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Document of
The World Bank

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IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IBRD-83840, IBRD-85220)

ON A

SERIES OF TWO LOANS

IN THE AMOUNT OF EUR 1.61 BILLION
(US$ 1.97 BILLION EQUIVALENT)

TO THE

REPUBLIC OF POLAND

FOR

DEVELOPMENT POLICY LOANS I-II

December 21, 2017

Macroeconomics and Fiscal Management Global Practice
Central Europe and the Baltics Country Unit
Europe and Central Asia

CURRENCY EQUIVALENTS

(Exchange Rate Effective as of December 31, 2016)

Currency Unit
US$ 1.00 = 4,18 PLN
EUR 1.00 = 4.42 PLN
FY
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AAA	Analytical and Advisory Activities	GDP	Gross Domestic Product
CFC	Controlled Foreign Corporation	ICR	Implementation Completion and Results Report
CPS	Country Partnership Strategy	IMF	International Monetary Fund
CPSPR	Country Partnership Strategy Progress Report	LG	Local Government
CRD IV	Capital Requirements Regulation and Directive	MTO	Medium-Term Objective
DPL	Development Policy Loan	OECD	Organization for Economic Co-operation and Development
EC	European Commission	PA	Prior Action
EDevP	Enterprise Development Program	PDO	Project Development Objective
EMU	European Monetary Union	PER	Public Expenditure Review
ESA	European System of Accounts	RER	Regular Economic Report
ESW	Economic and Sector Work	SGOP	Smart Growth Operational Program
EU	European Union	SMEs	Small and Medium Enterprises
FCL	Flexible Credit Line	SRB	Systematic Risk Board
FSAP	Financial Sector Assessment Program	TA	Technical Assistance
FX	Foreign Currency	TTL	Task Team Leader
FY	Fiscal Year		

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POLAND

DEVELOPMENT POLICY LOANS I-II:

FIRST RESILIENCE AND GROWTH DEVELOPMENT POLICY LOAN (P146243)
SECOND RESILIENCE AND GROWTH DEVELOPMENT POLICY LOAN (P149781)

IMPLEMENTATION COMPLETION AND RESULTS REPORT

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A. Basic Information			
Program 1			
Country	Poland	Program Name	First Resilience and Growth Development Policy Loan
Program ID	P146243	L/C/TF Number(s)	IBRD-83840
ICR Date	12/21/2017	ICR Type	Core ICR
Lending Instrument	DPL	Borrower	GOVERNMENT OF POLAND
Original Total Commitment	USD 965.80M	Disbursed Amount	USD 899.01M
Implementing Agencies Ministry of Finance			
Cofinanciers and Other External Partners			
Program 2			
Country	Poland	Program Name	Second Resilience and Growth Development Policy Loan
Program ID	P149781	L/C/TF Number(s)	IBRD-85220
ICR Date	12/21/2017	ICR Type	Core ICR
Lending Instrument	DPL	Borrower	GOVERNMENT OF POLAND
Original Total Commitment	USD 1,000.00M	Disbursed Amount	USD 1,025.33M
Implementing Agencies Ministry of Economy Ministry of Labor and Social Policy Ministry of Finance			
Cofinanciers and Other External Partners			

B. Key Dates				
First Resilience and Growth Development Policy Loan **- P146243**				
Process	**Date**	**Process**	**Original Date**	**Revised / Actual Date(s)**
Concept Review:	11/26/2013	Effectiveness:		09/04/2014

Appraisal:	04/07/2014	Restructuring(s):		
Approval:	01/07/2014	Mid-term Review:		
		Closing:	12/31/2015	12/31/2015

Second Resilience and Growth Development Policy Loan **- P149781**				
Process	**Date**	**Process**	**Original Date**	**Revised / Actual Date(s)**
Concept Review:	02/13/2015	Effectiveness:		09/07/2015
Appraisal:	06/15/2015	Restructuring(s):		
Approval:	07/23/2015	Mid-term Review:		
		Closing:	12/31/2016	12/31/2016

C. Ratings Summary	
C.1 Performance Rating by ICR	
Overall Program Rating	
Outcomes	Satisfactory
Risk to Development Outcome	Moderate
Bank Performance	Satisfactory
Borrower Performance	Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)			
Overall Program Rating			
Bank	**Ratings**	**Borrower**	**Ratings**
Quality at Entry	Satisfactory	Government:	Satisfactory
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Satisfactory
Overall Bank Performance	Satisfactory	Overall Borrower Performance	Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators			
First Resilience and Growth Development Policy Loan **- P146243**			
Implementation Performance	**Indicators**	**QAG Assessments (if any)**	**Rating:**
Potential Problem Program at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Program at any time (Yes/No):	No	Quality of Supervision (QSA)	None
DO rating before Closing/Inactive status	Satisfactory		

Second Resilience and Growth Development Policy Loan **- P149781**			
Implementation Performance	**Indicators**	**QAG Assessments (if any)**	**Rating:**
Potential Problem Program at any time (Yes/No)	No	Quality at Entry (QEA)	None
Problem Program at any time (Yes/No):	No	Quality of Supervision (QSA)	None
DO rating before Closing/Inactive status	Satisfactory		

D. Sector and Theme Codes		
First Resilience and Growth Development Policy Loan **- P146243**		
	Original	**Actual**
Major Sector		
Public Administration		
Central Government (Central Agencies)	34	34
Social Protection		
Social Protection	33	33
Industry, Trade and Services		
Other Industry, Trade and Services	33	33

Major Theme/Theme/Sub Theme		
Economic Policy		
Fiscal Policy	17	17
Tax policy	6	6
Finance		

Financial Stability	11	11
Financial Sector oversight and policy/banking regulation & restructuring	11	11
Human Development and Gender		
Labor Market Policy and Programs	34	34
Active Labor Market Programs	17	17
Labor Market Institutions	17	17
Private Sector Development		
Business Enabling Environment	22	22
Investment and Business Climate	33	33
Jobs	100	100
Public Sector Management		
Public Administration	6	6
Transparency, Accountability and Good Governance	6	6
Public Finance Management	17	17
Domestic Revenue Administration	6	6
Public Expenditure Management	6	6

Second Resilience and Growth Development Policy Loan **- P149781**		
	Original	**Actual**
Major Sector		
Public Administration		
Other Public Administration	11	11
Financial Sector		
Banking Institutions	11	11
Social Protection		
Social Protection	22	22
Industry, Trade and Services		
Other Industry, Trade and Services	56	56

Major Theme/Theme/Sub Theme		
Economic Policy		
Fiscal Policy	17	17
Tax policy	6	6
Finance		
Financial Stability	11	11

Financial Sector oversight and policy/banking regulation & restructuring	11	11
Human Development and Gender		
Labor Market Policy and Programs	34	34
Active Labor Market Programs	17	17
Labor Market Institutions	17	17
Private Sector Development		
Business Enabling Environment	22	22
Investment and Business Climate	33	33
Jobs	100	100
Public Sector Management		
Public Administration	6	6
Transparency, Accountability and Good Governance	6	6
Public Finance Management	17	17
Domestic Revenue Administration	6	6
Public Expenditure Management	6	6

E. Bank Staff		
First Resilience and Growth Development Policy Loan **- P146243**		
Positions	**At ICR**	**At Approval**
Vice President:	Cyril E Muller	Laura Tuck
Country Director:	Arup Banerji	Mamta Murthi
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ICR Team Leader:	Emilia Skrok, Leszek Pawel Kasek	
ICR Primary Author:	Ludwik Feliks Kotecki	

Second Resilience and Growth Development Policy Loan **- P149781**		
Positions	**At ICR**	**At Approval**
Vice President:	Cyril E Muller	Laura Tuck
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ICR Team Leader:	Emilia Skrok, Leszek Pawel Kasek	
ICR Primary Author:	Ludwik Feliks Kotecki	

F. Results Framework Analysis

Program Development Objectives (from Program Document)

The original Program Development Objective was to support resilience and growth through three reform pillars: (i) enhancing macroeconomic resilience, by reducing the general government fiscal deficit and debt levels toward the Medium Term Objective[1] (MTO) and bolstering macro-prudential oversight; (ii) strengthening labor market flexibility and employment promotion; and (iii) improving private sector competitiveness and innovation.

Revised Program Development Objectives (as approved by original approving authority)

N.A.

(a) PDO Indicator(s)

[1] The country-specific medium-term objective (MTO) corresponds to the structural budgetary position that EU Member States should achieve, and maintain, over the cycle, in order to ensure sustainable public finances and provide room to respect and safeguard of Treaty reference values for deficit and debt at times of negative output gaps. Poland's MTO is a structural deficit of one percent of GDP.

DPL series PDO Indicators • **Poland: First Resilience and Growth Development Policy Loan (DPL1) -** P146243 • **Poland: Second Resilience and Growth Development Policy Loan (DPL2) -** P149781				
Indicator	**Baseline Value**	**Original Target Values (from approval documents)**	**Formally Revised Target Values**	**Actual Value Achieved at Completion or Target Years**
Indicator 1 :	Fiscal deficit (as percent of GDP) reduced.			
Value (quantitative or qualitative)	4.1 percent	3.0 percent	3.2 percent	2.6 percent
Date achieved	2013	2015	2015	2015
Comments (incl. % achievement)	Achieved. The baseline value was revised from 4.5 to 4.1 subsequent to EUROSTAT revisions.			
Indicator 2 :	Public debt (as percent of GDP) reduced.			
Value (quantitative or qualitative)	55.7 percent	lower than 52 percent	-	51.1 percent
Date achieved	2013	2015		2015
Comments (incl. % achievement)	Achieved. The baseline value was set before ESA2010 methodological revisions. The actual value for 2015 includes the impact of changes in pension funds on the debt.			
Indicator 3 :	Issuance of mortgage bank (covered) bonds.			
Value (quantitative or qualitative)	EUR 116 mn			EUR 416 mn
Date achieved	2013			2015
Comments (incl. % achievement)	Achieved. The issuance of mortgage-backed securities in 2015 was more than 250% higher than in 2013.			
Indicator 4 :	Number of registered long-term unemployed reduced.			
Value (quantitative or qualitative)	1,107 thousands (average)	Reduction by at least 30 thousands	Reduction by at least 30 thousands, of which two-thirds would be women	1,083 thousands
Date achieved	2013	December 2015		December 2015
Comments (incl. % achievement)	Achieved. Long-term unemployment was reduced by 75.6 thousands, 47.3 thousands of which were women, more than double the target reduction.			

Indicator 5 :	Reduction in the time it takes to start a business.			
Value (quantitative or qualitative)	32 days	25 days	-	no more than 7 days
Date achieved	2013	2016		2015
Comments (incl. % achievement)	Achieved. Time to start a business was dramatically reduced.			
Indicator 6 :	Reduction in the time it takes to obtain a construction permit. The progress was less than expected due to the fact in the first stage the reform supported residential sector, which is not well captured in the Doing Business ranking.			
Value (quantitative or qualitative)	161 days	-	140 days	156 days
Date achieved	2013		2016	2016
Comments (incl. % achievement)	Partly achieved, with half of the target reduction.			
Indicator 7 :	Simplified restructuring permitted.			
Value (quantitative or qualitative)	No ‘simplified’ restructuring procedures.		Forms available for procedure permitting approval of a restructuring plan after creditors’ votes.	Introduced
Date achieved	2013		2016	2016
Comments (incl. % achievement)	Achieved. A new insolvency law, with a focus on restructuring was introduced.			
Indicator 8 :	Total R&D spending (as a percent of GDP) increased.			
Value (quantitative or qualitative)	0.88	1 percent	-	0.94
Date achieved	2012	2014		2014
Comments (incl. % achievement)	Not achieved until 2015, due stronger nominal growth of GDP (denominator for the indicator).			

(b) Intermediate Outcome Indicator(s)

NA

G. Ratings of Program Performance in ISRs

Poland: First Resilience and Growth Development Policy Loan **(DPL1) -** P146243				
No.	**Date ISR Archived**	**DO**	**IP**	**Actual Disbursements (USD millions)**
1	09/25/2012	Satisfactory	Satisfactory	899.01

Poland: Second Resilience and Growth Development Policy Loan **(DPL2)-** P149781				
No.	**Date ISR Archived**	**DO**	**IP**	**Actual Disbursements (USD millions)**
1	09/03/2013	Satisfactory	Satisfactory	1,025.33

H. Restructuring (if any)

NA

SECTION 1. PROGRAM CONTEXT, DEVELOPMENT OBJECTIVES AND DESIGN

1. **This Implementation Completion and Results Report (ICR) assesses the achievements of the expected results of the programmatic series of Resilience and Growth Development Policy Loans to the Republic of Poland during 2014-2015.** The first operation (DPL1) of EUR 700 million (US$965.8 million) was approved by the World Bank's Board of Directors on July 1, 2014 and disbursed upon loan effectiveness on September 4, 2014. The second operation (DPL2) of EUR 921.7 million (US$1 billion) was approved on July 23, 2015, and disbursed upon loan effectiveness on September 7, 2015. The second and last operation in the series closed on December 31, 2016.

2. **The World Bank had engaged with Poland through successive DPL series to support timely and critical policy reforms, backed by complementary analytic and advisory services that helped foster greater knowledge exchange**. The first DPL series (2008-2010) was designed to focus on structural reforms central to EU convergence but was redirected to help mitigate the negative effects of the global economic and financial crises on Poland. Following the countercyclical fiscal response to the crisis in 2009-2010 and subsequent expansion of the deficit to more than seven percent of GDP, the second DPL series (2011-2012) supported the strengthening of public finances to bolster economic resilience in the face of strong external pressures, to preserve favorable access to financial markets, to protect fiscal space for growth-enabling investments, and to boost fiscal sustainability. The third DPL series, under evaluation in this ICR, played a major role in advancing the policy dialogue, by tackling some of the most difficult remaining areas critical for economic resilience and medium- and long-term shared prosperity.

