because FBS need to have a critical size in order to be efficient, FBS is unlikely to become *the* dominant business line in the next few years, but its growth and increased frequency is important as we prepare for the next phase of the Partnership.

4.5 Graduation

30. **Formal consideration of graduation will be taken up in the next CPS**. Poland remains interested in access to a range of Bank services, including lending. While Poland has now crossed the high-income country threshold and has access to international capital markets (though spreads remain elevated), institutions require further strengthening, not least at the subnational level. However, Poland expects that access to lending should be gradually reduced and that AAA services should increasingly be provided by FBS rather than fully on the Bank's budget. The next CPS would therefore see lending further reduced or phased out and a new knowledge partnership phased in. This would be reviewed in particular at the time of the future euro adoption, which may provide good indications of the maturity of Poland's institutions given the prominent role Poland would play in the euro-zone. Poland does not wish to see "graduation" in terms of an end to the much valued knowledge partnership.

31. **Support to Poland as an International Partner**. The Bank is helping Poland share its successful development experience with other countries, and will deepen this work with Poland in the next few years to develop its aid infrastructure and strategy to support its emerging donor role (e.g., participation in international aid conferences, policy dialogue on aid agenda, and knowledge sharing of Polish officials and experts in development aid). As Poland continues to grow, it accepts its obligation to increase its responsibilities in this area, including with the Bank.

5. RISKS

32. **The FY09 13 CAS identified several risks which remain relevant**. First, the reform momentum has in some important areas been less than hoped for, and this is likely to continue until elections in October 2011. The EU Presidency will also place a heavy burden on administrative capacity. Further, policy-making remains fragmented, though the period from 2012 offers an excellent window of opportunity for accelerating outstanding reforms. Second, while Poland has weathered recent international and regional financial and economic turbulence well, it remains vulnerable to further deterioration in the international environment, euro-area banking and debt problems, and potential reversal of recent sizeable portfolio inflows. Adhering to its ambitious fiscal consolidation strategy will be important in this uncertain environment. In addition to these risks, the CPSPR proposes to build future business using approaches that have only partially worked due to procurement and sovereign guarantee issues. This can be high risk-high reward, but the risk is contained through the diversified lending and AAA program.

Annex 1: Poland: 2009-13 CPS Results Matrix

CPS Pillar 1: Social and Spatial Inclusion

1: Social Sector Reform

Government objectives:

- Implement EU Lisbon agenda to make Poland a competitive knowledge-based economy with more and better jobs and greater social cohesion. ***(Implement Europe 2020 strategy to make Poland a competitive knowledge-based economy with more and better jobs and greater social cohesion)***
- Modernize the social security system ***(including through reforming some of the incomplete components of the pension design, increasing the efficiency of public spending on social assistance for the poorest households)***
- Strengthen educational outcomes and improve the responsiveness of the educational system to the changes in the job market, and achieve efficient and accountable educational system.
- Introduce additional voluntary health insurance, improve the management of healthcare establishments and exercise control over the medical services quality ***(eliminate hospital debt for ongoing operations, improve resource allocation in the health sector and among hospitals, encourage cost-saving technical change in hospitals and improved response to payment incentives)***
- Improve the condition of social infrastructure

CPS objectives: to help improve labor supply incentives and enhance labor market competitiveness, achieve efficient and accountable education system, improve efficiency in allocation and use of resources in the health sector.

Original Expected Outcomes/Outputs	Revised Expected Outcomes/Outputs	Progress To Date	WB program (*Italics indicate not planned in CPS*)
Labor Market, Social Assistance and Pensions: •Increase in employment/working age population ratio to 60% by 2012 and in labor force participation rate of population aged 55-64 to 33% by 2010 and in proportion of unemployed who receive job search assistance and vocational counseling to 30% by 2010.	**Labor Market, Social Assistance and Pensions:** ***• Help Govt achieve its objective to increase employment rate from 60% (2010) and labor force participation rate of population aged 55-64 from the current level of 37% in 2010.***	**Labor Market, Social Assistance and Pensions:** Employment rate for population 15-64 remained stable at around 59.3% from 2008 to 2010 despite the increase in unemployment due to the crisis. Employment rate for population 55-64 increased from 31.6% in 2008 to 34% in 2010. •LFP rate increased from 63.8% (15-64) and 33.3% (55-64) in 2008 to 65.6% and 36.7% respectively in 2010. Measures taken: *•Implementation of the government program to enable increasing labor force participation of older workers, known as "50+" (PL2 prior action)* *•Parliament adoption of the law on*	**Labor Market, Social Assistance and Pensions:** ***Lending:*** •DPL1-DPL3 (FY9-10) ***AAA:*** • Public expenditure review on PFM, public wages and social sector (ESW) (FY10) ***•Fueling Growth and Competitiveness in Poland Through Employment, Skills, and Innovation (ESW) (FY11)*** •Qualitative field research on coverage and leakage in social assistance (TA) (FY10) •Assessment of plans to encourage and regulate child care facilities for children under 3 years of age to

•Policy options for the restructuring of farmers' pension system.	***•Policy options for bringing special-scheme pensions in line with the main pension system identified and implementation started. Increase in minimum years of service to qualify for pension for police/military from 15 years to 20 years, and the introduction of the minimum retirement age of 50.***	*employment promotion and labor market institutions, pursuant to which the level of unemployment benefit is reduced after three months in order to encourage the unemployed to seek a job immediately after their registration.* *•Adoption of regulation of Temporary Work Agencies to enable more employers to use TWA services* *•Parliament adoption of law on childcare to improve incentives for women to participate in the labor market and enable more flexible forms of child care facilities,* *•Government resolution to increase amount of means-tested child benefits by average forty percent (PL3 prior action)* *• Adoption of law on foster care to move from institutional to household-based care.* *•Enactment of the law on bridging pensions reducing the number of people eligible for early retirement from 1.7 million to 300,000 (PL2 prior action)* *•Enactment of law on reducing contribution fees charged by PTE to OPF members from 7 to 3.5 percent (PL3 prior action)* •Preparation of draft legislation on uniform pensions to bring pensions for uniform services more in line with the main pension system.	improve incentives for women to participate in the labor market (TA) •Training for government officials on World Bank simulation tool for pension reform (PROST) (TA) (FY10)
Education: •Successful implementation of higher education reform; better labor market outcomes for the young.	***Education:*** •Successful implementation of higher education reform, ***in particular: implementation of pro-quality financing system, including financial support for entities which obtain the status of National Leading Scientific Center (Krajowy Naukowy Osrodek Wiodacy, KNOW); free***	***Education:*** •Completed legislative work on Act: Higher Education Law, which envisages, among other solutions: implementation of pro-quality financing system, including financial support for entities which obtain the status of National Leading Scientific Center (Krajowy Naukowy Osrodek Wiodacy, KNOW); free of charge education on second and more faculty in a public university for students,	***Education:*** ***Lending:*** •DPL1-DPL3 (FY09-11) ***AAA:*** •Regional conferences on higher education reform (TA) (FY10) ***•Policy advice on linkages between science curricular and development of human capital for research,***

•Improved student learning outcomes in Math, Science and Reading in PISA 2009 and increased participation rates in pre-primary and upper-secondary education.	***of charge education on second and more faculty in a public university for students, who receive Rector's scholarship for best students; precise definition of the catalogue of free of charge educational services provided to students by tertiary schools.*** ***•Increased pre-school participation rates among children aged 5 years from the 2008/09 level of 74.8%.***	who receive Rector's scholarship for best students; precise definition of the catalog of free of charge education services provided to students by tertiary schools. •Average PISA score increased marginally from 500 points in 2006 to 501 in 2009 (math performance unchanged at 495, reading score declined from 508 points to 500, and science increased from 498 to 508). •Enactment of law to initiate compulsory pre-primary program for 5 yr-olds (Grade 0) starting from 2011/12 and begin implementing on a voluntary basis in 2009/10. The same law initiates a compulsory school program for 6 yr-olds from 2012/13 (PL2 prior action). Enrollment rate of 5-yr olds increased from 57.8% in 2007 to 74.8% in 2008/09.	***science and technology (TA) (FY10)*** •Policy notes on enhancing teacher performance and assessing the quality of educational services at higher education institutions (ESW) (FY10) ***•Fueling Growth and Competitiveness in Poland Through Employment, Skills, and Innovation (ESW) (FY11)***
Health: •Improved efficiency of hospitals and rationalized service delivery network to allow reallocation of resources towards primary and preventive care. •Debt of corporatized hospitals reduced to 7.5% of total annual revenues by December 2010.	***Health:*** •Improved efficiency of hospitals and rationalized service delivery network ***through implementation of DRG system. By end-2010, 90% of hospitals to be covered by DRG system.*** ***•60 hospitals corporatized under Commercial Code by end- 2010.***	***Health:*** •DRGs fully implemented in 2010. •Data not yet available but planned central government transfers to support restructuring of hospitals on track.	***Health:*** ***Lending:*** •DPL1-DPL3 (FY09-10) ***AAA/ TA:*** •Paper on fiscal implications of demographic change on long-term care (ESW) •Workshop on PPP in health sector for Mazowieckie voivodship (TA)

2: Regional Development

Government objectives:

- Improve the condition of technical infrastructure (National Development Strategy 2007-2015 – Priority 2)
- Support to regional convergence of Eastern Poland as defined in NSRF 2007-13
- Regional development and raising of territorial cohesion (National Development Strategy 2007-2015 – Priority 6)
- ***New National Strategy for Regional Development 2010-2020; Regions, Cities, Rural sets following objectives:***

1. ***increase competitiveness of regions (through reducing persistent underutilization of growth potential)***
2. ***reduce development disparities between and within regions.***
3. ***strengthen governance (multi-level governance).***