3. **The coalition government reelected in parliamentary elections in 2011 was able to adopt and implement numerous ambitious policy measures, in particular in the areas of fiscal consolidation, business environment, and the labor market.** The second four-year mandate obtained by the coalition formed in late 2007 by the Civic Platform (PO) and the Polish Peasants Party (PSL) was the first time in recent Polish history that a governing coalition survived an election. In its second term, the coalition government showed a cautious yet determined approach to reforms in a difficult external economic environment. Poland's GDP growth declined to about 1.7 percent in 2013, reflecting developments in the Euro zone and the Polish economy's close links to the EU through trade and financial flows. Domestic private consumption remained subdued due to negative labor market developments; investment growth slowed down due to weak business confidence and continued fiscal consolidation; net exports provided a modest positive contribution with export growth outpacing import growth thanks to a relatively favorable exchange rate.

1.1 Context at Appraisal

4. **Facing a deteriorated external environment, the government focused on adopting short- and medium-term growth-supporting measures, while maintaining a fiscally prudent stance to bolster market confidence**. To sustain the recovery which started in the

second half of 2013, the authorities prioritized reforms to strengthen public finances and financial sector oversight, supplemented by reforms aimed at bolstering the economy's long-term competitiveness. Challenges to achieving sustainable growth required a new macroeconomic framework designed to help Poland cope with future external shocks, while strengthening labor markets (by increasing flexibility and raising participation rates), improving the business environment, and promoting innovation. These reforms were critical to ensuring that the economy remain competitive while pursuing higher productivity and diversification into new product markets. Continuing to bolster financial sector resilience was seen as key to a more sustainable recovery in credit and investment. A stronger financial sector would further reduce risks stemming from such phenomena as the divergent monetary policy in the EU and US or regional geopolitical instability (in particular, related to the war in Ukraine).

5. **When the first operation (DPL1) in this program was appraised in May 2014, economic growth was on an upward trend.** However, in the second quarter of 2014, GDP growth decelerated to 0.6 percent (quarter-on-quarter, seasonally adjusted), following 1.1 percent growth in the first quarter. Economic growth was driven mainly by domestic demand, with a negative contribution from net exports. According to the official forecast in 2014, GDP growth in Poland was to have reached 3.3 percent as a result of continued recovery in domestic demand (and actual growth came in at 3.4 percent). Data indicated an improvement in labor demand, the current account deficit remained sustainable, and inflation pressure was at a very low level (-0.2 percent in July 2014). In the Convergence Program update from April 2014, the government presented its commitment to reduce the imbalance in public finances without creating a threat to medium-term prospects for Poland's economic development.

6. **When the second operation (DPL2) was appraised in June 2015, solid GDP growth was continuing.** In the first and second quarters of 2015, seasonally adjusted quarter-on-quarter GDP growth remained robust at 1.0 percent and 0.9 percent respectively. As a result, GDP stood at 3.6 and 3.3 percent higher than the previous year. Domestic demand was still the main contributor to GDP growth. The current account deficit remained very low (0.1 percent of GDP), and inflation pressures remained very weak (with the CPI below 0 percent and core inflation below 1 percent). In June 2015, the EU Council closed the excessive deficit procedure for Poland. The government remained committed to further reducing the imbalance in public finances towards the Polish MTO (a structural deficit of one percent of GDP).

7. **This programmatic series of policy loans was at the core of the Bank's engagement in Poland in the areas of public finance, labor markets, and private sector development, as described in the Country Partnership Strategy presented to the Board on July 15, 2013**. In particular, the DPL series' objectives were fully in line with two Strategic Engagement Areas in CPS 2014-17: 1) Economic Competitiveness and 2) Equity and Inclusion. Within the two areas, four Country Development Goals can be specified which were supported by these two DPLs:

a. Country Development Goal 1: Enhanced businesses environment,

b. Country Development Goal 2: Increased innovativeness,

c. Country Development Goal 3: Effective public finance,

d. Country Development Goal 4: Inclusive and effective labor market.

1.2 Original Program Development Objectives (PDO) and Key Indicators (*as approved*)

8. **The Program Development Objectives were structured around three pillars**:

a. enhancing macroeconomic resilience, by reducing the general government fiscal deficit and debt levels toward the Medium Term Objective (MTO) and bolstering macro-prudential oversight,

b. strengthening labor market flexibility and employment promotion; and,

c. improving private sector competitiveness and innovation.

9. **The Key (Results) Indicators for each pillar are below**:

a. enhancing macroeconomic resilience:

Indicators: By the end of 2015, the public debt-to-GDP ratio (ESA definition) is lower than 52 percent of GDP, including pension fund changes, and the general government deficit is 3 percent of GDP or lower.

b. strengthening labor market flexibility and employment promotion:

Indicators: By the end of 2015, the number of registered long-term unemployed is reduced by at least 30,000 persons, i.e. from 1,107 thousands in 2013 to less than 1,077 thousands.

c. improving private sector competitiveness and innovation:

Indicators: The Doing Business Report 2016 shows an improvement in the time taken to start a business (25 days or fewer) and total spending on R&D rises from 0.9 percent of GDP in 2012 to 1 percent in 2014.

1.3 Revised PDO (if any, as approved by original approving authority) and Key Indicators, and Reasons/Justification

10. **The program development objective were unchanged**. There were some adjustments to the Key Indicators made in DPL2:

a. Under enhancing macroeconomic resilience, reference to pension fund changes as part of the fiscal deficit were dropped since they had become part of the standard definition. The target for the general government deficit was changed from 3.0 to 3.2 percent of GDP. A new indicator was added about the start of the covered bond market which would contribute to ongoing deepening of financial markets.

b. Under strengthening labor market flexibility and employment promotion, the reduction of long-term unemployed was further specified by adding that two-thirds of the reduction should be women.

c. Under improving private sector competitiveness and innovation, an improvement in the time taken to issue construction permits (140 days or fewer) was added as an indicator. A second new indicator under this pillar was that a new 'simplified' procedure for corporate restructuring would be introduced.

1.4 Original Policy Areas Supported by the Program (*as approved*)**:**

11. **The policy areas supported by the DPL series were grouped into three "pillars"**. Each of these policy areas contained measures which constituted prior actions for DPL1 and DPL2.

a. **Pillar 1: Enhancing macroeconomic resilience.** A reduction of the fiscal deficit was crucial to adhere to Poland's commitment under the EU Stability and Growth Pact, first to fulfill ECOFIN recommendation to end the excessive deficit situation by 2015 in a credible and sustainable manner, and then to gradually decrease the deficit (under the preventive arm of the Stability and Growth Pact) towards its medium-term objective (MTO) of a structural fiscal deficit of one percent of GDP over the medium-term, to rebuild fiscal policy buffers to counter external shocks, and to protect priority growth-enhancing spending. Furthermore, the authorities remained committed to improve the quality of public finances, to improve tax compliance and increase the efficiency of tax administration and to make the institutional framework of public finances more binding and transparent. The DPL series supported these objectives through amendments to the Public Finance Act to introduce a permanent, stabilizing fiscal rule and amendments to the laws on income tax to strengthen tax compliance. Finally, two very important legal initiatives to further strengthen financial sector resilience were supported by the DPLs.

b. **Pillar 2: Labor market resilience and employment promotion.** Structural reforms are crucial for reducing obstacles to job creation and promoting access to employment. Several measures were introduced and supported by the DPL series: amendments to the Labor Code to increase flexibility of labor markets, amendments to the Law on Promotion of Employment and Labor Market Institutions to strengthen employment services and to promote employment amongst vulnerable groups, deregulation of almost 250 professions to ease access to the professions, and reducing the effective tax wedge for low-income families with children by changes in tax law. Some amendments to the Law on Early Childcare to facilitate return of parents to the labor market were also welcomed and supported.

c. **Pillar 3: Enhancing private sector resilience, promoting competitiveness and innovation.** Poland's business environment was assessed as worse than the EU

average: the country was ranked 55th overall in "Doing Business 2013"[2]. Performance was particularly weak in starting a business, dealing with construction permits, and getting connected to electricity. At the same time, Poland is one of the least innovative EU and OECD economies. Thus, reduction of unnecessary regulatory burdens for private sector development and creating an environment for private sector-led innovation remained among priorities for the government. Measures aimed at setting up "one-stop-shops" for quick business registration through the enactment of amendments to the law on National Court Register, enactment of amendments to the Construction Law to ease issuance of construction permits, devising an efficient corporate and personal insolvency system, and creating better institutional arrangements and increasing support for early stage innovation and technological startups to enhance innovation through focused support programs were on the list of supported by the DPL program.

1.5 **Revised Policy Areas** (*if applicable*)

12. As described and discussed above, policy areas remained unchanged.

1.6 Other significant changes

13. There were no significant changes in the design, scope and scale, implementation arrangements, schedule, or funding allocations.

SECTION 2. KEY FACTORS AFFECTING IMPLEMENTATION AND OUTCOMES

2.1 Program Performance *(supported by a table derived from a policy matrix)*

14. **The programmatic series consisted of two single-tranche Development Policy Loans disbursed upon effectiveness with a combined amount of EUR 1621,7 million (US$1,965.80 million)**. Table 1 provides key milestone dates for the DPL series. All prior actions were completed prior to the approval of the operations.

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[2] Despite Poland having been the most improved country in the world in 2012. It enhanced the ease of doing business through four institutional or regulatory reforms, making it easier to register property, pay taxes, enforce contracts, and resolve insolvency that year.

Table 1. Key Dates of the DPL series

Operation	Approval	Effectiveness	Disbursed Amount	Closing Date
DPL1	01-Jul-2014	04-Sep-2014	US$ 899.01 M	31-Dec-2015
DPL2	23-Jul-2015	07-Sep-2015	US$ 1,025.33 M	31 Dec-2016

15. **The DPL series was provided in a timely manner** and delivered annually with no delays. Some adjustments to the scope and the timeframe of reform led to modifications of indicative DPL2 triggers. The DPL program presented to the IBRD Board of Executive Directors in July 2014 outlined nine indicative triggers for the proposed DPL2, of which three indicative triggers became prior actions of DPL2, one was dropped (but met), one prior action was added to the program, and five triggers were amended or modified.

Table 2. DPL2 Indicative Triggers and Prior Actions

Indicative Triggers[3]	DPL2 Prior Actions	Notes on modifications
Pillar I: ENHANCING MACROECONOMIC RESILIENCE		
Trigger # 2: Enact Tax Ordinance Act to introduce a General Anti-Avoidance Rule	Prior Action #2: Strengthen tax compliance of Controlled Foreign Companies, through the enactment of amendments to the laws on personal and corporate income tax.	**Substituted:** In order to ensure that General Anti-Avoidance Rule provisions are consistent with other legislation this action has been incorporated into the future development of a new and more comprehensive Tax Code—the planning process has been initiated by Government. The replacement action limits the ability of Polish-owned companies to shift profits out of Poland, thereby strengthening the tax base. Both the original and replacement actions prevent tax avoidance and have a broadly equivalent impact on the program objective.
Trigger # 3: Enact the Law to Improve the Provision of Services by Local Government Units to introduce shared services centers at the local level	Dropped.	**Removed (but met):** The Law was approved on May 20, 2015. However, this action was removed from DPL2, as the benefits are likely to materialize over time as implementation is likely to be gradual and at this stage indeterminate.
Trigger # 4: Enact Law on Macro-Prudential Oversight and establishment of the Systemic Risk Board and	Prior Action #3: The Council of Ministers has approved: (a) the Draft amendments to the Law on	**Substituted:** Legal and design issues have delayed enactment of the original two laws. The two laws in the new Prior Action strengthen financial sector

[3] As in the DPL1 program document.

enact Law on the Bank Guarantee Fund to establish a framework for orderly liquidation of banks	Covered Bonds and Mortgage Banks; and (b) the Draft amendments to the Banking Law, which amendments will enable the Borrower to implement the European Union Capital Requirements Directive No. 2013/36/EU.	resilience consistent with the original objective of the Pillar: The Law on Covered Bonds and Mortgage Banks provides a vehicle for mobilizing both foreign and domestic long-term savings, and reducing maturity mismatches in mortgage financing. The banking law amendments implemented the EU Capital Requirements Directive (CRD-IV) that helped to ensure strong prudential solvency requirements for banks.
Pillar II: LABOR MARKET RESILIENCE AND EMPLOYMENT PROMOTION		
Trigger # 6 Deregulate around 190 professions by implementing the Second and the third Professions' Deregulation tranche	Prior Action #5: Deregulate around 195 professions by: (a) deregulating access to ninety-one (91) professions (second professions deregulation tranche) through the enactment of the Law on the Easing of Access to Certain Regulated Professions, and (b) submitting to Parliament a draft Law Amending Laws on Access Conditions to Certain Professions for the purpose of approving the third profession deregulation tranche which will cover one hundred and four (104) professions	**Reformulated:** Approval of the third tranche was delayed by minor amendments to ensure consistency with other policies, but the Government remained committed to the full implementation of this action.
	Prior Action #6: Increase support for families with more than one child and reduce the effective tax wedge for such families on low incomes, through the enactment of amendments to the Law on Personal Income Taxation.	**Added (new measure)**. This reform to the child tax credit encourages labor force participation by increasing incentives for second earners from poorer families (usually women) to join the labor force.
Pillar III: ENHANCING PRIVATE SECTOR RESILIENCE AND PROMOTING COMPETITIVENESS		
Trigger # 7: Commence implementation of the new Smart Growth Operational Program (SGOP) to guide EU co-financed programs with more focused, streamlined and business centered programs for	Prior Action #7: Through the NCBR issue three inaugural calls for proposals for R&D (research and development) and innovation projects and programs in accordance with the Smart Growth Operational Program	**Reformulated**: to simplify the wording, with no impact on substance.

innovation, with a revised M&E framework	(SGOP) to guide the European Union co-financed programs with more focused, streamlined and business centered programs.	
Trigger # 9: Creation of "one-stop-shops" for quick business registration and approval by the Council of Ministers of the assumptions to the Construction Code to provide a comprehensive framework for construction activity in Poland.	Prior Action #9: Creation of "one-stop-shops" for quick business registration through the enactment of the amendments to the law on National Court Register and enactment of amendments to the Construction Law to ease issuance of construction permits.	**Strengthened**: to reflect the enactment of priority amendments to the existing Construction Law, as opposed to the adoption of a policy paper for a new construction code.

16. **One prior action was added to the program, and one was dropped (but met):**

a. The new measure increased support for families with more than one child and reduced the effective tax wedge for such families on low incomes, through the enactment of amendments to the law on personal income tax, effectively by introducing a child tax credit.

b. Action to improve the provision of services by local government units by the introduction of shared services centers at the local level was approved and introduced in 2015. However, this measure was dropped as a prior action for DPL2 since the benefits of this action are likely to materialize only over a long time since implementation is likely to be gradual, leaving benefits within the program period difficult to define.

17. **Five triggers were substituted, reformulated or strengthened**:

a. Substitution: the indicative trigger involving an amendment to the Tax Ordinance Act and the introduction of General Anti-Avoidance Rule was replaced by amendments to the laws on personal and corporate taxes which introduced effective taxation rules for controlled foreign companies (CFC). The action limited the ability of such companies to shift their profits out of Poland, thereby strengthening the tax base. Both the original and replacement actions prevented tax avoidance and had broadly equivalent impact on the program objective.[4]

b. Substitution: The actions to set up macro-prudential supervision and the Systemic Risk Board and amendments to the law on the Bank Guarantee Fund to establish a framework for restructuring and orderly liquidation of banks (bank resolution) was

[4] This change reflected the Government timeline change for the implementation of the original reform. In 2016, the original actions were completed.

delayed because of important legal and design issues.[5] Instead, two laws to strengthen financial sector resilience, consistent with the original objective of Pillar I, were introduced: the law on covered bonds and mortgage banks, and the banking law amendments implementing the EU Capital Requirements Directive (CRD-IV).

c. Reformulation: Approval of the third tranche of professions' deregulation was slightly delayed by minor amendments to ensure consistency with other policies. As a result, this prior action was reformulated.

d. Reformulation: The prior action on the implementation of the Smart Growth Operational Program (SGOP) was reformulated to simplify the wording, with no impact on substance.

e. Strengthened: Enactment of amendments to the construction law to ease issuance of construction permits was strengthened as one of the elements of a prior action by necessitating an amendment to the law as opposed to the adoption of a policy paper for a new construction code (as proposed in the DPL1 Program Document).

Table 3. Prior Actions for the DPL series

First Development Policy Loan	
List prior actions from Legal Agreement/ Program Document	**Status**
Pillar I: ENHANCING MACROECONOMIC RESILIENCE	
Enact amendments to the Public Finance Act to introduce a permanent fiscal rule limiting growth of public expenditures to trend GDP growth to foster compliance with its obligations deriving from the Treaty on the Functioning of the EU in the area of budgetary policy; and (b) the Budget Law for 2014 in line with the new permanent fiscal rule as set forth in the Public Finance Act.	Fulfilled
Enact amendments to the Law on Value Added Taxes (VAT) to defer reduction in VAT rates in 2014-16 to support fiscal consolidation.	Fulfilled
Enact an amendment to the Public Finance Act implementing a fiscal rule for local governments to ensure debt sustainability at the local level and effective absorption of European Union funds.	Fulfilled
Pillar II: LABOR MARKET RESILIENCE AND EMPLOYMENT PROMOTION	
Enact amendments to the Labor Code to increase flexibility of labor markets by extension of the calculation period for employees' working time.	Fulfilled
(a) implement the first professions deregulation tranche through enactment of the Law Amending Laws on Access to Certain Professions thereby deregulating access to fifty one (51) professions; and (b) approve, through a Decision of its Council of Ministers, the draft Law on the Easing of Access to Certain Regulated Professions and the draft Law Amending Laws on Access Conditions to Certain Professions for the second and third professions deregulation tranches.	Fulfilled

[5] There were some important doubts and considerations on the compliance of the macro-prudential supervision and resolution law with the Polish constitution. In 2016, the resolution framework was finally made part of Polish law.

Enact amendments to the Law on Early Childcare to facilitate return of parents to the labor market.	Fulfilled
Pillar III: ENHANCING PRIVATE SECTOR RESILIENCE AND PROMOTING COMPETITIVENESS	
Resolution by the Cabinet of Ministers to approve Poland's Enterprise Development Program (EDevP) to create clearer institutional arrangements and increase support for early stage innovation and technological startups to enhance innovation through focused support programs in this area.	Fulfilled
Decision by the Cabinet of Ministers to approve a concept ("assumptions") of a new General Restructuring Law dealing with insolvency and restructuring in the corporate sector.	Fulfilled
Submission to the Cabinet of Ministers standing committee a draft Law on Facilitating Access to Business Activity (alternatively referred to as "Fourth Deregulation Law') and through a Decision of the Council of Ministers approval of draft amendments to the Law on the National Court Register aimed at improving business environment through streamlined procedures, including port clearance, business startups and enterprise transactions.	Fulfilled
Second Development Policy Loan	
List prior actions from Legal Agreement/ Program Document	**Status**
Pillar I: ENHANCING MACROECONOMIC RESILIENCE	
Enact Budget Law for 2015 in accordance with the stabilizing expenditure rule set forth in the Public Finance Act, limiting growth of public expenditures to trend Gross Domestic Product (GDP) growth to foster compliance with the provisions set forth in the Treaty on the Functioning of the European Union in the area of budgetary policy.	Fulfilled
Strengthen tax compliance of Controlled Foreign Companies, through the enactment of amendments to the laws on personal and corporate income tax.	Fulfilled
Approval by the Council of Ministers of (a) the Draft amendments to the Law on Covered Bonds and Mortgage Banks; and (b) the Draft amendments to the Banking Law, which amendments will enable the Borrower to implement the European Union Capital Requirements Directive No. 2013/36/EU.	Fulfilled
Pillar II: LABOR MARKET RESILIENCE AND EMPLOYMENT PROMOTION	
Strengthen job-seeker services and promote flexible employment through the enactment of the law amending the Law on Promotion of Employment and Labor Market Institutions.	Fulfilled
Deregulate around 195 professions by: (a) deregulating access to ninety-one (91) professions (second professions deregulation tranche) through the enactment of the Law on the Easing of Access to Certain Regulated Professions, and (b) submitting to Parliament a draft Law Amending Laws on Access Conditions to Certain Professions for the purpose of approving the third profession deregulation tranche which will cover one hundred and four (104) professions.	Fulfilled
Amend the child tax credit to increase support for families with more than one child and reduced the effective tax wedge for such families on low incomes, through the enactment of amendments to the Law on Personal Income Taxation.	Fulfilled
Pillar III: ENHANCING PRIVATE SECTOR RESILIENCE AND PROMOTING COMPETITIVENESS	
Through the NCBR issue three inaugural open calls for proposals for R&D (research and development) and innovation projects and programs in accordance	Fulfilled

with the Smart Growth Operational Program (SGOP) to guide the European Union co-financed programs with more focused, streamlined and business centered programs.	
Enact the Law on General Restructuring, which introduces an insolvency and restructuring legal framework for the corporate sector.	Fulfilled
Creation of "one-stop-shops" for quick business registration through the enactment of the amendments to the law on National Court Register and enactment of amendments to the Construction Law to ease issuance of construction permits.	Fulfilled

2.2 Major Factors Affecting Implementation

18. **The overall performance of the program supported by the DPL series was satisfactory**. Progress on identified outcome indicators was largely met. Program content based on sound analytical underpinnings, as well as strong government partnership and commitment, were major factors affecting implementation.

19. **The program focused on areas of strategic relevance where the Bank had an established track record of technical capacity and ample cross-country experience**. Rather than seeking to cover an extensive list of measures, the program concentrated on core aspects of strengthening public finances (e.g., fiscal rules), promoting employment (e.g., deregulation of professions and strengthening job-seeker service) and promoting competitiveness and innovation (e.g., creation of "one-stop-shops" for quick business registration).

20. **Macroeconomic conditions were supportive for implementation of the DPL operations**. In 2015, the growth rate in Poland was slightly faster than a year before. The main factor in improved growth was domestic demand, both consumption and investment. Net exports, unlike in the previous year, had a positive impact on GDP growth in 2015. Beginning in 2014, gradual improvement of the difficult situation on the labor market took hold. The unemployment rate began falling consistently, with every month lower than a year previously, and hitting and staying at single-figures since August 2015. Prices of consumer goods and services in 2015 were 0.9 percent lower than a year before (while in 2014, prices did not change).

21. **During the program period, government ownership and determination in advancing reforms was crucial.** Political stability, with continuity in government, was crucial for the success of the series, which effectively responded to Government priorities and commitments as reflected in the Polish National Development Strategy 2020 and other government documents, as well as the EU Semester-driven annual national reform and convergence programs reflecting EU priorities. Thus, many of the program's prior actions responded to objectives set by the EU. The concentration on critical reform steps facilitated political ownership and thereby made the process easier for the authorities to both initiate and pursue with determination.

22. **The DPL series was grounded in a strong analytical base**. The Bank carried out extensive analytical work in the areas covered by the DPL series. The work was crucial for selecting reform areas to be supported and informing the design of specific policy reforms. In addition, technical assistance (TA) efforts were either initiated or completed before the

operation and informed the policy dialogue in DPL supported areas. TA and advisory support—both in preparation and during implementation—were crucial to ensuring consistency and flexibility in providing just-in-time assistance as needed. Technical assistance financed from the Bank's budget was blended with reimbursable advisory services (RAS) financed by the Polish government to ensure full buy-in.

Table 4. Analytical Underpinnings of the DPL Program

ENHANCING MACROECONOMIC RESILIENCE
- *Public Expenditure Review (PER 2010)*: on needed fiscal consolidation and on strengthening fiscal framework through expenditure ceilings; - *Fiscal Rules Policy Note* and advice on the sub-national rule and the permanent expenditure rule (2012); - *EU New Member States Regular Economic Reports (RERs 2011-)*: on deficit control, debt stabilization and gradual debt reduction; - Public Pay Review (TA) (2013); - Debt management workshop for sub-national governments (2012); - *TA on debt management for local governments,* including on fiscal risks, fiscal rules and debt management (2013); - TA on multi-year financial forecasts of local governments; - ROSC - Financial Sector Assessment Program (2013); - TA support for the design of a new fiscal equalization formula (2014-15) and on medium-term fiscal financial forecasting; - *Tax incidence review* (as part of the support to the government's *Spending Review* of support to low income families).
LABOR MARKET RESILIENCE AND EMPLOYMENT PROMOTION
- Europe 2020. Fueling Growth and Competitiveness in Poland through Employment, Skills, and Innovation (ESW, 2011); - Employment Entrepreneurship and Human Capital Development, PL2-PL3 (FY9-10); and Human Capital Development Strategy (HCDS) TA, including workshop on Lifelong Learning (FY12); - Towards greater social inclusion in Poland—a qualitative assessment in three regions (ESW, 2013); - Support to Ministry of Justice in developing methodology for impact evaluation of professions deregulation on the labor market; - Dialogue with the Ministry of Labor on the productive employment and labor market duality agenda. - Activation and public employment services *Policy Note;* - Several workshops with international experiences to strengthen some of the existing policies in the field of promotion of employment and better labor market institution; - TA support to government *Spending Review* of support to low-income families; - TA on labor market duality.
ENHANCING PRIVATE SECTOR RESILIENCE AND PROMOTING COMPETITIVENESS
- Europe 2020: Fueling Growth and Competitiveness in Poland through Employment, Skills, and Innovation, ESW: (2011); - *Poland Enterprise Innovation Support Review*, (2012); - Review of the national *Smart Growth Operational Program* for the Ministry of Infrastructure and Development (MID) (2013-14); - TA: assessment of quality, coherence, and fulfillment of ex-ante conditionalities for national and regional Research and Innovation Strategies (RIS3), (2013); - External evaluation of selected innovation support programs with NCBR, (2014); - *Policy Note*: Towards a stronger contract enforcement and insolvency in Poland (TA, RAS), completed in FY 2013; - Improving the business regulatory environment in five Doing Business areas where Poland lagged the most (TA) (RAS); - Review of Public Enterprise Innovation Support Systems (TA) (EFO);

- Hands-on TA in re-designing interventions, processes and innovation strategies, building capacity, and monitoring/evaluating impact;
- TA on starting a business, dealing with construction permits and resolving insolvency;
- Report on "The Status of Contract Enforcement in Poland" (2013);
- Report on "Toward a Stronger Insolvency Framework in Poland (2013);
- Report on "Construction Permits Process in Poland" (2010) and TA on construction permits (2015-16);
- A sub-national study of Poland's business environment.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

The Program's Development Objectives were clear and concise, and the three pillars and the respective Key Indicators under each of the pillars very well aligned with each of the three objectives.

(a) Design

23. The Program Document clearly described the pillars, prior actions, expected results, and indicators and these were well aligned to the PDO. Overall, the indicators were well-selected, measurable, and clearly attributable to the prior actions, and all of the indicators had identified baselines and end targets. The indicators were largely based on publicly-available data.

24. The Program was prepared in close cooperation with the EU as a coordinated effort to support the implementation of structural reforms. The teams coordinated and consulted internally and with the Government the design of the policy matrix to support complementary efforts and support the process of institutionalizing the monitoring and evaluation arrangements in the public sector.

(b) Implementation

25. Monitoring was carried out through an ongoing and continuous dialogue with the Government. On the World Bank's side, this dialogue was supported by complementary analytical activities. One good example is TA provided to the authorities for professions deregulation impact. Another is workshops organized to assist with the design and implementation of the labor market reform (such as benchmarking of labor offices). This engagement helped the Government enhance their own monitoring and evaluation systems. The WB team disseminated international experience on M&E of Active Labor Market Policies (via workshops) and then concentrated on finding champions interested in building capacity for impact evaluation in Poland.

(c) Utilization

26. The DPL promoted and supported the use of M&E arrangements and respective systems. Regular monitoring and data collection activities under the DPL led to discussions with the Government on the implementation of reforms and their results.

2.4 Expected Next Phase/Follow-up Operation

23. While the DPL series was appropriate during the aftermath of the financial crisis and supported policies to help Poland cope with future external shocks, given Poland's strong economic performance, and in the absence of a large adverse external shock, no future DPL operations are envisioned as part of the new Country Partnership Framework.