CPS objectives: to provide advisory, technical and financial assistance in supporting internal convergence, including financial assistance in the context of Eastern Poland Operational Program.			
Expected Outcomes/Outputs	Revised Expected Outcomes/Outputs	Progress To Date	WB program (realized/*Italics indicate not planned in CPS*)
•Improved capital investment planning and debt management in major cities (support for alleviation of urban infrastructure bottlenecks, including climate change agenda) • More strategic allocation of EU funds •Improved utilization of EU funds through capacity building and co-financing • Improving understanding of tradeoffs in regional policy	***•Improve planning and debt and asset management, as reflected by Bank staff assessments of medium-term debt management strategies for selected bigger cities.*** ***•Increase technical capacity of selected regional governments to design and improve strategy design, planning and implementation, and reduce development obstacles in key economic sectors at regional level reflected in a positive assessment of the European Commission on Regional Operational Programs derived from regional development strategies.***	•Significant progress with the adoption of various laws streamlining the investment process on public roads, improving public-procurement procedures and aligning Polish legislation on environmental protection rules with EU. Cost-benefit analysis of projects has been strengthened, including in transport infrastructure making it easier to prioritize projects. •Poland absorbed all EU funds available for 2004-06 (by the end of 2009 as allowed) and advanced absorption of funds for 2007-13 (about 60 percent of funds available have been already contracted). •Development of new national strategy for Regional development in line with new EU approach.	***Lending:*** *•Planned subnational credit line through BGK or loans to selected lesser-developed subnationals (FY12/13)*[6] ***AAA:*** •WDR 2009 discussions and follow-up activities (TA) (FY09/10) • Subnational Cooperation Action Plan 2010-2012 (internal document) (FY09/10) •Public Expenditure Review of Mazowieckie Voivodship on capital investment planning, spending and debt management; also provides assessment of the broad policy mix for regional development within the region (ESW). (FY10) •Strategic planning of development, rehabilitation and maintenance of regional roads in Mazowieckie Voivodship (TA; FBS) (FY10) •Warsaw City policy notes on Public Transport Financial Sustainability, Metropolitan Institutions, and Public Land and Property Asset Management (ESW; part of loan preparation) (FY09/10) ***•Support for Regional Development Strategy (FY12/13)*** ***•TA for Land and Property Asset Management for 1-2 major cities, of which one is Lubelskie (FY13)***

[6] Warsaw City Project planned in CPS was cancelled.

CPS Pillar 2: Public Sector Reform
1: Public Finance Government objectives: • Implement task-budgeting, in particular 3-year task-based planning ***(and continue other institutional reforms to make the budget more transparent, predictable, and performance-oriented over the medium term)*** • Improve public finance sector efficiency and public funds management; reduce fiscal deficit to enable a secure and sustainable fulfillment of the convergence criterion and euro adoption in Poland by 2012. ***(Implement fiscal consolidation strategy to enable a secure and sustainable fulfillment of the convergence criteria by 2012/13 for euro adoption in Poland)*** CPS objectives: To assist the Government in improving Public Financial Management systems

Original Expected Outcomes/Outputs	Revised Expected Outcomes/Outputs	Progress To Date	WB program (realized/*Italics indicate not planned in CPS*)
•Increased effectiveness and efficiency of public spending through introduction of performance-based budgeting •Improved prioritization between various types of expenditures and greater control of public finances in the context of fiscal constraints imposed by euro adoption plans.	•No change • Improved prioritization between various types of expenditures and greater control of public finances in the context of fiscal constraints imposed by euro adoption plans, as assessed by the EU of Poland's convergence programs. ***•Help Government to achieve its***	•Enactment of new Public Finance Act in 2009 to strengthen transparency, efficiency and quality of budget process through medium-term fiscal framework and performance-based-budgeting, enhanced debt safety procedures, strengthened control and internal budget audit, and increased budget transparency through consolidation of some budgetary units and separate budgeting of EU funds. ***In addition, government has made progress in public finance through:*** *•Amendment to Public Finance Act to improve liquidity management, introduce a fiscal rule on discretionary expenditures, make fiscal impact assessment of new legal initiatives compulsory and introduce a VAT increase if debt-to-GDP exceeds 55%.* *•2011 state budget incorporates fiscal consolidation measures, including a freeze in the central govt wage bill and a 1 percentage point increase in VAT.* *•Parliament approval of law to rationalize employment in state budget units and other public entities in 2011–13 to reduce employment by 10%*	***Lending:*** •DPL1-DPL3 (FY09-10) ***AAA:*** •PER on PFM, public wages and social sector (ESW) (FY10) •EU10 fiscal study on performance-based, medium-term budgeting (ESW) •Public Expenditure Review of Mazowieckie voivodship (ESW) (FY10) •Tax expenditure workshop (TA) •Social spending incidence analysis (TA)

	fiscal deficit target of "close to" 3 percent of GDP in 2012 through strengthening its fiscal responsibility framework (indicator: introduction of permanent fiscal rule for the Central Government).	*relative to Q2 2010.* •Fiscal deficit increased to 7.9% of GDP in 2010 but is targeted to decline to 5.6% of GDP in 2011 and 2.9% of GDP in 2012.	
CPS Pillar 3: Growth and Competitiveness			
1: Transport Infrastructure Development Government objectives: • Provide transport and other infrastructure appropriate for the needs of modern economy • Create favorable regulatory and institutional environment for entrepreneurship, innovation and investment in transport • ***Improve financial sustainability of the transport sector*** • Improve the condition of technical infrastructure CPS Objectives: To provide support in developing and rehabilitating infrastructure to enhance private investment and productivity growth.			
Expected Outcomes/Outputs	Revised Expected Outcomes/Outputs	Progress To Date	WB program (realized/*Italics indicate not planned in CPS*)
•Contribution to the strategy for transport sector development (incl. climate change agenda). •Improved transport infrastructure and road safety. •Increased efficiency of transport and reduced negative impact on the environment. •A system of strategic and operational planning and management program for the development and preservation of roads infrastructure; improved legal framework and institutional capacity for preparation, implementation and monitoring of transport infrastructure projects. •Contribution to development of system of high speed passenger railways in Poland, including technical, environmental, economic/ financial aspects and potential involvement of private sector partners.	•Contribution to the strategy for transport sector development (including climate change agenda ***and medium long-term financing)***. ***•% of roads in good condition improved from 49% (2005) to 60% and adequately maintained (2013)*** •Improved system of strategic and operational planning ***at central and subnational levels and programs for development/ rehabilitation of land transport infrastructure***. ***•Improved legal framework and institutional capacity for preparation, implementation and monitoring of infrastructure projects***.	•Transport Sector Strategy is under preparation by Min of Infrastructure as part of the Natl Development Strategy. •Natl Motorway and Expressway program progressing resulting in over 750 km of motorways in operation and further 500 km under construction Percentage of national roads in good condition increased from 52 to 58% from 2008-2010). Decline in road fatalities from 5500 (2008) to 3900 (2010). •Special govt program of financial support to subnational roads since 2009 (PLN 1 billion/ year). Progress in adoption of sustainable urban transport strategies in a number of big cities (including Warsaw & Poznan). •Railway sector reform aimed at improving competitiveness and financial sustainability of railway sector delayed. Feasibility study analyzing high speed railway potential in Poland is underway (financed by EU).	***Lending:*** • Two road rehabilitation loans completed in 2009 and a third one under implementation (closing in FY12) ***AAA:*** • Land Transport Policy Note (ESW) (FY11) • Mazowieckie region strategic transport planning (ESW/TA; FBS) (FY10) • Warsaw City sustainable transport policy notes (ESW) (FY10)

•Increased involvement of private sector partners in maintenance and development of infrastructure and provision of public sector services.		•Improved legal framework for private sector involvement in infrastructure adopted in 2009 (law on concessions in construction and services; PPP law).	
2: Private Sector Development Government objectives: • To provide favorable regulatory and institutional environment for entrepreneurship, innovation and investment. CPS objectives: to assist in improving business regulations in Poland and provide Government with global best practice in this area.			
Expected Outcomes/Outputs	Revised Expected Outcomes/Outputs	Progress To Date	WB program (realized/*Italics indicate not planned in CPS*)
•New business regulations developed in line with global best practices. •The cost of SME registration and start-up and of obtaining licenses is reduced by 20% to below PLN 10,000 by 2010.	• Regulatory reforms facilitating business start-up, operations and licensing, and other business-to-govt requirements (taxes, closures, trade), have been made showing a reduction in time, cost and transactional steps. Indicators: cost of obtaining business licenses reduced by at least 20% from current levels (currently 122% of per capita income), and time to register property and close a business reduced by 20% to ≈120 days and below 2.5 years, respectively, by 2012. • Programs to promote business innovation made more effective via further R&D resource allocations to such programs as measured by an increase in public R&D to GDP ratio from 0.68%; R&D for business/GDP: 0.19%[7] (2009); and orienting these towards commercialization of products in several sectors (indicator: patent applications submitted to US patent office increased from 8.91 per million inhabitants (2009)), as well as increasing R&D institute linkages with the business community.	•Enactment of Law on Delivery of Services enhancing international competition in services in line with global best practice (EU Services Directive). • Govt approval of bill on Reduction of Administrative Barriers for Citizens and Entrepreneurs, which cuts red tape in almost 90 different pieces of legislation, reduces number of licenses and permits, lowers administrative fees, and eliminates need for formal certificates of evidence in favor of voluntary declarations in contacts with public administration. Reduction in the SME start-up cost to about PLN 8,000 (including paid-in capital).	***Lending:*** •DPL1-DPL3 (FY09-10) ***AAA:*** • Improving the business regulatory environment in five Doing Business areas, where Poland lags behind the most: starting a business, property registration, paying taxes, enforcing contracts, and protecting investors (TA; FBS) (FY11) • *Innovation TA (FY11-12)*

[7] As reported by Eurostat

CPS Pillar 4: Regional and Global Public Goods

1: Energy and Climate Change

Government objectives:

- Comply with international and EU long-term policies on climate change mitigation and preserve energy security to households and enterprises **(*Ensure adequate energy supplies while meeting environmental targets, including climate protection; and comply with international climate policies and targets of the EU energy and climate change package 20-20-20*)**
- Seek, elaborate and implement environment-friendly solutions (e.g. low-emission, energy-efficient material-saving production (National Reform Program for 2008-2011 – Innovative Economy Priority Measure 6)
- Using innovation in terms of environmental protection (National Reform Program for 2008-2011 – Innovative Economy Priority Measure 6)
- Improvement of the condition of the technical infrastructure, incl. protection against natural disasters, in particular against floods and their effects, incl. activities of a legal and organizational character (National Development Strategy 2007-2015 – Priority 2e)
- ***Reduce the energy intensity of the Polish economy to the EU-15 level by 2030***

CPS objective: to assist the Government in the area of mitigation and adaptation of the Polish economy to the challenges of climate change.