Table 5: Key Macroeconomic Indicators 2007-2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Real economy	Annual percentage change, unless otherwise indicated									
GDP (billion EUR)	313.9	365.7	317.1	361.8	380.3	389.3	394.7	410.9	429,8	424.6
Real GDP	7.0	4.2	2,8	3,6	5.0	1.6	1.4	3.3	3.8	2.7
Unemployment (ILO definition)	9.6	7.1	8.1	9.7	9.7	10.1	9.8	8.1	6.9	5.5
CPI (harmonized, average)	2.4	4.3	3.8	2.7	4.3	3.6	1.0	0.0	-0.9	-0.6
Fiscal Accounts	Percent of GDP, unless otherwise indicated									
Revenues	41.3	40.6	37.7	38.1	38.7	38.9	38.5	38.8	39.0	38.8
Expenditures	43.1	44.2	44.9	45.6	43.6	42.6	42.6	42.3	41.6	41.3
General Government Balance	-1.9	-3.6	-7.3	-7.5	-4.9	-3.7	-4.1	-3.5	-2.6	-2.4
Primary balance	0.3	-1.5	-4.8	-5.0	-2.3	-1.0	-1.6	-1.5	-0.8	-0.7
General Government Debt (ESA 2010)	44.2	46.3	49.4	53.3	54.4	54.0	55.7	50.2	51.1	54.4
General Government Debt (national methodology)	44.4	46.8	49.2	52.0	52.0	51.6	53.3	48.1	48.8	52.1
Monetary Accounts	Annual percentage change, unless otherwise indicated									
Money Supply	13.4	18.6	8.1	8.8	12.1	4.5	6.2	8.2	9.1	9.6
Exchange Rate to EUR (average)	3.78	3.52	4.33	3.99	4.12	4.19	4.20	4.19	4.18	4.36
Interest (key policy interest rate, eop)	5.00	5.00	3.50	3.50	4.50	4.25	2.50	2.00	1.50	1.50
Balance of Payment	Percent of GDP, unless otherwise indicated									
Current Account Balance	-6.4	-6.7	-4.1	-5.4	-5.2	-3.7	-1.3	-2.0	-0.6	-0.3
Direct Investment, net	4.1	1.9	1.8	1.9	2.6	1.2	0.8	2.0	0.9	1.1

Source: World Bank staff based on CSO, Eurostat, and MOF data.

SECTION 3. ASSESSMENT OF OUTCOMES

3.1 Relevance of Objectives, Design, and Implementation

(to current country and global priorities, and Bank assistance strategy)

Rating: Highly Satisfactory

24. **Substantial trade and financial linkages with global markets combined with still large financing needs and geopolitical tensions in the region exposed Poland's economy to external shocks and necessitated further strengthening of macroeconomic resilience and support for growth.** Strong macroeconomic fundamentals and sound policies have helped Poland withstand several bouts of global market turbulence and paved the way for economic

recovery. Nevertheless, while benefiting from the continued transformation into more open and dynamic economy, there have remained several important areas of lagging policy reforms. The government was determined to address the short-term challenges, which were the legacy of the global financial crisis and economic uncertainties, as well as medium- to long-term structural rigidities. Short-term actions were aimed at further rebuilding fiscal buffers and bolstering macroeconomic resilience, while medium and long-term structural reforms were targeted at lifting productivity, employment, and potential growth. All the measures and actions in this DPL series designed to enhance macroeconomic resilience by strengthening public finance and the financial sector, building labor market resilience and employment promotion, and fortifying private sector resilience by promoting competitiveness and innovation were vital to the overriding objective of the Polish government to support growth and resilience. Broadly, these measures were designed to help to ensure that prosperity continued to be shared across society.

25. **The main objectives of the DPL series and the areas supported were fully supportive of Poland's development agenda**. There continues to be a broad consensus in Poland that maintenance of sound macroeconomic policies over the medium- and long-term is critical to sustaining growth and EU convergence. This view was reflected in the recently approved National Reform Program and the Convergence Program, submitted to the European Commission (EC) in April 2016, which links the processes of structural reforms with fiscal policy. There is a broad consensus (shared and supported by the WB, EC, IMF and OECD) that policy interventions, focused on sound public finance, flexible labor markets, and competitiveness are crucial for Poland's growth prospects.

26. **The DPL program remained central to Bank's engagement in Poland,** as emphasized in the CPS for the period 2014-17. The expected outcomes of the DPL series were aligned with the CPS, including fiscal consolidation, strengthened fiscal institutions, and ensuring fiscally sustainable transfers and other priority social spending. In particular, the DPL series' objectives were fully in line with two Strategic Engagement Areas in CPS 2014-17: 1) Economic Competitiveness and 2) Equity and Inclusion.

27. **Lessons from the reforms in Poland, in areas that include macro-fiscal and financial management, labor market and support for innovation, are also informing the Bank's global knowledge base and have wide applicability both in the region and more globally.** Poland has become an increasingly important source of information for other countries in the region and across the world, and the Bank can play a role to help the country showcase its success and better understand the country's experience and applied solutions. On the other hand, Poland is a sophisticated counterpart that takes advantage of the WBG's global knowledge in policy design, impact evaluation, and hands-on support for implementation. It is in line with Country Development Goal 10: Contribution to development cooperation and global public goods within yet another **Strategic Engagement Area in CPS 2014-17 "Poland as a Global Development Partner"**.

3.2 Achievement of Program Development Objectives

Overall Achievement of Objectives:
Rating: Satisfactory
DPL1: Satisfactory **DPL2: Satisfactory**

28. **The DPL series contributed to strengthening macroeconomic fundamentals in Poland.** To do this, the DPL series provided support for the following: (i) enhancing macroeconomic resilience, by reducing the general government fiscal deficit and debt levels toward the Medium Term Objective (MTO) and bolstering macro-prudential oversight; (ii) strengthening labor market flexibility and employment promotion; and (iii) improving private sector competitiveness and innovation.

Pillar I: Enhancing macroeconomic resilience

29. **Measures of Pillar I of the series were an essential condition for fiscal and financial stability and, consequently, long-term economic growth.** Putting public finances back on track had been supported in the previous DPL series (2012-2013), and the current DPL series constituted a continuation of the previous broad policy area.[6]

30. **The most important part of this Pillar was an effective introduction and implementation in budget laws of 2014 and 2015 of the permanent fiscal rule limiting growth of public expenditures to trend GDP growth** to foster compliance with its obligations deriving from the Treaty on the Functioning of the EU in the area of budgetary policy. The new permanent expenditure rule was designed to put the fiscal deficit on a sustainable downward path toward the MTO and continue to rebuild fiscal buffers while allowing greater scope for counter-cyclical policies when required. The Public Finance Act already set out two thresholds for public debt—55 percent and 60 percent of GDP—with breaches to thresholds automatically triggering successively more restrictive deficit cuts. However, severe deficit cuts would have undermined Poland's ability to take counter cyclical measures during a downturn, and the 55 percent threshold was suspended in 2013 to enable the functioning of automatic fiscal stabilizers.

31. **To address these problems (in particular the pro-cyclical character of the previous rule and limited coverage of the general government sector), the Government enacted a new fiscal rule.** This rule was based on limiting public expenditure growth to the average of GDP growth in eight consecutive years—growth in six previous years, forecasted growth in the current year and the following year's projected growth—combined with an adjustment (correction) mechanism that would tighten rules if public finances breached the targets specified in the Stability and Growth Pact and/or in the Public Finance Act. The fiscal rule also includes escape clauses which automatically suspend the adjustment mechanism in case of a severe economic shock to allow for anti-cyclical fiscal responses. The two public debt thresholds in place, at 55 and 60 percent of GDP, remained unchanged. However, two new lower ones have been added to the spending rule, at 43 and 48 percent of GDP, to compensate for the changes to the pension system (which lowered the debt substantially)[7], that will still trigger downward

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[6] Putting public finances back on track was needed after countercyclical fiscal response to the crisis in 2009-2010 and increase of the deficit to over 7 percent of GDP. It was the focus of the second DPL series (2011-2012).

[7] Part of the pension reform was a shift of some assets (mainly bond holdings) from privately managed (but state-owned) funds into ZUS (Social Security Institution) and book those assets on the state balance

corrections in spending, though this will be a milder sanction than the previous requirement to balance the budget or ban new borrowing. The rule was subject to a broad consultation process before adoption to ensure it had widespread support and markets understood that it strengthened fiscal management. The rule was binding for budget laws of general government sector starting from 2015, however already in 2014, the budget law was prepared in line with the rule.

sheet to offset issued public debt to finance gap made by accumulating social contributions in these privately managed fund (so called mandatory open pension funds).

Box 1: Poland's Permanent Fiscal Rule

The stabilizing expenditure rule has been binding since 28th December 2013. It constitutes a partial implementation of EU Council Directive on requirements for budgetary frameworks, which obliges member states to use numerical fiscal rules. Apart from legislative necessity, the rule was expected to reduce an excessive public finances imbalance, which had permanent character in Poland. Basically, the aim of the rule is to reduce and, subsequently, stabilize the GG deficit and consequently the public debt. The rule sets level of expenditure for the general government sector net of expenditure financed with non-returnable EU funds or incurred by entities whose budgets are not able to generate significant deficits. The legally binding spending limit is imposed on the aforementioned sector net of forecast expenditure of National Health Fund (NFZ), local government units (JST) and the institutions which are mentioned in the art. 139 of the Act on Public Finance. Therefore, if e.g. local government units spend more than the formula indicates, then other part of the sector will have to lower their expenditure. In the comparison to the previous regulations, the rule has much broader subject scope, which allows to treat public finances in a more comprehensive way.

According to the formula, level of expenditure increases, as a rule, by the product of medium-term real GDP growth and forecast CPI. It is also multiplied by correction due to CPI forecasts errors in the past. In 2015 the CPI forecast was replaced by 2.5% target of monetary policy and as a consequence forecast errors no longer exist. Finally, forecast of discretionary change in the revenue are added. In general, the GG expenditure growth should be in line with this formula, deviations from which (corrections) are applied only under strictly specified conditions. In the case of alarmingly high level of public debt or deficit (over 48% - according to the amendment of Act on Public Finance, which entered into force on 11th July 2014, or over 3% of GDP respectively), the stronger correction (2 pp deducted from the medium GDP real growth) is triggered regardless of the forecast economic situation. Otherwise, if public debt exceeds 43% of GDP (according to the amendment of Act on Public Finance, which entered into force on 11th July 2014), the normal correction (1.5 pp deducted from the medium-term GDP real growth) is triggered, unless severe economic downturn is projected (forecast GDP growth lower than medium-term one by more than 2 pp, i.e. the so called 'bad times').

The possible correction depends on sum of cumulated differences between the nominal balance and the MTO (medium-term objective) which is abbreviated to the 'sum of differences'. The aim of this debt-brake mechanism is to temporarily decrease (increase) the expenditure growth limit below (over) the medium-term GDP growth until the excessive deviations from the target are absorbed, in order to secure long-term stability of public finance. It is important that the correction mechanism is automatic and precisely determines the type of correction. If the cumulated deviations breach -6% (+6%) of GDP, then normal negative (positive) correction is applied respectively. An exception to this rule occurs during above-mentioned 'bad times', when negative correction is suspended and 'good times' (forecast GDP growth higher than medium-term one by more than 2 pp), when the same happens to positive correction.

Box 1: Poland's Permanent Fiscal Rule (continued)

greatest challenges for the rule was to create a mechanism which is invulnerable to manipulation with economic indicators and leaving little leeway in taking discretionary actions. This was to be achieved through strict formulas and relatively small importance of forecasts. Moreover, the rule had to combine effectiveness with simplicity.

32. **The fiscal framework for local government was revised at the same time.** The act revising the Act on Public Finance, which came into force in December 2013, primarily introduced the stabilizing expenditure rule. However, it also revised some articles stipulated in the act which determine the fiscal framework of the local government sector. Keeping a prudent fiscal stance over the medium term requires constraining the deficits of both central and local governments. Starting from 2014, the uniform ceiling on local government (LG) debt (60 percent of revenue) has been removed, and the new individualized fiscal rule limits LGs ability to incur new debt depending on its debt-servicing ratio. This will allow more flexibility in the subsector of local government units while maintaining the principle of long-term sustainability. Debt servicing expenditure/total revenue cannot exceed the last three years' average current balance plus revenue from asset sales/total revenue. The Government adjusted the new rule by excluding from the individual ratio interest on liabilities incurred for funding projects co-financed by the European Union to facilitate the absorption of EU-funds by local governments.

33. **Deferring reduction of VAT rates was an important measures, albeit temporary, to support fiscal consolidation and reduce the excessive deficit (according to the EU rules),[8] while also putting in place more permanent measures to assist tax compliance and administration.** To bolster revenue, the 2014 budget deferred the planned reduction of the VAT rate back to its pre-2011 level (8 to 7 percent and 23 to 22 percent). In addition, the lower tax rate on unprocessed food at 3 percent was replaced with a new rate at 5 percent, as per the EU VAT directive. There was also a quite extensive set of measures aimed at strengthening tax compliance and administration, including Controlled Foreign Corporation (CFC) rules which are features of an income tax system designed to limit artificial deferral of tax by using offshore low taxed entities. The rules are needed only with respect to income of an entity that is not currently taxed. Generally, certain classes of taxpayers must include in their income currently certain amounts earned by foreign entities they control. The objective was to tax CFCs of Polish taxpayers so as to prevent them from shifting profits to other jurisdictions with lower tax rates. Under the new rules, income earned by foreign subsidiaries or permanent establishments of

[8] The excessive deficit procedure (EDP) is an action launched by the European Commission against any European Union (EU) Member State that exceeds the budgetary deficit ceiling imposed by the EU's Stability and growth pact legislation. According to the "Protocol on the Excessive deficit procedure", annexed to the Maastricht Treaty on economic and monetary union, Member States must demonstrate sound public finances. There are two criteria: (i) the budget deficit must not exceed 3 % of gross domestic product (GDP), (ii) public debt must not exceed 60 % of GDP.

Polish entities may be subject to 19 percent income tax in Poland regardless of whether it is distributed to Poland.