Expected Outcomes/Outputs	Revised Expected Outcomes/Outputs	Progress To Date	WB program (realized/*Italics indicate not planned in CPS*)
•Integrated climate change strategy to minimize costs and maximize potential benefits, given various carbon mitigation scenarios. •Increased public and private sector investments in energy efficiency in buildings. •Poland participates in the system of international emissions trading under the Kyoto Protocol; implementation of "greening" programs supported by the revenues from the sale of assigned amount units (AAUs).	•Improved energy efficiency (9% saving in final energy consumption in 2008-2016)[8]. Progress in 2013 measured by issuance of tradeable white certificates and their associated energy efficiency obligations. • Help Govt meet its target of 11% of final energy from renewable energy sources by 2013 from 8% in 2009. • Increased use of cogeneration to decrease total energy use. Indicator: Cogeneration 17% of total electricity supply by 2013 from 16% (2009). • Install 200,000 Smart Meters.	•Parliament adoption of energy efficiency law. (EE DPL action) •Govt submitted National Renewable Energy Plan to the EC through a Council decision of December 7, 2010, thereby detailing its commitment of at least 15.5% of renewable energy use by 2020. The Govt increased use of biomass and windpower 7-fold from 2004-2009. •Govt provided incentives to increase share of cogeneration through issuance of Ordinance on Heat Tariffs of September 17, 2010 (EE DPL action). •Govt issued draft Regulatory Statement covering all key areas of	**Lending:** •GEF Energy Efficiency project (restructured). •Three "greening" PCF projects in Stargard, Walbrzych and Puck. •Energy Efficiency/Renewable Energy DPL (FY11) •Odra River Basin Project **AAA:** •Transition to a low-emissions economy (ESW) (FY11)

[8] Government committing only to the 2016 target, which is beyond the CPS period.

•Systems for flood/natural disaster insurance, preparedness and mitigation; spatial planning in flood plains. Protection of people and property in Odra River Basin against floods of 1997 magnitude by 2013.	•No change	implementation of Smart Meters and through the SOE Energa has initiated implementation (EE DPL action) •Too early to assess	
2: Financial sector stability and development ***Government objectives:*** • ***To safeguard the stability of the financial sector, including through strengthened domestic and pan-European regulations, improve access to financing, reduce financial exclusion, and promote capital markets development*** ***CPS objective: To support the Government in safeguarding the stability and promoting the development of the financial sector***			
Expected Outcomes/Outputs	Revised Expected Outcomes/Outputs	Progress To Date	WB program (realized)/*Italics indicate not planned in CPS*
	• Implementation of EU and G20 mandated regulatory initiatives resulting in increases of bank core capital and counter cyclical loss reserves; improved supervision from FY11 ROSC from baseline: Capital/Asset ratio: 13.8%; Non performing loans: 8.8%; Loss Provisions/Non-performing loans: 54.6% (Dec 31, 2010) ***• Increased capital market integration with pan-European securities markets and improved risk management of private pension assets*** ***• Improved capacity to oversee and supervise credit unions in Poland's regional banking services from baseline: Delinquent/Total Loans: 12.7%; Net Profit/Asset ratio: -0.2% (March 31, 2010)***	*• PFSA approved a new recommendation to tighten criteria for local and foreign currency consumer lending* *• The level of deposit guarantee was raised from EUR50,000 to EUR100,000 in line with EU legislation.* *• Parliament adopted new legislation, currently under review by the Supreme Court, subordinating credit unions to the supervisory powers of the PFSA, reducing systemic risks.*	***AAA/ TA:*** ***• Credit union supervision (ESW/TA) (FY11)*** ***• ROSC (BCP/IAIS) (FY11)*** ***• Financial Sector Advisory TA (FY12)***

Note: Text in italics denotes changes/additions from original CPS

Annex 2: CPS PR Pillars and Themes FY11-13[1, 2/]

Pillar/Theme	Making Europe Work for Poland	Policy Reforms for Europe 2020 and Convergence	Complementing the EU Agenda
Pillar 1: Social and Spatial Inclusion • Social sectors reform • Regional development	**Regional Development Strategies** **Strengthening Subnational Inst & Capacity** *Lending* -Municipal credit lines (FIL)[1/] (B) *AAA* -Municipal finance ESW/TA (strategic) -Subnational Transport -Subnational Reg Dev strategies / PERs (FBS)	*AAA* Strategy for Human Capital Dev TA	**Social Sector Reforms** *Lending* DPL series (closed) *AAA* -Social Inclusion TA (FBS)
Pillar 2: Public Sector Reform • Public finance management • Public admin / governance			**Public Sector Reform: PFM / PAR** *Lending* -PARSP (ongoing) -Public finance/ Admin Reform DPLs (A) *AAA* -PFM TA (ongoing) -Admin reform TA (FBS)
Pillar 3: Growth & Competitiveness • Transport infrastructure development • Private sector development		**Transport Policy & Inst Reform** *Lending* Energy / Transport RBL (C) *AAA* Roads/rail reform TA (FBS) **PSD: Innovation and Skills** *AAA* Innovation TA (ongoing; FBS) **PSD: Business Envir & Deregulation** *AAA* Doing Business TA (FBS)	**Transport Policy & Inst Reform** *Lending* Roads Rehab & Maint (ongoing)
Pillar 4: Regional and Global Public Goods • Climate change and energy • Financial sector stability	**Financial Sector Regulation**	**Sustainable Energy Efficient Growth Climate Change** *Lending* -Odra River (ongoing) -GEF Energy Efficiency (ongoing) -Energy Efficiency /Renewable Energy DPL -IFC *AAA* -Low-Emissions CEM follow-up -Energy efficiency studies (ongoing) -Water/flood mgt TA (FBS) -Financial Reporting TA Program 2010-2015 (ongoing)	

1/ Subject to confirmation following general elections in October 2011.
2/ Excludes regional work that generally includes Poland. A: Very likely; B: likely; C; possible

Annex 2b: CPS PR: Tentative Program FY11-13 [1/ 2/]

	LENDING	$	FY		AAA	FY
Theme 1: Making Europe Work for Poland						
	Municipal credit line (FIL)1(B)	500	FY12		Municipal finance ESW/TA	FY12
	Municipal credit line (FIL)2 (B)	250	FY13/14		Subnational transport ESW	FY12
					Subnational RDS/PER (FBS)	FY12/13
Theme 2: Policy Reforms for Europe 2020 and Convergence						
					Innovation TA (ongoing; FBS)	FY11
	Energy Efficiency and Renewable Energy DPL	1000	FY11		Strategy for Human Capital Development TA	FY12
	Energy/transport RBL (C)	500	FY12/13		Energy efficiency studies (ongoing)	FY11
					Doing Business TA (FBS)	FY12
					Low-emissions CEM follow-up TA	FY12
					Roads/railways reform TA (FBS)	FY12
					Financial Reporting TA Program 2010-2015 (ongoing)	FY16
Theme 3: Complementing the EU Agenda						
	PF/Adm Reform DPL1 (A)	500	FY12		Public finance TA (ongoing)	FY11/12
	PF/Adm Reform DPL2 (A)	250	FY13		Administrative reform TA (FBS)	FY12
					Social Inclusion TA (FBS)	FY12
Memo: total lending (mill. $)						
FY09		2500				
FY10		1250				
FY11		1000				
FY12		1250				
FY13		750				

1/ Subject to confirmation following general elections in October 2011.
2/ Excludes regional work that generally includes Poland. (A): Very likely; (B): likely; (C): possible

Annex 3: Subnational Cooperation Action Plan (SCAP) 2010-2012

Background

1. Over the past couple of years, the World Bank has been increasing its cooperation with subnational governments in Poland. This reflects a number of factors: (i) subnational governments are responsible for important social service delivery and infrastructure functions and account for a substantial share of public spending; (ii) many regions lag significantly in their economic development relative to the national average and are therefore major recipients of EU financial aid; (iii) regions are responsible for their own development programs, and many cities also undertake longer-term development planning; and (iv) subnational governments often also have less-developed institutional and technical capacity as compared to the central government.

2. Initial efforts to engage subnational partners focused on the capital city, Warsaw, its surrounding region, Mazowieckie, as these are among the most developed and sophisticated subnational governments and often serve as pilots and examples for other subnational governments. Recently the cooperation was expanded to Lubelskie Voivodeship, one of the least developed regions in Eastern Poland.

3. Looking ahead, World Bank cooperation with subnational entities in Poland will be guided by the Subnational Cooperation Action Plan for Poland for 2010-2012. The document proposes a strategic approach for development of subnational cooperation in Poland and constitutes the basis for the Bank's activities in this field over the next two to three years.

Objectives

4. The main objective of the SCAP is to support sustainable socio-economic development of subnational governments in Poland through innovative knowledge-based and financial cooperation with regional and municipal authorities. The goal is to be achieved by providing unique, world class non-profit expertise which may be combined with flexible, responsive and tailor-made financial support. This objective is fully in line with the priorities of the government National Development Strategy 2007-2015.

Proposed actions

5. Given its mandate, the World Bank aims to target regions and cities with relatively low levels of income. The extent of previous cooperation with the Bank and good institutional contacts, available financing, and political stability are also important considerations. The World Bank sees the following regions and cities as priority: Lublin and Lubelskie region, Rzeszów and Podkarpackie region, Białystok and Podlaskie region, Wrocław and Dolnośląskie region, Warminsko-Mazurskie, and Katowice and Śląskie region.

6. The World Bank has identified the following as priority service areas, based on an assessment of needs/demand, value-added and uniqueness of services, and capacity to deliver, though this list is non-exhaustive and can evolve over time.

- **Infrastructure:** public transport including metropolitan transport, regional / municipal strategies of transport development; roads management, (including innovative PPPs);
- **Regional development:** regional development strategies, territorial and urban development/planning, municipal land and property asset management; brownfields redevelopment, monitoring and evaluation of EU funds;
- **Public finance:** Municipal financial and debt management, subnational Public Expenditure Reviews, Performance-Based Budgeting; and
- **Social sector:** health sector, education, labor market (including innovative PPPs).

Sources of financing and modalities of cooperation

7. The assumption of the SCAP is to provide development support to regions / cities, mainly through analytic and advisory services, most likely on a fee or cost-sharing basis. However, financial support is not excluded.

8. In addition to regular Bank budget resources, the Bank's analytical and advisory work could be covered from the following financing sources: (i) Polish public funds; (ii) EU funds; and also possibly from (iii) bilateral grants; and (iv) international financial institutions (IFI) loans.

9. However, regardless the origins of funding, due to its unique character, the Bank cannot enter into competitive bidding for its services. While the Polish Procurement Law does not clearly exempt the Bank from competitive bidding for advisory services (as it does for lending), the provisions and published opinions does allow for this both due to the presumed uniqueness of services provided and the special procedures of the Bank that prevent it from entering into competitive bidding. In parallel with the Polish Procurement Law, the Law on Rules of Development Policy provides for a special procedure to select of partners for joint implementation of a number of EU co-financed projects, namely the "partnership agreement (project)". In this case, public procurement rules do not apply, i.e., there is no need for competitive bidding.

Current experience and main conclusions

10. AAA. Recent and ongoing support includes fee-based service agreements with two Polish regions: (i) **Mazowieckie Voivodship** in: (a) improving strategic planning of development, rehabilitation and maintenance of regional roads on a fee-basis and (b) Public Expenditure Review covered by the WB grant; and (ii) **Lubelskie Voivodship** ongoing assistance in analyzing of current and future development of the Region and in reviewing and advising on Regional Development Strategy, provided on a cost-sharing basis with EU funding involved.

11. Despite some progress made in this area, a primary concern and one of the main stumbling blocks in developing FBS is Polish procurement law constraining sole-sourcing the Bank. Given the lack of systemic approach to procurement, it is treated on a case-by-case basis, so far effectively only by combining FBS with Bank's own resources so that Bank's advisory services are exempted from the Polish procurement law. Another possibility would be to sole source the Bank, however, a prerequisite is a solid justification of uniqueness of Bank's services.

12. Subnational Lending. The most promising avenue for subnational lending could be a line of credit operated by BGK (Bank Gospodarstwa Krajowego). However, a sovereign guarantee requirement, as well as modality of such an instrument and determining Polish government support for subnational lending still remain issues. Although IL for Warsaw infrastructure investments was put on hold as it has triggered pari passu clauses with other IFIs (which could also be a case for some other Polish cities) support to specific subnational governments may be also tested, most likely using BGK as intermediary.

Critical success factors

13. Successful operationalization and implementation of SCAP for Poland will depend on the Bank's ability to match real priorities and needs of subnational partners with its own strong commitment. Critical internal success factors reinforcing the Bank's engagement include the following:

- Availability of highly qualified technical staff for project identification, implementation and quality assurance, ideally combining both global and local expertise;
- Effective project management and handling of relationships with clients, preferably by locally based Bank staff project coordinators.

14. However, effective realization of SCAP will also greatly depend on factors on a client side. The following external determinants are crucial for successful implementation of SCAP:

- Capacity of counterparts to define development programs, identify needs and areas for Bank assistance;
- Establishment of close cooperation with the Bank and client responsiveness in order to facilitate the Bank to carry out advisory services;
- Continuity and stability of counterparts.

Annex 4: Summary of Recent Key Strategic Analytical Work

Annex 4a: Transition to Low-Emissions Economy in Poland

This report, part of the World Bank's series of low-carbon growth studies, aims to assess how Poland can move to a low-emissions development path without sacrificing growth and employment. The report notes that:

- Poland can cut its greenhouse gas emissions by almost a third by 2030 by applying existing technologies, at an average cost of €10 to 15 per ton of carbon dioxide equivalent abated.
- Costs to the economy will peak in 2020; but by 2030, the shift towards low emissions will augment growth. Overall, this abatement will lower GDP by an average one percent through 2030 from where it otherwise would have been.
- The economic cost in output and employment of Poland's required abatement by 2020 under EU rules is higher than for the average EU country; and the restrictions on emissions trading between sectors aggravate that cost.
- The energy sector currently generates near half of Poland's emissions; but the transport sector — with precipitous growth and the need for behavioral change in addition to the adoption of new technologies — may end up posing the tougher policy challenge.

A low-emissions growth path appears to be particularly difficult for Poland. Poland's economy remains today among the least emissions-efficient in the EU, and the country is a European and global outlier with more than 90 percent of its electricity generated from locally-abundant coal. Yet, as an EU member, Poland must comply with EU energy and climate policies. Over the next few decades, Poland faces the test of catching up to EU income levels while simultaneously becoming less dependent on abundant domestic coal for energy needs.

The switch to low-emissions energy supply, end-user energy efficiency measures, and transport policy will be the central pillars of Poland's low-emissions strategy. The power sector, as the dominant source of today's emissions, necessarily must be addressed, but the sector's large investment costs raise financing challenges while long lead times guarantee that its structure will shift only slowly. With lower capital costs and earlier returns, energy efficiency measures hold out the promise of relatively low cost abatement that works directly to delink emissions from growth, the essence of a low-emissions economy. Yet, the transport sector may prove the most challenging to hold emissions growth within the EU target since most technological solutions are already in place, leaving policymakers with only behavioral solutions — such as getting people out of their cars and onto public and non-motorized transport— that are much more complicated to implement.

Poland's transition to a low-emissions economy by 2030 seems to be affordable. However, capturing the full package of technologically feasible and economically sensible abatement measures requires coordinated and early action by the government. With an ambitious approach, Poland can aim to reduce its GHG emissions by about one-third by 2030 (relative to 1990) at manageable cost to incomes and employment. Similarly, meeting the EU targets for 2020 appear generally feasible for Poland at manageable cost as well, albeit likely more challenging for less energy-intensive sectors such as transport than for sectors that are covered by EU-wide carbon trading.

The report has already made an impact. One specific outcome of this analytic work is Bank support through the development policy operation for energy efficiency policy reforms in Poland. Moreover, Bank representatives were invited to participate in the national Energy Round Table, a series of high-level discussions on Poland's low carbon strategy. Also, insights from the study have been used by the government in preparing its medium-term and long-term economic strategies. Last is the transfer of one of the models developed under the study to the government for additional study of EU policies and the use of another of the models for more in-depth analysis of energy efficiency questions.

Annex 4b: Poland Transport Policy Note—Toward a Sustainable Land Transport Sector

Poland's rapid economic growth since EU accession has translated into a strong increase in freight and passenger traffic, even above GDP growth. Most of this growth has been served by road transport despite the existence in Poland of one of the largest rail networks in the EU. In spite of many positive developments, the country is still perceived by potential investors as having a poor quality of transport infrastructure. Poland has made significant progress in developing land transport infrastructure over the last several years. It has successfully seized the opportunities from the accession to the EU and the large financial support provided for development of transport infrastructure. For example, total road spending in Poland doubled from 2004-2007 and almost doubled again in 2007-2010. The results of such large investments are visible mostly in the road sector, where the percentage of roads in good condition increased from 49 in 2005 to nearly 60 in 2009 and absorption of EU funds under the current 2007-2014 program is well underway. Current road-focused transport policy orientation is partly understandable as the country still lacks a good backbone network of highways, while the surge in car ownership and road traffic have resulted in strong demand for high quality infrastructure supporting primarily road mobility.

Poland is still one of the worst EU performers in road injuries despite progress in legal regulations, enforcement and education campaigns. The economic and social cost of road crashes is estimated at 1.5 percent of GDP or US$10 billion a year. By approaching road safety initiatives more as investments rather than just costs to the budget, it was possible to reduce the number of fatalities in Poland by over 25 percent in 2009-10 to around 3900 in 2010. To sustain this positive trend, further coordinated efforts and sustainable medium–term funding would be necessary. Finally, the contribution of transport to CO2 emissions has already reached around 12 percent with road transport representing 92 percent of the sector emissions.

Of the imbalances in the land transport sector which need to be addressed in the short to medium-term, the key ones are related to a relatively low level of state funding for railways, resulting in the need for a significantly larger share of user funding of the railway infrastructure compared to road users. Another one is the relative underfunding of revitalization and current maintenance of existing land transport infrastructure compared to modernization and construction of new infrastructure. The sustainability of road sector financing, which depends largely on EU structural funds and debt, is also a matter of concern.