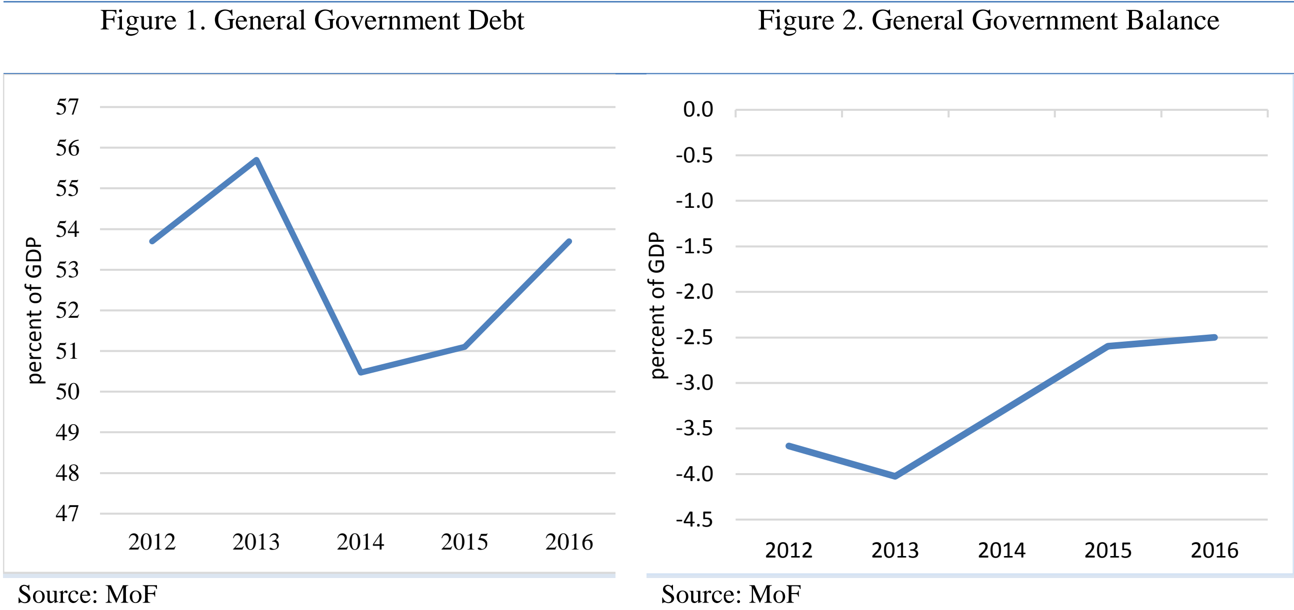


Figure 1. General Government Debt

Source: MoF

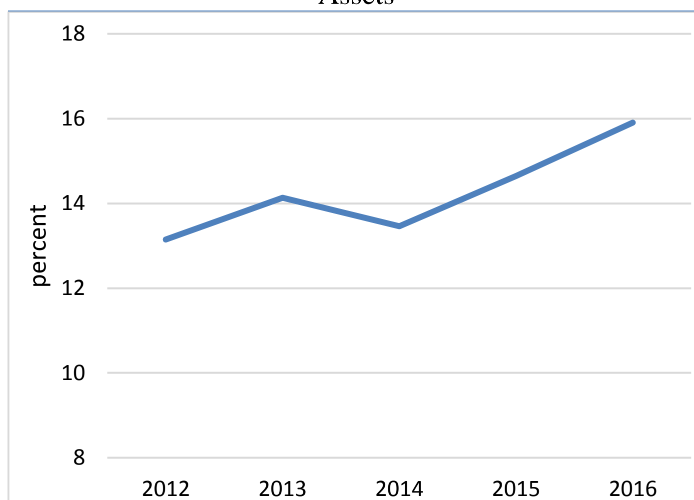
Figure 2. General Government Balance

Source: MoF

34. **As a result of all these measures, the nominal deficit of the general government was reduced in 2014 to a much greater extent than recommended by the Council (ECOFIN), to 3.2% of GDP.** The reduction of the nominal deficit in relation to GDP by 0.8 percentage points compared to 2013 was a result of favorable fiscal consolidation implemented since 2010 and a structure of economic growth beneficial for public finances. Taking into account the costs of the systemic pension reform (introduced in 1999) still incurred in 2014, amounting to 0.4% of GDP, the corrected (i.e. comparable with countries that have not implemented a pension fund system) deficit amounted to 2.8% of GDP and was thus reduced to below 3% of GDP. This made possible to close the excessive deficit procedure by the European Council in 2015, one year ahead of what was recommended to Poland by the Council. This was also more than required by the DPL targets for the deficit and debt.

35. **The second part of Pillar I contained measures targeted to improve financial resilience**. **The adoption of the Capital Requirements Regulation and Directive (CRR/CRD IV) was a major achievement**. This important legislation is playing a key role in strengthening the resilience of the EU banking sector, enhancing market confidence and providing a level playing field for the banking industry. First and foremost, the increases in the quality and quantity of capital conferred by the legislation were a necessary correction of the weak capital standards that existed pre-crisis. Furthermore, the harmonized application of prudential rules in all EU Member States is paramount for ensuring financial stability and strengthening financial integration in Europe. In addition, the legislation provides important new mechanisms to allow macroprudential authorities the flexibility to implement measures aimed at mitigating systemic risks. Benefits of robust capital requirements include reducing bank moral hazard and thereby improving the quality of lending decisions; increasing banks' ability to lend through the cycle; and insulating taxpayers and society from having to bear banks' unexpected losses. The CRR/CRD IV package was an important step forward in correcting the suboptimal capital regulation that existed before the crisis. At this early point after the implementation of the CRR/CRD IV rules, it is difficult to come to firm conclusions about their impact on the financing of the real economy. While these costs mainly affect the economy in the short run, the benefits of the requirements can be seen as banks become more resilient due to the lower probability of default.

Figure 3. Regulatory Tier 1 Capital to Risk-Weighted Assets

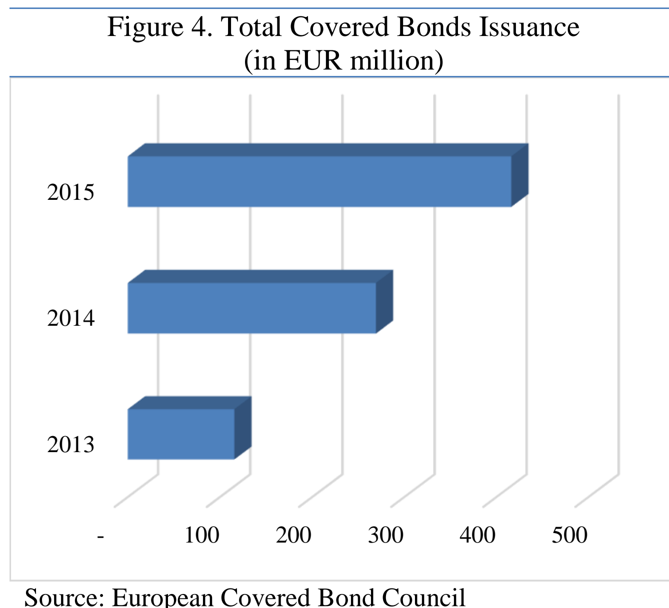


Source: NBP

36. **Amending the Act on Covered Bonds and Mortgage Banks was required to address key weaknesses of previous legislation that inhibited the development of the financial sector.** In 2015 the Act was thoroughly updated in order to enhance covered bond risk with new provisions coming into force in January 2016. The main purpose of the law was to enhance the availability of well-diversified funding sources from capital market investors to the Polish banking sector. This was in order to address the potential threat to the stability of the Polish banking sector caused by maturity mismatches in mortgage financing, primarily based on short-term liabilities such as deposits. The differences in the maturities of their assets and liabilities expose credit institutions to liquidity risks. Among the key modifications were: the introduction of statutory over-collateralization and liquidity buffer, an increase of funding limit for residential loans as well as the implementation of the soft bullet and conditional pass through structure upon insolvency. With this change, banks could reduce their maturity mismatches and reinvest long-term resources (between 5 and 10 years) into a new generation of fixed-rate mortgages (currently all mortgages are variable-rate). As a result the issuance of covered bonds (CBs) already in 2015 and 2016 was much higher than in previous years. These new CBs are

also attractive to foreign investors, which helps provide a liquid market. Further development of the Polish covered bonds market will also provide a vehicle for mobilizing both foreign and domestic long-term savings, which will reduce maturity mismatches in mortgage financing, thereby strengthening macroeconomic resilience.

Figure 4. Total Covered Bonds Issuance (in EUR million)



Source: European Covered Bond Council

Pillar II: Labor market resilience and employment promotion

37. **The resilience of Polish labor market and employment promotion, as well as the competitiveness of the Polish economy, was backed up by an unprecedented project of professional practice deregulation**. According to the legislator's intentions, the deregulation was "a process of liquidation of too narrow and unjustified boundaries in terms of access to given professions." The aim of deregulation was to open the labor market and facilitate becoming a member of the desired profession. In the long run, almost all regulated professions will be affected by deregulation. The laws on deregulation abolished a series of pre-requirements for practicing given professions, e.g. it limits or liquidates such requirements as: passing a separate state exam, obtaining specific education or practice. Some professions are no longer connected with any pre-requirements whatsoever. This means that they are open to everyone.

38. **A total of 250 professions were selected for legislative works and the expected outcome is**:

a. reducing the number of regulated professions by 71. Complete deregulation will affect professions and activities that account for almost 0.5 million professionals (3% of the labor force);

b. decreasing existing barriers in case of most of the deregulated professions (such as lowering educational requirements, shortening the certified professional experience period, and lifting a prior check of qualifications).

39. **Ex-post analysis of the deregulation[9] indicates the positive effects of deregulation -** in line with the microeconomic theory of rent-seeking behavior, which predicts that occupational groups tend to monopolize services they render through various barriers to entry, including regulation. Among them are:

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[9] "The effects of reforms liberalizing professional requirements in Poland", Miłosz Rojek and Michał Masior, Warsaw School of Economics, September 2016 and "Deregulation of Professions in Poland: Preliminary Evaluation", Maciej Lis, Jan Baran, Karolina Goraus, Piotr Śpiewanowski, Institute for Structural Research, The World Bank, Warsaw, Poland.

a. more jobs for the young - greater availability of attractive, but closed for them before the deregulation professions,

b. the decline in prices, increase quality - the natural result of greater competition on the previously regulated, and in some cases even closed markets,

c. cutting red tape – repeal of a number of state exams or mandatory entries in the public records and reduction of many jobs in the offices, which have so far been occupied by persons responsible for the adherence to the regulations and formalities,

d. the decrease in costs for entrepreneurs – reduction of fixed costs of doing business, including fees for compulsory training, courses,

e. the criteria for admission to still regulated professions were made clearer.

Reducing the restrictions – i.e. lowering educational requirements, shortening certificate periods and experience, or lifting some prior checks – helped improve access to these professions, particularly by the young and less-advantaged groups. This, in turn, can shorten the duration of unemployment and improve worker-job matching.

Box 2: Deregulation of Professions in Poland

Deregulation of professions was one of the priorities of the government, expressed in the expose of Prime Minister Donald Tusk in November 2011. The number of regulated professions in Poland in 2011 was one of the highest in Europe and amounted to about 370 professions, spanning all sectors of the economy. This was in contrast with the Polish constitution that allows limiting economic activity only in special cases (such as protection of its security or public order, or the natural environment, health).

A total of about 250 professions were selected for legislative review with an expected outcome to: (i) deregulate about 71 professions (complete deregulation); (ii) decrease existing barriers in case of most of deregulated professions (by lowering educational and age requirements, shortening the certified professional experience period, lifting a prior check of qualifications, creating a new system of verification of qualifications and skills, replacing licenses with entries into register, simplifying scheme of licenses etc.). The amendments were not only meant to do away with existing regulations liberalizing entry. The process of deregulation was designed to encourage competitive pressures in the profession but without reducing the quality of services. The legislative review was done in three phases: I phase – 51 professions (June 2013), II phase – 96 professions (May 2014), III tranche – 100 phase (June 2015), which allowed the deregulation process to be implemented after each phase was completed. Deregulation received strong support in the parliament.

An ex-post evaluation of the effects of deregulation has been planned to assess whether (i) the goals of the implemented legal acts have been achieved; (ii) the means used to reach these goals were adequate; (iii) there have been unintended consequences from deregulation (especially with the significant social impact). Such evaluations may inform future legislative changes.

40. **The DPL has supported changes to the Labor Code designed to improve the flexibility and the ability of the labor market to create more jobs.** The economic slowdown of 2012-2013 resulted in a rise in the unemployment rate, especially among the young, and stagnating real wages. The main changes concerned the organization of employee working time. The new regulations introduced changes that were long-awaited by employers and include:

a. the possibility to extend employees settlement period (probation) by up to 12 months;

b. provisions to permit more flexible working hours.

The above changes were designed to make working time significantly more flexible and help organizations adapt to meet changing economic and technological needs.

41. **In addition to greater labor market flexibility, the DPL series supported policies to improve services for job-seekers.** There was a broad consensus that the Public Employment Service (PES) worked poorly in Poland and there was a number of reasons behind that situation. It has been reformed to improve job-matching efficiency. The reform aimed at a better targeting of services to the unemployed and closer cooperation with the private sector. The key elements of improvements to the Law on Promotion of Employment and Labor Market Institutions were:

a. strengthening the role of local governments in occupational career services;

b. tailoring services provided by the PES to the specific needs of the unemployed through enhanced profiling, case management, combining vocational counseling with job search assistance, outsourcing the 'hard-to-place unemployed', and improving the sharing of information on job vacancies;

c. developing new instruments to support job creation and re-employment (including for women re-entering the labor markets), such as telecommuting grants, hiring subsidies, loans for new jobs or start-ups, and regional training programs;

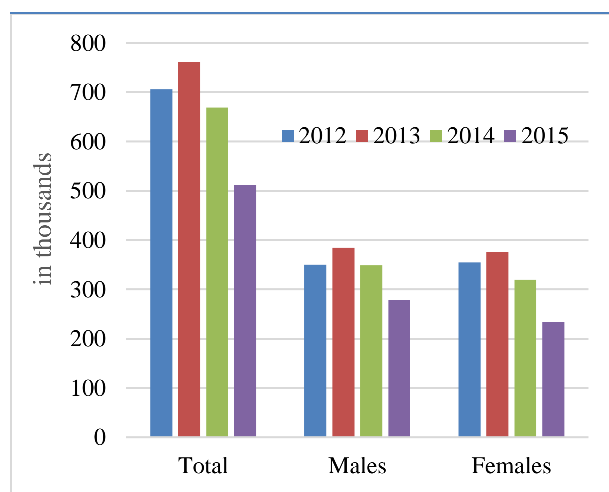
d. stronger support for youth and older (50+) employment, such as temporary suspension of social security contributions, partial wage subsidies;

e. the law also set up the National Training Fund to support firms with the provision of education and training, and as such to promote skills development.