On the discrepancy between investment in new infrastructure on the one hand and revitalization and maintenance of the infrastructure on the other hand, we believe there is a lot to be gained from adopting a life-cycle approach to transport infrastructure and assuring sufficient medium-term funding for reducing the backlog in rehabilitation of existing infrastructure as well as proper current and periodic maintenance of newly developed infrastructure.

While the current transport policy orientation of the government seems to focus on improvement of road mobility, changes are needed in the transport policy in order to align it with EU recommendations towards a more balanced and energy efficient sector and to overcome numerous other challenges. These are mostly linked to further reforms in railways to improve efficiency and competitiveness of this transport mode and the need to focus attention on improving railway infrastructure.

The report makes an attempt to identify some basic alternative policy options and provides a general impact assessment using a simplified simulation tool developed as part of the study. These simulations show that modifications are needed in the direction of land transport policy, including adoption of a medium term financial strategy, further institutional strengthening and improvement in coordination between different stakeholders and transport modes. Delaying these reforms would be risky. The study suggests a number of priority actions to be considered by the government that should lead to improved financial, economic, social and environmental sustainability of the Polish land transport sector in the medium-long term.

Annex 4c: Poland Public Expenditure Review Analysis of Social and Public Wages

This report looks at public spending on pensions, education, health, social assistance, labor market programs, and public wages. Presenting the findings of a series of studies and notes compiled since April 2009, it highlights how reforming such spending, which comprises about one quarter of GDP, is essential for mitigating the impact of the economic crisis and for transforming Poland from a welfare state to a workfare society in line with Government's Vision 2030.

The report has two main messages. First, Poland can take measures to reduce public expenditures on social sectors and public wages by around 2.3 percentage points over the next three years. This would go a long way towards reducing the fiscal deficit from around 6 percent of GDP in 2009 to below 3 percent of GDP in 2012, consistent with the Maastricht threshold and as advised by the European Council from July 2009. The adjustment would allow the Government to maintain public debt below the constitutional ceiling of 60 percent of GDP and to aim for euro adoption by the middle of the decade. Such fiscal consolidation can be done while maintaining economic and social priority programs that mitigate the social costs of the crisis and enhance growth prospects. Delaying the adjustment to latter years would make the problem more difficult to address, raises the probability of new fiscal crisis in the years ahead, and runs the risks of constraining policy flexibility in future.

Second, beyond supporting the fiscal adjustment required in the context of the economic crisis, public expenditure reforms can also help bring about structural changes envisioned as part of the Government's strategy for 2030. This vision entails a fundamental transformation to a workfare society in response to the challenges of globalization, energy deficiency, climate change, and population aging. The aim is to build a competitive, innovative and energy efficient economy supported by a well performing state for a socially and regionally cohesive society.

This report provides a comprehensive assessment of Poland's social sector and public wage polices and lays out options for reform. The summary report has five parts. The first part lays out the macroeconomic context. It emphasizes that Poland has weathered the global economic crisis remarkably well but that the recovery is likely to be feeble and subject to uncertainty. The next part discusses the fiscal fallout of the crisis and argues that public expenditure reform should be a crucial pillar for fiscal consolidation. Sections III to V contain the main findings of the report. Section III presents a list of important reforms of public expenditures on social sectors and wages in support of Vision 2030. Section IV simulates the fiscal impact of public expenditure reforms, with a particular focus on state budget expenditures. The final section discusses how institutional reforms in the areas of medium-term and performance-based budget can support the reform agenda. Volume 2 presents the detailed analyses of social sectors and institutional reforms of public finance.

The analysis offers three original contributions to the debate on public expenditure reform in Poland. First, based on empirical evidence from administrative and household survey data, the report provides in-depth treatments of the social sectors. It takes stock of the achievements of the last years, presents outstanding challenges and lays out policy options to support Vision 2030, drawing on experience in the central Europe and elsewhere. Second, based on the Government's latest macroeconomic framework, the report presents estimates of fiscal savings for specific public expenditure reforms. While these calculations rely on a number of simplifying assumptions, they relate public expenditure reforms to a fiscal framework and provide order-of-magnitudes for potential savings. Third, the report presents an action plan to meet the goal of program-based budget appropriations in financial year 2013, as well as the new Multi-Year State Financial Plan.

Annex 4d: Europe 2020 Poland--Fueling Growth and Competitiveness through Employment, Skills, and Innovation.

This Report aims to analyze how Poland could help offset a projected decline in potential growth rate after the crisis and meet the Europe 2020 targets. Growth and competitiveness through employment, skills, and innovation and technology absorption are key issues to enable the EU to meet the targets set out in the Europe 2020 Strategy for Smart, Sustainable, and Inclusive Growth. Poland has undertaken important reforms in the first two areas, but it needs to go further to sustain its impressive pre-crisis growth rates and meet the new targets on which Poland still lags behind.

The Report argues that accelerating post-crisis rate of growth and meeting the EUROPE 2020 targets could be achieved through reforms in three specific areas: raising employment, improving skills, and enhancing technology absorption and innovation.

On raising employment, the report argues that although labor market conditions have substantially improved in Poland in recent years, the current employment rate of 65 percent is still less than the EU average and well below the Europe 2020 target. Raising the employment/population ratio is thus one of the key challenges that Poland faces on the road to convergence to the income level of the EU-15. The report shows that reducing labor market inactivity of older workers would yield particularly substantial economic benefits. Achieving a higher employment rate would also be critical given population aging and the growing life expectancy.

On improving skills, surveys indicate that Polish employers see inadequate workforce skills as one of the main constraints to the activity of their firms, with innovative firms tending to be more affected by skill shortages than traditional firms. To reduce the skills mismatch in Poland, the key challenge going forward will be to increase the supply of tertiary students, while ensuring that they are able to acquire the key skills that employers want. In addition, it will be crucial to give greater access to adult learning opportunities for those already in the labor market and those who are unemployed, but could shift to different jobs requiring different skills. Finally, Polish higher education will also need to offer the new skills that employers seek as well as provide good quality vocational courses at the tertiary level.

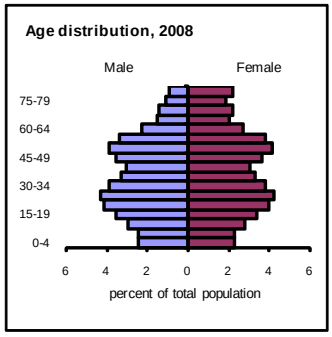
On enhancing technology absorption and innovation, the report argues that growth in Poland in the longer term will have to increasingly rely on technological change in addition to factor accumulation. The report shows that Poland ranks poorly among EU countries with regard to the efficiency of public expenditures and that Poland has a large scope to increase the efficiency of public expenditures on Research & Development (R&D) before increasing its levels. Further restructuring of Research and Development Institutes (RDIs), enhancing interest in innovation among Polish firms, and promoting international collaboration on co-patents will be crucial to support productivity-based growth.

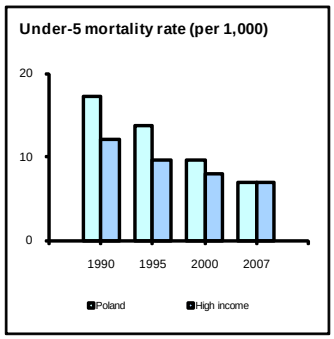
The Report provides a list of specific policy recommendations for each of the three areas. It recommends, for instance, to make further revisions regarding the access to social security benefits so that they do not present a disincentive for labor market participation; develop a learning outcomes approach for all levels of learning, with more emphasis placed on generic skills as a basis for labor mobility; and reform the RDI financing system to strengthen applied research and links with the needs of Polish small and medium enterprises and industry.

Annex 5: Poland at a Glance

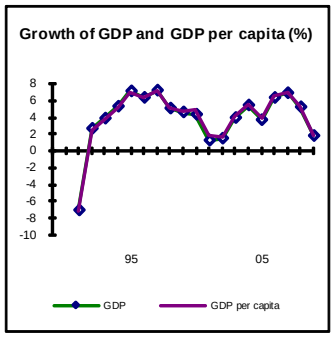
CAS A2

Key Development Indicators	Poland	High income
(2009)		
Population, mid-year (millions)	38.1	1,110
Surface area (thousand sq. km)	*313*	35,527
Population growth (%)	0.1	0.7
Urban population (% of total population)	*61*	77
GNI (Atlas method, US$ billions)	468.6	43,030
GNI per capita (Atlas method, US$)	12,280	38,781
GNI per capita (PPP, international $)	18,440	37,286
GDP growth (%)	1.8	0.5
GDP per capita growth (%)	1.7	-0.2
(most recent estimate, 2003–2009)		
Poverty headcount ratio at $1.25 a day (PPP, %)	<2	..
Poverty headcount ratio at $2.00 a day (PPP, %)	<2	..
Life expectancy at birth (years)	76	80
Infant mortality (per 1,000 live births)	6	6
Child malnutrition (% of children under 5)	..	..
Adult literacy, male (% of ages 15 and older)	100	99
Adult literacy, female (% of ages 15 and older)	99	98
Gross primary enrollment, male (% of age group)	97	101
Gross primary enrollment, female (% of age group)	97	101
Access to an improved water source (% of population)	..	100
Access to improved sanitation facilities (% of population)	..	99





Net Aid Flows	1980	1990	2000	2009 [a]
(US$ millions)				
Net ODA and official aid	–	1,320	1,393	*1,522*
Top 3 donors (in 2008):				
n.a.	–	–	–	–
n.a.	–	–	–	–
n.a.	–	–	–	–
Aid (% of GNI)	–	2.4	0.8	*0.6*
Aid per capita (US$)	–	35	36	*40*