This has been a necessary response to improve labor market policies and boost the sustainable growth of the employment rate, relieving the effects of structural mismatches (especially when speaking of the qualifications and competences of unemployed), regaining the ability of the unemployed to adapt permanently to the labor market and boosting the effectiveness of labor market policy in general.

42. **The results of the policy changes were visible very quickly after implementation.** This impact was particularly apparent from the increased number of new job offers at local labor offices, enhanced collaboration with the private sector, and significant take up of the Youth Guarantee Scheme The implementation of the Law was informed by the dialogue between the Ministry of Labor and the World Bank team. The joint workshop was held to design an evaluation strategy of the implementation progress and to discuss international good practices to further strengthen cooperation between Public Employment Services and employers at the local level.

Figure 5. Long-term unemployment by sex



Source: Eurostat

43. **Finally, the authorities introduced measures that supported the improvement of parents' access to the labor market.** On one hand, some amendments to the Law on Early Childcare were adopted and implemented, on the other hand through the enactment of amendments to the Law on Personal Income Taxation the Government introduced a refundable tax credit to the Polish tax system. The child tax credit reform expanded low-income households' access to the child tax credit by effectively introducing a refundable tax credit. Under the new design, the child tax credit may be applied against social insurance and health insurance contributions paid during the tax year, even if the household has no PIT liability. The reform also increases the amount of the credit for third and subsequent children by 20 percent. This increase in benefits applies to all households with three or more children that pay PIT or social or insurance contributions, including high-income households. However, the overall incidence of the 20 percent increase is progressive because households with three or more children tend to be poorer, and because the increased credit is a larger proportion of low-income households' incomes. It may incentivize parents to seek employment or become more active in the labor market. The effective reduction of the tax wedge for families with children and large families with relatively lower incomes improved incentives for job seekers, particularly for low-income workers, who may be returning to the labor market or are long-term unemployed. The tax revenue decrease resulting from the extension of the child tax credit is estimated at PLN 1.3 billion, equivalent to 0.07 percent of GDP in 2015[10]. The amendments to the Law on Early Childcare were aimed at facilitating the creation of early childcare facilities to increase the access and facilitate parents return to work.

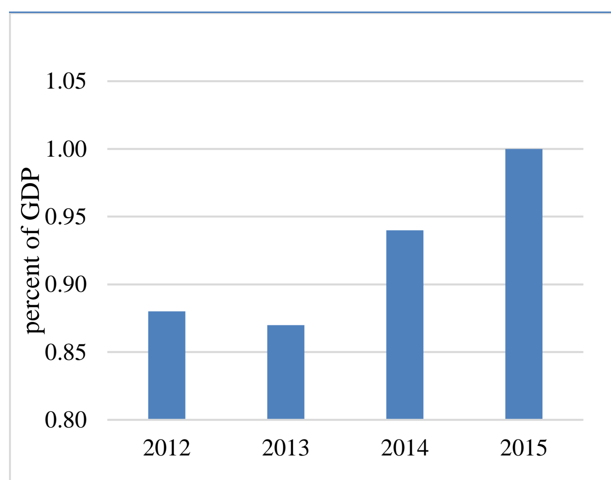
[10] "Report on the state budget execution for the period from 1 January to 31 December 2015" Council of Ministers, Warsaw, 2016

Pillar III: Enhancing private sector resilience, promoting competitiveness and innovation

44. **Boosting private sector growth and innovation continues to be one of the main pillars of the Government's reform agenda**. Innovation and knowledge-based development represent an opportunity for ensuring the dynamic growth of the Polish economy, especially in light of the diminishing impact of traditional sources of economic growth. Poland belongs to the four least innovative economies in the EU and the economy spent only 0.9 percent of GDP on R&D in 2012, well below the EU-28 average of two percent or EU2020 target of three percent. In order to increase the innovativeness of the economy, measures in numerous fields are necessary – removing barriers for conducting the business activity, improving the quality of education, promoting knowledge transfer, developing business environment institutions and stimulating cooperation between science and business**.**

45. **With the support of the World Bank, the Government has made significant progress** in creating a one-stop shop for easing business start-ups, has streamlined the process of obtaining construction permits for SMEs and improved the insolvency law to promote the restructuring of viable enterprises and expedite the resolution of others. The Government remained committed to promoting R&D with advice from the World Bank and support from EU funds under the Smart Growth Operational Program. The World Bank continues to support the implementation of innovation and business environment reforms in Poland beyond lending. While Poland took important steps to change innovation support programs and adopt more business-friendly regulations, these reforms require more support on the ground and across Polish regions. A sub-national study of Poland's business environment, for instance, has shown that some regions lag behind others in the ease of starting a business or dealing with construction permits. An in-depth analysis of technology transfer offices has shown that the interface between researchers and businesses is not vibrant enough and that subsidized university-based technology transfer centers often lack the capacity to provide high-quality valorization services that are necessary to develop and commercialize R&D projects. Given these challenges, the World Bank has been collaborating since 2016 with the European Commission as well as national and local government to improve the implementation and delivery of reforms "in the field".

Figure 6. R&D expenditure



Source: Eurostat

46. **Poland's Enterprise Development Program (EDevP) implemented the Strategy for Innovation and Efficiency**, adopted in January 2013, with about 10 billion euro of EU and budget funds for innovation and R&D in 2014-2020. EDevP increases support for early stage innovation and technological start-ups, rather than the previous focus on technology adoption, through measures that include R&D (and investment) grants, venture capital funds, support for intellectual property rights, and consortia between enterprises and higher education research institutions etc. EDevP also sets out the institutional arrangements for each program, including Polish Agency for Enterprise Development (PARP), the National Economy Bank (BGK), the National Capital Fund (KFK) and the Ministry of Development. It creates clearer institutional arrangements. EDevP guides the development of more detailed Smart Growth Operational Programs (SGOP) for innovation financed under the 2014-2020 EU budget perspective.

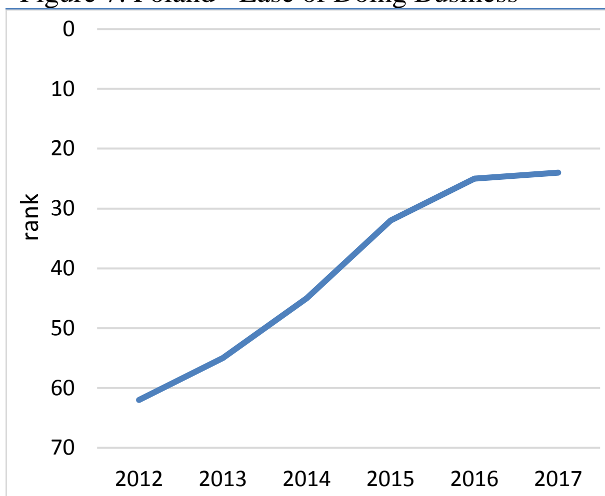
47. **In February 2015, European Commission adopted the 2014-2020 Smart Growth Operational Program (SGOP) of Poland, which provides €8.6 billion from the European Regional Development Fund (ERDF), plus an additional €1.5 billion from national budgetary co-financing to support innovation programs in 2014-2020**. The SGOP also aims to directly leverage an additional €4.4 billion from the private sector, and is designed to be a catalyst (by creating a more conducive framework) for a sustained improvement in R&D and other investments in innovation. The Program aims to boost the innovativeness and competitiveness of the Polish economy by increasing business expenditure on Research & Development and by improving the level of co-operation between all participants in the innovation lifecycle. The funding will be used nationwide to strengthen research activities and improve the links between science and business in the sixteen Polish regions. The funding should allow for the development of innovative ideas into concrete, marketable new products and technologies, thus increasing the position of Polish enterprises in the global value chain. It will strengthen institutional capacity, and put the private sector at the center of the innovation support system. The SGOP largely incorporates the recommendations of the World Bank review of the previous program (2014) and 'Innovation support review' (2012). At the end of 2016 over 960 agreements were concluded, over 24% of resources were allocated and a total value of grants amounted to over 9,2 billion zlotys[11]. Although the business environment has improved in recent years impediments remain. Poland was ranked 45 in 2014 Doing Business Report, but 116th in terms of the ease of starting a business, with 30 days needed to register a new company. That's why there is a continuous need to deregulate and facilitate easiness of

[11] Monthly information on the advancements in the 2014-2020 Smart Growth Operational Program co-financing agreements, http://www.poir.gov.pl

business activity and the DPL series supported the development of a new law and amendments to an existing law to tackle impediments for companies' ease of doing business.

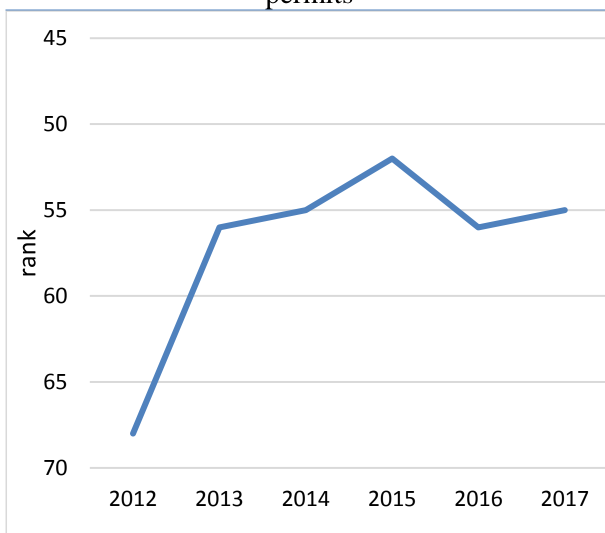
48. **A series of revisions to procedures as well as the creation of "one-stop-shops" for business registration and easing of access to construction permits provided a boost to the private sector.** The so-called Fourth Deregulation Law (the Law on Facilitating Access to Business Activity) enacted around forty legal changes, which the Government estimated could generate around Euro 200 million of annual savings for entrepreneurs. There were mainly tax, financial and changes in bureaucratic procedures. Two other important actions supported by the DPL series was the creation of "one-stop-shops" for quick business registration through the enactment of the amendments to the law on National Court Register and enactment of amendments to the Construction Law to ease issuance of construction permits. These reforms are focused in particular on small and medium enterprises (SMEs) and construction of single family residential housing and small sized commercial or industrial buildings.

Figure 7. Poland - Ease of Doing Business



Source: Doing Business reports, World Bank

Figure 8. Poland - Dealing with construction permits

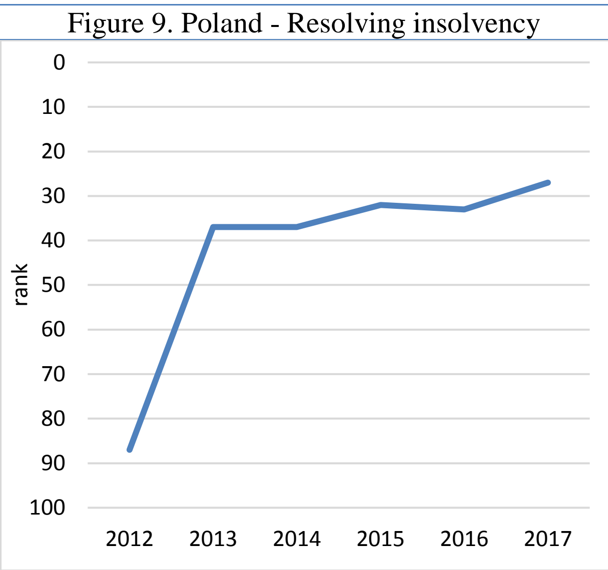


Source: Doing Business reports, World Bank

49. **All applications for company registrations are now fully handled by the Court Registry, which automatically assigns a tax and a statistical code to a new company based on online information sharing with the tax office, Social Security, and the statistical office**. New law considerably shortened the time needed for new business registration – from 20-30 days to no more than 7 days. Similarly, the amendments to the construction law which entered into force in mid-2015 tackled some of the most urgent issues and were aimed at simplifying and shortening of the administrative procedures preceding the start of construction work. They introduced a time limit for the local authority to file comments on planned investment requiring a building permit, and removed permits for minor works.

50. **Last but not least, the DPL supported the development of a new insolvency framework, with a focus on restructuring.** Efficient exit systems are as significant as entry systems for economic growth and entrepreneurship, as they serve to free both entrepreneurs and capital for more productive uses. While the reform of the Polish bankruptcy regime has been ongoing for some years, the number of legal proceedings for bankruptcy has been low, the process time-consuming and costs excessive with outcomes heavily biased toward liquidation. The system neither adequately protected creditors' rights nor offered a viable rescue mechanism for viable debtors. The new law enabled companies to enter the process at an earlier stage and with more specialized legal services, including trained practitioners, time limits for decisions, better trustee remuneration, greater participation for creditors, the introduction of tax deductions for forgiven debt, with special out-of-court restructuring available for some SMEs, and more public awareness campaigns. The new general restructuring law reduced the compliance costs (and speed) for exits and restructuring. Whether the new law will lead Polish companies to restructure rather than liquidate can only be assessed in a few years, although one of the initial steps will be the introduction of unified forms for the 'simplified' procedure. First data on a number of the cases for 2016 shows that the system is significantly more efficient.