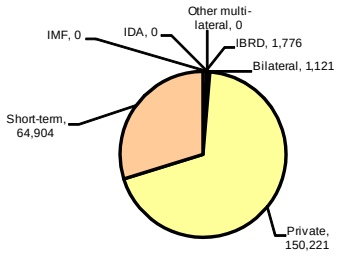
Long-Term Economic Trends					1980–90	1990–2000	2000–09
					(average annual growth %)		
Consumer prices (annual % change)	..	*585.5*	10.1	3.5			
GDP implicit deflator (annual % change)	..	*55.2*	7.3	3.6			
Exchange rate (annual average, local per US$)	..	0.9	4.3	3.1			
Terms of trade index (2000 = 100)	..	104	100	109			
Population, mid-year (millions)	35.6	38.1	38.5	38.1	0.7	0.1	-0.1
GDP (US$ millions)	..	58,976	171,263	431,307	..	4.7	4.4
		(% of GDP)					
Agriculture	..	8.3	5.0	3.6	..	*0.5*	0.8
Industry	..	50.1	31.7	29.9	..	*7.1*	5.7
Manufacturing	..	..	18.5	16.7	..	*9.9*	8.5
Services	..	41.6	63.3	66.5	..	*5.1*	3.8
Household final consumption expenditure	..	48.0	63.1	60.5	..	5.2	3.6
General gov't final consumption expenditure	..	19.3	18.5	19.2	..	3.7	4.2
Gross capital formation	..	25.6	24.8	20.2	..	10.6	5.9
Exports of goods and services	..	28.6	27.1	38.9	..	11.3	9.1
Imports of goods and services	..	21.5	33.5	38.9	..	16.7	8.0
Gross savings	..	*15.9*	18.8	18.6			

Balance of Payments and Trade	**2000**	**2009**
(US$ millions)		
Total merchandise exports (fob)	36,179	135,811
Total merchandise imports (cif)	50,381	145,151
Net trade in goods and services	-10,904	358
Current account balance	-10,343	-7,199
as a % of GDP	-6.0	-1.7
Workers' remittances and compensation of employees (receipts)	1,496	8,816
Reserves, including gold	27,466	79,591

Central Government Finance		
(% of GDP)		
Current revenue (including grants)	38.1	36.7
Tax revenue	19.8	20.3
Current expenditure	38.2	38.2
Overall surplus/deficit	-3.0	-7.1
Highest marginal tax rate (%)		
Individual	..	32
Corporate	30	19

External Debt and Resource Flows		
(US$ millions)		
Total debt outstanding and disbursed	64,834	195,201
Total debt service	10,156	27,538
Debt relief (HIPC, MDRI)	–	–
Total debt (% of GDP)	37.9	45.3
Total debt service (% of exports)	..	..
Foreign direct investment (net inflows)	9,343	*16,974*
Portfolio equity (net inflows)	447	*559*

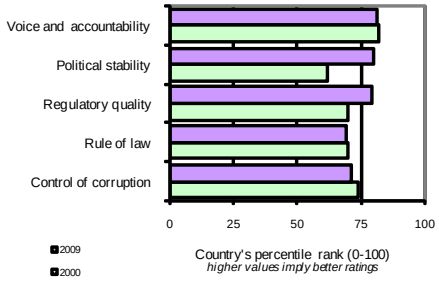
Composition of total external debt, 2008



US$ millions

Private Sector Development	**2000**	**2009**
Time required to start a business (days)	–	32
Cost to start a business (% of GNI per capita)	–	17.9
Time required to register property (days)	–	197
Ranked as a major constraint to business (% of managers surveyed who agreed)	**2000**	**2009**
Tax rates	..	*57.5*
Access to/cost of financing	..	*50.7*
Stock market capitalization (% of GDP)	18.3	31.4
Bank capital to asset ratio (%)	7.1	*7.9*

Governance indicators, 2000 and 2009



Source: Kaufmann-Kraay-Mastruzzi, World Bank

Technology and Infrastructure	**2000**	**2008**
Paved roads (% of total)	68.3	*90.3*
Fixed line and mobile phone subscribers (per 100 people)	46	141
High technology exports (% of manufactured exports)	3.3	5.2

Environment		
Agricultural land (% of land area)	60	*53*
Forest area (% of land area)	29.8	*30.4*
Terrestrial protected areas (% of surface area)	..	24.3
Freshwater resources per capita (cu. meters)	*1402*	1,406
Freshwater withdrawal (billion cubic meters)	16.2	..
CO2 emissions per capita (mt)	7.8	*8.3*
GDP per unit of energy use (2005 PPP $ per kg of oil equivalent)	5.1	*6.1*
Energy use per capita (kg of oil equivalent)	2,317	*2,547*

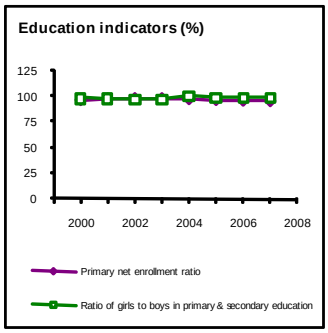
World Bank Group portfolio	**2000**	**2009**
(US$ millions)		
IBRD		
Total debt outstanding and disbursed	2,229	1,655
Disbursements	349	31
Principal repayments	199	152
Interest payments	122	62
IDA		
Total debt outstanding and disbursed	–	–
Disbursements	–	–
Total debt service	–	–
IFC *(fiscal year)*		
Total disbursed and outstanding portfolio	111	38
of which IFC own account	91	38
Disbursements for IFC own account	8	5
Portfolio sales, prepayments and repayments for IFC own account	21	8
MIGA		
Gross exposure	2	0
New guarantees	0	0

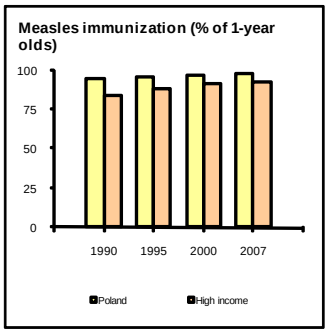
Note: Figures in italics are for years other than those specified. 2009 data are preliminary. 5/9/11
.. indicates data are not available. – indicates observation is not applicable.

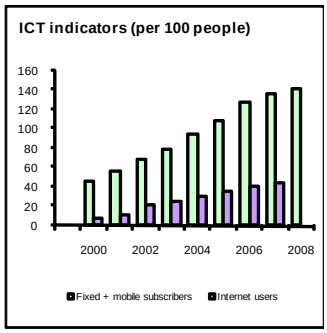
Development Economics, Development Data Group (DECDG).

With selected targets to achieve between 1990 and 2015
(estimate closest to date shown, +/- 2 years)

	Poland			
Goal 1: halve the rates for extreme poverty and malnutrition	**1990**	**1995**	**2000**	**2008**
Poverty headcount ratio at $125 a day (PPP, % of population)	*<2*	*<2*	<2	*<2*
Poverty headcount ratio at national poverty line (% of population)	..	*14.6*	*14.8*	..
Share of income or consumption to the poorest quintile (%)	*9.2*	*8.2*	7.9	*7.3*
Prevalence of malnutrition (% of children under 5)	..	..	..	..
Goal 2: ensure that children are able to complete primary schooling				
Primary school enrollment (net, %)	..	..	97	*96*
Primary completion rate (% of relevant age group)	98	*94*	95	*96*
Secondary school enrollment (gross, %)	88	*95*	100	*100*
Youth literacy rate (% of people ages 15-24)	100	100	100	100
Goal 3: eliminate gender disparity in education and empower women				
Ratio of girls to boys in primary and secondary education (%)	*100*	..	98	*99*
Women employed in the nonagricultural sector (% of nonagricultural employment)	..	47	47	*47*
Proportion of seats held by women in national parliament (%)	14	*13*	13	20
Goal 4: reduce under-5 mortality by two-thirds				
Under-5 mortality rate (per 1,000)	17	14	10	7
Infant mortality rate (per 1,000 live births)	15	12	8	6
Measles immunization (proportion of one-year olds immunized, %)	95	96	97	98
Goal 5: reduce maternal mortality by three-fourths				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	*8*
Births attended by skilled health staff (% of total)	..	..	*100*	*100*
Contraceptive prevalence (% of women ages 15-49)	*49*	..	..	..
Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases				
Prevalence of HIV (% of population ages 15-49)	..	*0.1*	0.1	*0.1*
Incidence of tuberculosis (per 100,000 people)	52	51	35	25
Tuberculosis case detection rate (%, all forms)	81	82	81	79
Goal 7: halve the proportion of people without sustainable access to basic needs				
Access to an improved water source (% of population)	..	..	..	..
Access to improved sanitation facilities (% of population)	..	..	..	..
Forest area (% of total land area)	29.2	29.5	29.8	*30.4*
Terrestrial protected areas (% of surface area)	..	..	..	24.3
CO2 emissions (metric tons per capita)	9.1	9.0	7.8	*8.3*
GDP per unit of energy use (constant 2005 PPP $ per kg of oil equivalent)	3.0	3.5	5.1	*6.1*
Goal 8: develop a global partnership for development				
Telephone mainlines (per 100 people)	8.6	14.8	28.5	25.5
Mobile phone subscribers (per 100 people)	0.0	0.2	17.5	115.2
Internet users (per 100 people)	0.0	0.6	7.3	49.0
Personal computers (per 100 people)	0.8	2.9	6.9	*16.9*







Note: Figures in italics are for years other than those specified. .. indicates data are not available. 5/9/11

Development Economics, Development Data Group (DECDG).