Figure 9. Poland - Resolving insolvency



Source: Doing Business reports, World Bank

3.3 Justification of Overall Outcome Rating
Rating: Satisfactory
DPL1: Satisfactory **DPL2: Satisfactory**

51. **The program was largely implemented as planned and the program outcomes were largely achieved.** The DPL series has delivered progress in the areas targeted. The majority of the objectives of the loan set at the time of approval still remain highly relevant. The scope of reforms supported by the DPL series continued to support the Government's reform priorities. At the end of the series, while the reform agenda remained significant, the institutional and policy foundations for future reforms appears strong in each of the pillars.

3.4 Overarching Themes, Other Outcomes and Impacts

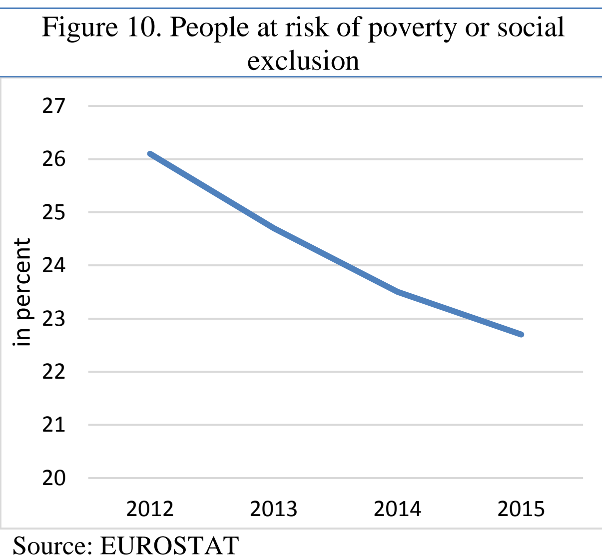
(a) Poverty Impacts, Gender Aspects, and Social Development

52. **The DPL series was expected to have had positive effects on poverty reduction** and social development. These impacts were expected via sound macroeconomic management and policy measures directly aimed at improving the living conditions of the poor and providing greater opportunities for women to participate in the labor market, together contributing to income growth of the bottom 40 percent. Enhancing macroeconomic resilience, through the gradual, growth-friendly reduction of fiscal deficits and strengthening the macro prudential framework, is critical for shared prosperity. Enhancing the government's ability to undertake countercyclical fiscal policy and, as a result, reducing macroeconomic volatility and creating sufficient fiscal space are key in providing support to the bottom of the income distribution.

53. **The child tax credit, labor market reforms and deregulation of professions were expected to have a positive impact on the income growth of the bottom 40 percent and in particular on women** by improving incentives and opportunities to enter the labor market. For low-income families, in particular, the child tax credit reform provides an incentive for second earners (usually women) to enter the labor market because the tax credit may be applied to their social and health insurance contributions.

54. **The combination of increased labor market activity and increased returns have a positive impact on the labor market, especially for more vulnerable workers**, through the reduction of the tax wedge for families with children and large families with lower incomes. Other labor market reforms supported by the DPL are expected to promote inclusive growth: reducing the regulatory restrictions to entering a range of professions, providing better services to the unemployed through profiling, and promotion of early childcare facilities to support the return of parents to the labor market, and can additionally reduce early achievement gaps to boost shared prosperity. In particular, the deregulation of professions is expected to benefit those at the bottom of the income distribution. Simulations carried out for selected deregulated professions indicate that a large share of the new jobs is filled by currently unemployed persons who are at the lower end of the income distribution. The analysis also shows that the negative impacts of professions' deregulation (the loss of economic rents gained by those in the regulated professions) have fallen mostly on those in the top four income deciles. The relaxation of educational and certification requirements should improve access among the young and less advantaged groups to more remunerative employment.

Figure 10. People at risk of poverty or social exclusion



Source: EUROSTAT

55. **Addressing major constraints to business and innovation, as well as reducing the obstacles to starting a business or adopting new innovative technologies and practices were expected to boost job creation**, in particular for small and medium enterprises that are key to the economic opportunities of the bottom 40 percent. Enabling companies and

individuals to restructure their debts or move more swiftly through insolvency is also expected to contribute to inclusive growth. Research shows that rules-based bank insolvency resolution policy has a positive effect on firm growth.

(b) Institutional Change/Strengthening
(particularly with reference to impacts on longer-term capacity and institutional development)

56. **The DPL series supported numerous efforts aimed at strengthening institutions across the pillars of the operation**. Complementary analytical and advisory activities under the umbrella of DPL series had a direct impact on institutional change. The main beneficiaries of these activities were Ministry of Finance, Ministry of Labor and Social Policy and Ministry of Justice. Examples of these activities include:

a. engagement on local governments budgets and rule as part of the DPL opened a policy dialogue and capacity building on multiyear financial forecasting by local governments and horizontal fiscal transfers:

b. activities carried out by SPL in terms of TA for the Law on Promotion of Employment and Labor Market Institutions (multiple workshops, a conference on measuring the performance of labor offices, etc.),

c. support to develop the method and framework to evaluate the impact of the professions deregulation on the labor market through a dedicated PSIA TF,

d. review of the Government's operational programs (OPs) (Enterprise Development Program, Innovative Economy, Smart Growth, and Human Capital)

(c) Other Unintended Outcomes and Impacts *(positive or negative)*

57. Bank staff from various sectors emphasized that the operation led to a strengthened policy dialogue with the Government of Poland. **No unintended negative effects were identified**.

3.5 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops
(optional for Core ICR, required for ILI, details in annexes)

58. There was no beneficiary survey and/or stakeholder workshop.

SECTION 4. ASSESSMENT OF RISK TO DEVELOPMENT OUTCOME

Ratings: Moderate

DPL1: Moderate **DPL2: Moderate**

59. **The risk of either policy reversals or not maintaining the outcomes in the areas supported by the DPL series is moderate.** The solid track record of macroeconomic management, sound macroeconomic policy, EU membership and consensus on the priority objectives of the Polish government even after the parliamentary and presidential elections in 2015 makes risks of major policy reversal or weakening of the outcomes in the areas supported by the DPL series generally low or moderate. The priority objective of the new government expressed in the Convergence Programs Update of 2016 and repeated in the update of 2017 is to promote inclusive economic growth while pursuing fiscal policy within the constraints of national and EU laws, such as in particular the stabilizing expenditure rule (i.e. fiscal rules supported by the DPL series) and the limit of 3% of GDP for the nominal deficit. An expected higher effectiveness of the fight against the informal economy and against tax evasion can create some fiscal space for implementation of new solutions in the area of the social and economic policy.

60. **Delays and a degree of policy reversal was observed during the program.** The modified prior actions in DPL2 were identified after some delay. For example, the law on the resolution of banks and the general tax anti-avoidance rule took some time to emerge. This experience clearly shows that although sometimes in the face of unexpected problems, the government finds a determination to continue reforms and promote measures which could enhance the economy. However, there were some instances where policy reversal was seen as the government changed after late 2015 general elections. The most prominent example is the reduction of retirement age.[12] Some of the objectives of the DPL program – increase labor participation – were weakened by Program 500+, which, however, helped reduce child poverty.[13]

61. **The poverty and shared prosperity impacts of policy measures supported under this DPL series are expected to be either positive or negligible**. The new Government was

[12] Starting in October 2017, the government reduced the retirement ages to their pre-2013 levels. The retirement ages in 2012 were 65 for men and 60 for women. The 2011 amendments to the law increased these retirement ages by 3 months per calendar year beginning in 2013, until the retirement age for men reaches 67 in 2020 and the retirement age for women reaches 67 in 2040. Thereafter, the retirement age is assumed to remain level. The decrease in the retirement age is expected to have negative consequences for labor force participation, the finances of the pension system, the size and adequacy of pension benefits, and the State budget. It contrasts with pension reforms introduced by other countries.

[13] In April 2016, the government introduced the Family 500+ program which consists of a monthly payment of PLN 500 (app. €115) for every second and subsequent child until the age of 18. The benefit was also extended to the first child in families with income per capita below PLN 800, or below PLN 1200 (€274) if there was a disabled child in the family. The program did not include an income threshold for high income earners. The program was designed to be an additional to other existing social assistance and family programs does not influence the eligibility criteria for these programs. Given the amount of benefit per child (equal to almost 40% of net minimum wage in 2016) and coverage of all children in poorer families, the new program represented a relatively large increase in transfers to households living in poverty children in Poland. Simulated impacts of the 500+ programs show important reduction of extreme poverty among children. At the same time, the program might have negative effect on the labor force participation of women and importantly increase public spending. The fiscal cost of the program was about 1.2 percent of GDP in 2016

elected with a strong mandate for reform, particularly in the areas of public finance, financial markets, labor markets, business climate and innovation in the parliamentary elections in late 2015. The new government confirmed that direction of their policy was not in opposition to the measures supported by the DPL series. Contrary, the new government used the fiscal space to launch the 500+ child benefits program which is targeted to reduce poverty and inequality. At the same time, structural reforms have continued to focus on improving the business climate, reducing labor market duality and boosting long-term growth. As noted in the most recent World Bank Doing Business report and World Economic Forum Competitiveness report, Poland's relative rankings in the business environment have improved several notches, and further measures to reduce the bureaucratic burden on firms are in the works.

62. **The path for economic development in Poland in the coming years are indicated in the Plan for responsible development** adopted by the Council of Ministers on 16 February 2016 and in the Responsible Development Strategy adopted by the Council of Ministers on 14 February 2017. The latter document specifies the goals to be achieved by 2020 and 2030. It indicates the way in which they should be achieved and defines major projects. It provides for increasing the potential of the Polish economy through building a strong industry, promoting investment and creating a favorable institutional and legal environment for the creation, strengthening and foreign expansion of Polish business with the effective use of domestic and foreign funds. The strategy establishes a system of coordination of its implementation, setting specific roles for public entities and ways of cooperation with the world of business, science and civil society.

63. **Poland continues to benefit from very strong economic fundamentals and policy frameworks although risks and uncertainties remain.** Poland's economic growth remains robust, despite some weakening last year, unemployment continues to decline and deflation has dissipated. The external buffers have increased, and the current account is close to balance. Adequately capitalized, liquid, and profitable banks, as well as effective and strong financial supervision, are key mitigating factors against financial risks. Poland's institutions and policy frameworks rank favorably among peers. The authorities could also draw on the FCL with the IMF to smooth a shock. However, external risks remain and the key risks include a faster-than-expected pace of monetary policy normalization in the U.S., possible dislocations in emerging markets leading to bouts of financial market volatility, as well as a possible banking sector stress and growth slowdown in the euro area. The Brexit negotiations add to uncertainties.

SECTION 5. ASSESSMENT OF BANK AND BORROWER PERFORMANCE

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry

Rating: Satisfactory
DPL1: Satisfactory **DPL2: Satisfactory**

64. **Bank performance during the identification and preparation of the operations was satisfactory**:

a. strong Government ownership and collaboration between the Bank and Government teams at the stage of the design of the series—areas supported were identified based on analytical work and on lessons learned from previous DPLs;

b. the loan was underpinned by significant analytical work and other forms of policy dialogue and technical support. Of particular importance was the presence of the co-TTLs and some of the team members on the ground – this facilitated the discussion, supervision and close relationship with the main counterparts;

c. the work was well-coordinated within the Bank's multi-sectoral team, which enabled cross-sector solutions;

d. the Bank managed to adapt the program to changes in economic and social developments, as well as reform plans of the Government;

e. the DPL series was delivered in a timely manner.

(b) Quality of Supervision

Rating: Satisfactory
DPL1: Satisfactory **DPL2: Satisfactory**

65. **Bank performance in the supervision of the operation was satisfactory**. Supervision of the operation was adequate. In addition to regular meetings held between Bank staff and the Government. Supervision was considered continuous, led by country teams, and embedded in the preparation of each DPL in the series. All prior actions were completed before the loan went to the Board, preparation for subsequent DPLs entailed continuous dialogue with the Government and follow-up on specific actions and, more importantly, on policy areas. The Bank's team engaged with the authorities not only on the implementation of the reform program as specified in the program documents, but also discussed further reforms needed for consolidating progress on fiscal and financial management and on the management of social policies. This dialogue was supported by ongoing technical assistance activities, which proved to be instrumental in enhancing the authorities' focus efforts on implementing the reform agenda. Given the excellent working relationship between the Bank's team and the Polish counterpart's team, the supervisory work was undertaken efficiently and in an environment of mutual trust. Budgetary, legislative and economic data was provided by authorities and verified in official disclosures, directives, and regulations.

(c) Justification of Rating for Overall Bank Performance

Rating: Satisfactory
DPL1: Satisfactory **DPL2: Satisfactory**

66. **Overall Bank performance is rated satisfactory on the basis of its efforts in ensuring relevance of objectives and design; quality at entry, and on progress in supporting the Government in the implementation of the reform agenda.** The Bank successfully delivered the operation on schedule, with strategic and significant actions. Bank performance both at entry and during supervision benefitted from the close engagement and alignment with the Government's reform program. This led to an operation based on a coherent set of strongly interlinked reforms based on the government's overall reform program.

5.2 Borrower Performance

(a) Government Performance

Rating: Satisfactory
DPL1: Satisfactory **DPL2: Satisfactory**

67. **The Government showed a strong commitment to reform** and took full ownership of the program:

a. the Ministry of Finance coordinated with other ministries and agencies, facilitated communication with other stakeholders involved in the implementation of the DPL series;

b. the Ministry of Finance played a consistent and effective role in monitoring reform progress and results indicators;

c. lead government counterparts facilitated follow-up with other units and agencies on the status of policy areas as well as monitoring;

d. given the highly-sophisticated client, the Bank teams were able to engage and work with strong government teams, under the effective leadership of the Ministry of Finance;

e. as the Bank supported specific policy areas of the Government program and priorities, there was strong ownership and commitment to the implementation of the reform program;

(b) Implementing Agency or Agencies Performance

Rating: Satisfactory
DPL1: Satisfactory **DPL2: Satisfactory**

68. The Implementing Agency – notably the **Ministry of Finance -- played a consistent and effective role in maintaining progress on the Policy Actions and coordinating the**

operation. The DPL series was also used to develop and strengthen inter-ministerial coordination.