Annex 6: Selected Indicators of Bank Portfolio Performance and Management as of 3/16/2011

CAS B2

Indicator		2008	2009	2010	2011
Portfolio Assessment					
Number of Projects Under Implementation	a	7	5	5	4
Average Implementation Period (years)	b	3.4	2.7	3.5	5.1
Percent of Problem Projects by Number	a, c	14.3	40.0	20.0	25.0
Percent of Problem Projects by Amount	a, c	1.5	11.1	0.6	2.4
Disbursement Ratio (%)	d	9.7	26.8	10.1	10.7
Portfolio Management					
CPPR during the year (yes/no)		N	N	N	N
Supervision Resources (total US$)		660,674	648,027	422,882	340,709
Average Supervision (US$/project)		94,382	129,605	84,576	85,177

Memorandum Item	Since FY 80	Last Five FYs
Proj Eval by OED by Number	44	7
Proj Eval by OED by Amt (US$ millions)	4,699.2	854.4
% of OED Projects Rated U or HU by Number	20.5	28.6
% of OED Projects Rated U or HU by Amt	11.2	11.3

a. As shown in the Annual Report on Portfolio Performance (except for current FY).
b. Average age of projects in the Bank's country portfolio.
c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).
d. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.

* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

Annex 7: IBRD Program Summary
as of 3/16/2011

CAS B3

Proposed IBRD Base-Case Lending Program

Fiscal year	*Proj ID*	*US$(M)*	*Strategic Rewards b (H/M/L)*	*Implementation b Risks (H/M/L)*
2011	PL ENERGY EFFICIENCY DPL	1,000.0	H	M
2012	Municipal Credit Line (FIL) 1	500.0	H	H
	PF/ Adm Reform	500.0	H	M
2013	Municipal Credi Line (FIL) 2	250.0	H	H
	Energy/Roads Results Based Lending*	500.0	M	M
	PF/Adm Reform DPL2	250.0	H	M
*FY12 or FY13				
Total		3,000.0		

Annex 8: IFC Investment Operations Program

	2008	2009	2010	2011*
Original Commitments (US$m)				
IFC and Participants		12.25	14.73	
IFC's Own Accounts only		12.25	14.73	
Original Commitments by Sector (%)- IFC Accounts only				
FINANCE & INSURANCE		100	100	
Total	0	100	100	0
Original Commitments by Investment Instrument (%) - IFC Accounts only				
Equity		45.17		
Loan		54.83		
Quasi loan			100	
Total	0	100	100	0

* Data as of March 01,2011

Annex 9: Summary of Analytical and Advisory Assistance

CAS B4

Product	*Completion FY*	*Cost (US$000)*	*Audience*[a]	*Objective*[b]
Recent completions				
TA on Regional Roads Mazovieckie Voivodship (FBS)	FY10	229	Gov	KG/PS
Education Reform in Poland TA	FY10	164	Gov	KG/PS
Regulatory, Business Environment and State Control Reform	FY10	80	Gov	KG/PS
Poland Transport Policy Note	FY10	210	Gov	KG/PS
Warsaw City Policy Note	FY10	102	Gov	KG/PS
PEIR Update	FY10	290	Gov	KG/PS
Mazowieckie region PEIR	FY10	248	Gov	KG/PS
Regional Development	FY10	60	Other	KG/PS/PD
Private & Financial Sector TA	FY11	92	Gov	KG/PS
Tax Expenditure Report TA	FY11	38	Gov	
Poland Low Emissions Study	FY11	858	Gov	KG/PD/PS
Underway				
Training of Supreme Audit Institution (SAI0	FY11	15	Gov	KG/PS
Poland Health & SP Technical Cooperation	FY11	147	Gov	KG/PS
Public Finance TA	FY11	34	Gov	KG/PS
Lubelskie: Support for Regional Development Strategy	FY11	28	Gov	KG/PS
TA for Innovation, Knowledge and Competitieness (EU) accession countries)	FY11	135	Gov	KG/PD/PS
TA Program of Technical Cooperation in Pensions Policy in New EU Member States and Croatia (EU accession countries)	FY11	52	Gov	KG/PS
ROSC - Financial Sector Assessment Program	FY11	77	Gov	KG/PD
Strategy for Human Capital Development	FY12	130	Gov	KG/PS
Use of Country Systems for Procurement in Poland	FY12	20	Gov	KG/PS
Financial Reporting TA Program 2010-2015	FY16			
Planned				
Municipal Finance	FY12	tbd	Gov	
Subnational Transport 1	FY12	25	Gov	
Monitoring & Evaluation TA (FBS)	FY12	tbd	Gov	
Low emissions CEM follow-up TA	FY12	tbd	Gov	
Roads/Railways Reform TA (FBS)	FY12	tbd	Gov	
Administrative Reform TA (FBS)	FY12	tbd	Gov	
Subnational RDS/PeR (FBS)	FY12	tbd	Gov	

a. Government, donor, Bank, public dissemination.

b. Knowledge generation, public debate, problem-solving.

Annex 10: Poland Social Indicators

CAS B5

	Latest single year			Same region/income group	
	1980-85	1990-95	2002-08	Europe & Central Asia	Upper-middle-income
POPULATION					
Total population, mid-year (millions)	37.2	38.6	38.1	443.3	949.3
Growth rate (% annual average for period)	0.9	0.2	0.0	0.1	0.8
Urban population (% of population)	59.9	61.5	61.3	63.7	74.8
Total fertility rate (births per woman)	2.3	1.6	1.4	1.8	2.0
POVERTY					
(% of population)					
National headcount index	..	23.8	..	..	..
Urban headcount index	..	..	..	..	..
Rural headcount index	..	..	..	..	..
INCOME					
GNI per capita (US$)	..	2,970	11,730	7,350	7,852
Consumer price index (2000=100)	0	48	108	133	121
Food price index (2000=100)	0	62	103	..	..
INCOME/CONSUMPTION DISTRIBUTION					
Gini index	25.2	32.4	34.9	..	..
Lowest quintile (% of income or consumption)	9.8	6.5	7.3	..	..
Highest quintile (% of income or consumption)	35.0	38.9	42.4	..	..
SOCIAL INDICATORS					
Public expenditure					
Health (% of GDP)	..	..	4.6	3.7	3.5
Education (% of GDP)	4.8	4.4	5.7	4.5	4.6
Net primary school enrollment rate					
(% of age group)					
Total	..	..	96	92	94
Male	..	..	95	93	94
Female	..	96	96	92	93
Access to an improved water source					
(% of population)					
Total	..	..	..	95	94
Urban	..	100	100	99	98
Rural	..	..	..	88	82
Immunization rate					
(% of children ages 12-23 months)					
Measles	92	96	98	96	93
DPT	94	96	99	96	92
Child malnutrition (% under 5 years)	..	..	..	..	4
Life expectancy at birth					
(years)					
Total	71	72	76	70	71
Male	67	68	71	66	68
Female	75	76	80	75	75
Mortality					
Infant (per 1,000 live births)	18	12	6	19	19
Under 5 (per 1,000)	20	14	7	22	23
Adult (15-59)					
Male (per 1,000 population)	253	250	209	305	210
Female (per 1,000 population)	105	94	80	126	127
Maternal (modeled, per 100,000 live births)	..	..	8	45	110
Births attended by skilled health staff (%)	..	..	100	97	95

Note: 0 or 0.0 means zero or less than half the unit shown. Net enrollment rate: break in series between 1997 and 1998 due to change from ISCED76 to ISCED97. Immunization: refers to children ages 12-23 months who received vaccinations before one year of age or at any time before the survey.

World Development Indicators database, World Bank - 23 April 2010.

Annex 11: Key Economic Indicators

CAS B6

Indicator	Actual 2005	2006	2007	Estimate 2008	2009	Projected 2010	2011	2012	2013
National accounts (as % of GDP)									
Gross domestic product[a]	100	100	100	100	100	100	100	100	100
Agriculture	5	4	4	4	4	4	4	3	3
Industry	31	31	32	32	32	32	30	30	30
Services	65	65	64	65	65	65	67	67	67
Total Consumption	81	81	78	80	80	80	81	79	78
Gross domestic fixed investment	18	20	22	22	21	18	19	20	20
Government investment	4	5	5	5	6	6	7	6	5
Private investment	14	15	17	17	15	13	13	14	15
Exports (GNFS)[b]	37	40	41	40	40	42	41	41	42
Imports (GNFS)	38	42	44	44	40	43	42	43	43
Gross domestic savings	18	18	19	19	18	18	20	21	22
Gross national savings[c]	18	17	18	18	17	18	19	20	21
Memorandum items									
Gross domestic product (US$ million at current prices)	303976	341670	425321	529401	431184	468476	531981	580227	630587
GNI per capita (US$, Atlas method)	7280	8340	9800	11870	12190	12420	13470	14920	16440
Real annual growth rates									
Gross domestic product at market prices	3.6	6.2	6.8	5.1	1.7	3.8	4.0	4.0	3.7
Real annual per capita growth rates									
Gross domestic product at market prices	3.7	6.3	6.8	5.1	1.6	3.8	4.1	4.2	4.0
Total consumption	2.8	5.3	4.7	6.1	2.0	3.3	3.5	3.7	2.4
Private consumption	2.1	5.1	5.0	5.7	2.0	3.2	3.9	4.0	4.4
Balance of Payments (US$ millions)									
Exports (GNFS)[b]	112653	138060	174251	213976	171071	194747	215974	238652	262517
Merchandise FOB	96395	117269	144787	176458	141309	161779	190456	215632	244399
Imports (GNFS)[b]	114681	144330	186550	234942	170631	199229	223336	247009	270228
Merchandise FOB	99161	124219	161699	202329	145616	170203	201978	228860	257074
Resource balance	-2028	-6270	-12299	-20966	440	-4482	-7361	-8358	-7711
Net current transfers	8183	6492	8480	8068	6627	6195	8811	8731	8970
Current account balance	-3716	-9225	-20094	-25533	-9055	-15385	-18096	-20968	-21580
Net foreign direct investment	6951	10821	18078	10299	8583	4983	10167	8599	8450
Long-term loans (net)	4059	-367	4627	3520	4264	4892	3794	3348	3153
Official	-7514	-1976	-2533	-9019	1981	2858	2027	2124	1949
Private	11573	1609	7160	12539	2283	2034	1767	1224	1204
Other capital (net, incl. errors & ommissions)	841	1443	10214	8011	10986	21237	26231	25557	22652
Change in reserves[d]	-8135	-2672	-12825	3703	-14778	-15727	-22096	-16536	-12675
Memorandum items									
Resource balance (% of GDP)	-0.7	-1.8	-2.9	-4.0	0.1	-1.0	-1.4	-1.4	-1.2

Indicator	Actual			Estimate		Projected			
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public finance (as % of GDP at market prices)[e]									
Current revenues	38.8	39.7	39.8	39.1	36.8	36.8	39.3	39.9	38.9
Current expenditures	39.0	39.0	37.3	37.8	38.2	40.2	39.1	37.9	37.3
Current account surplus (+) or deficit (-)	-0.2	0.7	2.5	1.3	-1.5	-3.4	0.2	2.0	1.6
Capital expenditure	4.4	4.8	4.8	5.5	6.3	5.6	6.6	5.8	4.9
Monetary indicators									
M2/GDP	43.4	46.7	47.7	52.2	53.6	54.8	..	..	..
Growth of M2 (%)	13.1	16.0	13.4	18.6	8.1	8.3	..	..	..
Private sector credit growth / total credit growth (%)	105.3	105.9	108.0	102.8	72.5	84.6	..	..	..
Price indices(YR02 =100)									
Merchandise export price index	..	..	..	..	..	..	..	..	..
Merchandise import price index	..	..	..	..	..	..	..	..	..
Merchandise terms of trade index	..	..	..	..	..	..	..	..	..
Real exchange rate (US$/LCU)[f]	136.3	139.4	144.7	159.3	135.0	143.5	..	..	..
Consumer price index (% change)	2.1	1.0	2.5	4.2	3.5	2.6	3.5	2.8	2.5
GDP deflator (% change)	2.6	1.5	4.0	3.1	3.6	1.3	3.3	2.6	2.5

a. GDP at factor cost
b. "GNFS" denotes "goods and nonfactor services."
c. Includes net unrequited transfers excluding official capital grants.
d. Includes use of IMF resources.
e. Consolidated central government.
f. "LCU" denotes "local currency units." An increase in US$/LCU denotes appreciation.

Annex 12: Key Exposure Indicators

CAS B7

Indicator	Actual 2005	Actual 2006	Actual 2007	Estimated 2008	Estimated 2009	Estimated 2010	Projected 2011	Projected 2012	Projected 2013
Total debt outstanding and disbursed (TDO) (US$m)[a]	132927	169636	234052	245496	281094	*312214*	*359088*	*388752*	*414464*
Net disbursements (US$m)[a]	2937	36709	64416	11444	35598	*31120*	*46874*	*29665*	*25712*
Total debt service (TDS) (US$m)[a]	37420	41772	60936	75786	82299	*98838*	*93792*	*97387*	*102698*
Debt and debt service indicators (%)									
TDO/XGS[b]	118.0	122.9	134.3	114.7	164.3	*160.3*	*166.3*	*162.9*	*157.9*
TDO/GDP	43.7	49.6	55.0	46.4	65.2	*66.6*	*67.5*	*67.0*	*65.7*
TDS/XGS	33.2	30.3	35.0	35.4	48.1	*50.8*	*43.4*	*40.8*	*39.1*
Concessional/TDO	...	...	...	...	...	...	...	...	...
IBRD exposure indicators (%)									
IBRD DS/public DS	2.2	3.8	5.8	3.5	3.4	*2.7*	*5.3*	*2.3*	*1.5*
Preferred creditor DS/public DS (%)[c]	...	...	...	...	...	...	...	...	...
IBRD DS/XGS	0.2	0.2	0.2	0.1	0.1	*0.1*	*0.2*	*0.1*	*0.1*
IBRD TDO (US$m)[d]	1796	1961	1870	1776	4493	*5417*	*6247*	*6807*	*7175*
Of which present value of guarantees (US$m)	...	...	...	...	...	...	...	...	...
Share of IBRD portfolio (%)	...	...	...	...	...	...	...	...	...
IDA TDO (US$m)[d]	..	..	..	..	..	..	..	..	..
IFC (US$m)									
Loans	...	...	...	...	...	...	...	...	...
Equity and quasi-equity /c	...	...	...	...	...	...	...	...	...
MIGA									
MIGA guarantees (US$m)	...	...	...	...	...	...	...	...	...

a. Includes public and publicly guaranteed debt, private nonguaranteed, use of IMF credits and net short-term capital.

b. "XGS" denotes exports of goods and services, including workers' remittances.

c. Preferred creditors are defined as IBRD, IDA, the regional multilateral development banks, the IMF, and the Bank for International Settlements.

d. Includes present value of guarantees.

e. Includes equity and quasi-equity types of both loan and equity instruments.

Annex 13: IFC Committed and Disbursed Outstanding Investment Portfolio

CAS B8 (IFC)

As of 2/28/2011
(In USD Millions)

		Committed					Disbursed Outstanding				
FY Approval	Company	Loan	Equity	**Quasi Equity	*GT/RM	Partici pant	Loan	Equity	**Quasi Equity	*GT/RM	Partici pant
1997	Cpf	0	0.24	0	0	0	0	0.14	0	0	0
0	Fm bank	0	5.14	14.66	0	0	0	3.24	5.23	0	0
2009	Fundusz	1.08	0	0	0	0	1.08	0	0	0	0
0	Schwarz group	22.48	0	0	0	0	22.48	0	0	0	0
Total Portfolio:		**23.56**	**5.38**	**14.66**	**0**	**0**	**23.56**	**3.38**	**5.23**	**0**	**0**

* Denotes Guarantee and Risk Management Products.
** Quasi Equity includes both loan and equity types.

Annex 14: Portfolio (IBRD/Grants)

CAS B8

Closed Projects	**47**

IBRD/IDA *	
Total Disbursed (Active)	287.44
of which has been repai	0.00
Total Disbursed (Closed)	4,985.68
of which has been repai	2,605.42
Total Disbursed (Active + Clos	5,273.13
of which has been repai	2,605.42
Total Undisbursed (Active)	183.40
Total Undisbursed (Closed)	0.00
Total Undisbursed (Active + Cl	183.40

Active Projects

		Last PSR Supervision Rating			Original Amount in US$ Millions					Difference Between Expected and Actual Disbursements[a]	
Project ID	**Project Name**	**Development Objectives**	**Implementation Progress**	**Fiscal Year**	**IBRD**	**IDA**	**GRANT**	**Cancel.**	**Undisb.**	**Orig.**	**Frm Rev'd**
P070246	ENERGY EFFICIENCY (GE	MU	U	2005			11		2.444938	2.4449377	0.15
P086768	ODRA RIVER BASIN FLO(	S	MS	2007	184				168.4217	64.220907	
P065270	POST-ACC RUR SPPRT	S	S	2006	88.8				9.756076	-1.037561	
P096214	ROAD MAINTENANCE & F	MS	MS	2006	180.2				5.224612	-10.69391	
Overall Result					453		11		185.8473	54.934374	0.15

POLAND

- SELECTED CITIES AND TOWNS
- PROVINCE (WOJEWÓDZTWO) CAPITALS
- NATIONAL CAPITAL
- RIVERS
- MAIN ROADS
- MAIN RAILROADS
- PROVINCE (WOJEWÓDZTWO) BOUNDARIES
- INTERNATIONAL BOUNDARIES

Baltic Sea
Gulf of Gdańsk
RUSSIAN FEDERATION
LITHUANIA
BELARUS
UKRAINE
SLOVAK REPUBLIC
CZECH REPUBLIC
GERMANY
POMORSKIE
ZACHODNIOPOMORSKIE
WARMIŃSKO-MAZURSKIE
KUJAWSKO-POMORSKIE
PODLASKIE
MAZOWIECKIE
LUBUSKIE
WIELKOPOLSKIE
ŁÓDZKIE
LUBELSKIE
DOLNOŚLĄSKIE
OPOLSKIE
ŚLĄSKIE
ŚWIĘTOKRZYSKIE
PODKARPACKIE
MAŁOPOLSKIE
Gdynia
Gdańsk
Słupsk
Koszalin
Elbląg
Suwałki
Olsztyn
Szczecin
Bydgoszcz
Piła
Toruń
Ostrołęka
Łomża
Białystok
Ciechanów
Gorzów Wielkopolski
Włocławek
Płock
Poznań
Konin
WARSAW
Siedlce
Biała Podlaska
Zielona Góra
Leszno
Kalisz
Skierniewice
Łódź
Sieradz
Piotrków Trybunalski
Radom
Lublin
Chełm
Legnica
Jelenia Góra
Wrocław
Wałbrzych
Opole
Częstochowa
Kielce
Zamość
Tarnobrzeg
Katowice
Kraków
Tarnów
Rzeszów
Przemyśl
Bielsko-Biała
Nowy Sącz
Krosno
Rysy (2,499 m)
Wisła
Warta
Odra
Notec
Narew
Bug
San
Vistula
Nysa
To Stralsund
To Neubrandenburg
To Berlin
To Dresden
To Prague
To Brno
To Zvolen
To Kosice
To Gusev
To Vilnius
To Baranavichy
To Pinsk
To Kovel'
To L'viv
14°E
16°E
18°E
20°E
22°E
24°E
54°N
52°N
50°N
0 25 50 75 100 Kilometers
0 25 50 75 Miles

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