(c) Justification of Rating for Overall Borrower Performance

Rating: Satisfactory
DPL1: Satisfactory **DPL2: Satisfactory**

69. **Poland's institutions and policy frameworks rank favorably among peers**. Throughout all three the DPL series, this and two previous ones, the Borrower consistently implemented a challenging set of reforms. The Ministry of Finance, the Chancellery of the Prime Minister, and the sector ministries designed and agreed on the prior actions for each loan, based on the government's reform agenda. Where triggers were amended, this was often to broaden the scope and deepen or accelerate the reforms. The Government also maintained a well-developed and transparent consultation process around reforms, which helped to develop support for measures that have proven contentious in other countries (e.g. fiscal, labor market and regulatory reforms). This sustained commitment reflected the Government's own commitment to the reform pillars, which were well embedded into the Government's overall reform agenda.

SECTION 6. LESSONS LEARNED

70. **Development Policy Lending (DPL) can play an important role in mitigating the impact of global economic and financial shocks and protect vulnerable groups.** The main benefit of the DPL was not the cost-efficiency of Bank financing at the time of crisis, but as an instrument to strengthen support for undertaking measures focused on longer-term reforms for inclusive growth. The DPL series was appropriate at the time as an important market signal after the financial sector crisis and to strengthen the credibility of reform commitments by the authorities. The Bank role was critical to the Government, to inform technical solutions for design and implementation of their reforms. The DPLs created space for policy dialogue and enabled conducting innovative analytical and advisory work, including on a reimbursable basis (e.g., fiscal rules, macro-prudential regulation, labor market reforms, insolvency/restructuring, and innovation). The DPL series also played a key role in tackling complex long-term structural priorities and restoring fiscal buffers. An example is the permanent expenditure rule, sophisticated and at the same time relatively easy to build apolitical ownership to maintain fiscal prudence and achieve long-term sustainability of public finances.

71. **The DPL program in Poland responded well and in a timely manner to the Government's own priorities and commitments.** Facing a deteriorated external environment, the government focused on adopting short- and medium-term growth-supporting measures, while maintaining a fiscally prudent stance as required in the excessive deficit procedure. To sustain the recovery which started in the second half of 2013, the authorities prioritized reforms to strengthen public finances and financial sector oversight. Later, it was supplemented by reforms aimed at bolstering the economy's long-term competitiveness (such as enhancing labor market flexibility and raising participation rates, improving business environment, and

promoting innovation.) The Bank managed to adapt the DPL program to the evolving reform agenda of the Government.

72. **The Bank focused its support in areas where it had a solid knowledge base and which were strategic to the government:** fiscal rules, macro-prudential regulation, labor market reforms, insolvency/restructuring, and innovation. The DPLs not only created space for policy dialogue but also enabled conducting innovative analytical and advisory work, including on a reimbursable basis. For example, the work on the DPLs stimulated demand for the RAS on construction permits. The DPL engagement in a relatively high-income country must be based on a strong foundation of shared priorities, and high quality and cutting-edge analytic work (including just-in-time TA, impact evaluations, customized analytic notes). The DPLs played a key role in terms of the embedded knowledge transfer on how to tackle complex long-term structural priorities and restore fiscal buffers. An excellent example is the permanent expenditure rule, sophisticated and, at the same time, a relatively apolitical instrument to achieve and maintain fiscal prudence over the business cycle and assure long-term sustainability of public finances. This experience has also been shared with other World Bank Group clients.

73. **The ability to create momentum for the change and build political and social consensus for reforms were of the utmost importance for sustainability of the implemented policy measures.** The reforms supported by the DPL helped to create consensus on the reform agenda, as they have been designed in a transparent manner, consulted, and efficiently communicated to the public. The Bank's engagement had a positive signaling effect for market participants and -through its convening power – the lending operation was helpful in mobilization of wider reform support. At the same time, the program benefitted from the Government's consultation process. The consultations helped reduce resistance to change and build wider public support.

SECTION 7. COMMENTS ON ISSUES RAISED BY BORROWER

(a) Borrower/Implementing agencies

Not applicable.

(b) Cofinanciers

Not applicable.

(c) Other partners and stakeholders

(e.g. NGOs/private sector/civil society)

Not applicable.

Annex 1 Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members

First Resilience and Growth Development Policy Loan – **P146243**			
Names	**Title**	**Unit**	**Responsibility/ Specialty**
Theo Thomas	Economic Adviser		Task Team Leader
Ewa Joanna Korczyc	Young Professional		Co-TTL
Roberta Gatti	Chief Economist		
Jan Rutkowski	Lead Economist		
Marcin Piatkowski	Senior Economist		
John D. Pollner	Lead Financial Sector Economist		
Ismail Radwan	Lead Public Sector Specialist		
Nistha Sinha	Senior Economist		
Emilia Skrok	Senior Economist		
Isfandyar Zaman Khan	Program Leader		
Kenneth Simler	Senior Economist		
Alexandru Cojocaru	Senior Economist		
Matija Laco	Operations Officer		
Maria Andreina Clower	Program Assistant		
Agnieszka Boratynska	Program Assistant		
Barbara Ziołkowska	Sr Procurement Specialist		
Iwona Warzecha	Sr Financial Management Specialist		

Second Resilience and Growth Development Policy Loan **- P149781**			
Names	**Title**	**Unit**	**Responsibility/ Specialty**
Theo Thomas	Economic Adviser		Team Leader
Ewa Korczyc	Young Professional		Co-Team Leader
Roberta Gatti	Chief Economist		
Jan Rutkowski	Lead Economist		
Marcin Piatkowski	Senior Economist		
Fernando Montes-Negret	Consultant		
Loic Chiquier	Senior Adviser		
Nistha Sinha	Senior Economist		
Emilia Skrok	Senior Economist		
Isfandyar Khan	Program Leader		
Kenneth Simler	Senior Economist		
Alexandru Cojocaru	Senior Economist		
Iwona Warzecha	Sr Financial Management Specialist		

Robert H. Montgomery	Lead Environment Specialist		
Jorge E. Villegas	Senior Social Development Specialist		
Matija Laco	Operations Officer		
Agnieszka Boratyńska	Program Assistant		

(b) Staff Time and Cost

First Resilience and Growth Development Policy Loan **- P146243**		
Stage	**Staff Time and Cost (Bank Budget Only)**	
	No. of staff weeks	**USD Thousands (including travel and consultant costs)**
Lending		200.4
Supervision		0

Second Resilience and Growth Development Policy Loan **- P149781**		
Stage	**Staff Time and Cost (Bank Budget Only)**	
	No. of staff weeks	**USD Thousands (including travel and consultant costs)**
Lending		207.3
Supervision		39.9

Annex 2. Beneficiary Survey Results

N/A

Stakeholder Workshop Report and Results (if any)

Annex 3. List of People Consulted during ICR Preparation

Ministry of Finance

Mr. Adam Niedzielski, Director General (former Director of Strategy and Deregulation Department, Ministry of Justice)

Mr. Patryk Łoszewski, Director, International Cooperation Department

Mr. Tomasz Skurzewski, Deputy Director, International Cooperation Department

Mr. Sławomir Dudek, Director, Financial Policy, Analyses and Statistics Department

Mr. Tomasz Szałwiński, Deputy Director, Financial Policy, Analyses and Statistics Department

Ms. Joanna Bęza-Bojanowska, Deputy Director, Macroeconomic Policy Department

Ms. Zdzisława Wasążnik, Director, Local Government Finances Department

Mr. Piotr Piłat, Former Director, Financial Market Development Department

Ministry of Family, Labor and Social Policy

Mr. Jacek Męcina, former Undersecretary of State

Ministry of Development

Mr. Mariusz Haładyj – Undersecretary of State

Ministry of Development

Mr. Miłosz Rojek – former Deputy Director of Strategy and Deregulation Department, Ministry of Justice

National Bank of Poland

Ms. Olga Szczepańska-Maciejuk, Deputy Director, Financial Stability Department

Annex 4. Summary of Borrower's ICR and/or Comments on Draft ICR

Warsaw, July 7th, 2017

International Cooperation Department

WM4.913.221.2017

Mr. Carlos Piñerúa
Country Manager
Poland and the Baltic Countries
World Bank Group

Dear Mr. Piñerúa,

I would like to express my satisfaction with the World Bank's continued support over the past few years for the policies implemented by the Polish authorities. Both financial and technical assistance and knowledge sharing have played significant role in supporting the economic and social reforms undertaken by the government, while in the same time facing unstable external environment. The Resilience and Growth Development Policy Loans (R&G DPL) played an important role in this context.

With regard to the draft Implementation Completion Report (ICR) dated June 23rd, 2017 I would like to advise you that I share the overall positive assessment expressed in the Report and the conclusion that the program was designed and implemented in due manner. The World Bank's financial support and expertise provided an incentive towards the fulfillment of the R&G DPL objectives. The policy measures were structured around three main areas:

- Enhancing macroeconomic resilience, by reducing the general government fiscal deficit and debt levels toward the Medium Term Objective (MTO) and bolstering macro-prudential oversight;
- Strengthening labor market flexibility and employment promotion; and
- Improving private sector competitiveness and innovation.

All of these the objectives are in line with the Poland's Country Partnership Strategy and Polish Government agenda.

We concur that both the World Bank and the Borrower performance should be rated satisfactory. The main objectives of the DPL series were fulfilled and the planned effects were achieved. During the preparation and negotiations of the R&G DPL the Bank's staff demonstrated consistent engagement and responsiveness to our needs and suggestions. Commitment of the World Bank team in the Warsaw and Brussels offices and in the headquarters is highly appreciated.

Let me also underline the World Bank's unique know how in the area of development agenda and the well-tailored set of instruments in comparison to other international financial institutions. This provides an example of Bank's support to relatively advanced high-income countries, which pursue sustainable and inclusive transition while maintaining strong macroeconomic

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fundamentals. Bank's analytical support and advice during helped us in shaping the policy agenda, in particular in designing growth-promoting and socially important reforms in the area of public finance, labor market and innovation.

The excellent partnership between the Government of Poland and the World Bank to present day allows us to assume continued World Bank Group's engagement in Poland and support for our policies to be underpinned by the Responsible Development Plan. It is aimed at facilitating sustainable and inclusive economic growth, addressing the challenges, mobilizing new sources of capital and freeing the economy's potential to develop responsibly and improve citizens' well-being.

Finally let me again extend my gratitude and appreciation to You personally and to all the Colleagues for your assistance and commitment. I am look forward to maintaining an active dialogue with you and to cooperating on our future endeavors.

Yours sincerely,

Tomasz Skurzewski
Deputy Director
International Cooperation Department

Annex 5. Comments of Cofinanciers and Other Partners/Stakeholders

N/A

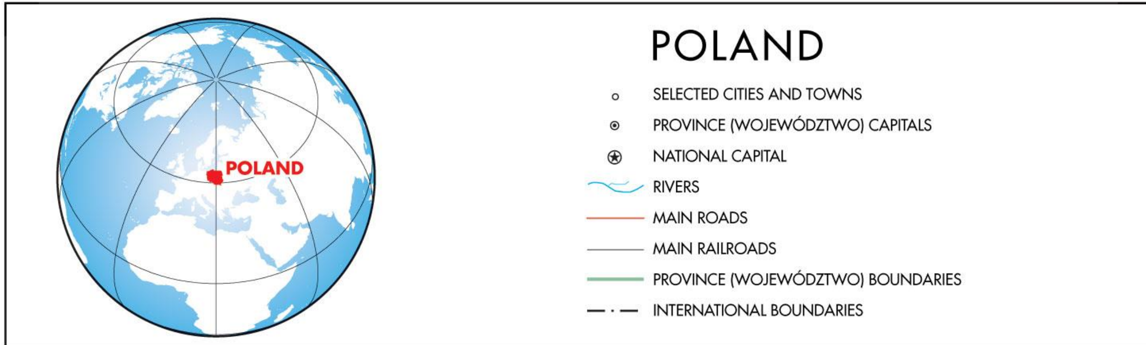
Annex 6. List of Supporting Documents

1. Program Document of the World Bank: Report No 86950-PL, April 24, 2014
2. Program Document of the World Bank: Report No.97725-PL, June, 2015
3. Poland Country Partnership Strategy for the Period FY14-17, IBRD, IFC, July 2013
4. Performance and Learning Review of the FY14-17 Country Partnership Strategy for Poland, IBRD, IFC, MIGA, August 2016
5. 2017 Republic of Poland: Review under the Flexible Credit Line Arrangement, IMF, January 2017
6. 2016 Republic of Poland: Staff Report for the 2016 Article IV Consultation, IMF, July 2016
7. Economic Surveys: Poland 2014, OECD, 2014
8. Economic Surveys: Poland 2016, OECD, 2016
9. Convergence Program Update 2015, Republic of Poland, 2015
10. Convergence Program Update 2016, Republic of Poland, 2016
11. Poland: National Reform Program, 2014/2015,
12. Poland: National Reform Program, 2015/2016
13. Council Recommendation of 12 July 2016 on the 2016 National Reform Programme of Poland and delivering a Council opinion on the 2016 Convergence Programme of Poland, 2016
14. Commission Staff Working Document: Country Report Poland 2015, EC, 2015
15. Commission Staff Working Document: Country Report Poland 2016, EC, 2016
16. The effects of reforms liberalizing professional requirements in Poland, Miłosz Rojek and Michał Masior, Warsaw School of Economics, September 2016
17. Deregulation of Professions in Poland: Preliminary Evaluation, Maciej Lis, Jan Baran, Karolina Goraus, Piotr Śpiewanowski, Institute for Structural Research, The World Bank, Warsaw, Poland
18. The impact of the CRR and CRD IV on bank financing, ECB, December 2015
19. European Covered Bond Fact Book 2016, ECBC, 2016
20. PES approaches for sustainable activation of long-term unemployed, Ministry of Labour and Social Policy, Poland, April 2014
21. Smart Growth Operational Programme, 2014-2020, Ministry of Infrastructure and Development, Poland, 2014
22. Report on the state budget execution for the period from 1 January to 31 December 2015, Council of Ministers, Warsaw, 2016
23. Transition Report 2016-17, EBRD, 2017

Additional Annexes **(Optional)**

MAP

IBRD 33467R



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