

Coronavirus response in 2021: building back better

Update on Poland (06 December 2021)



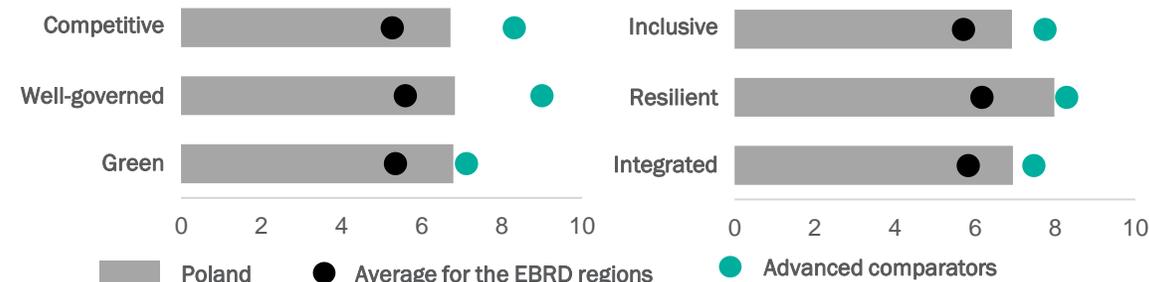
Covid-19 policy response

- **Most job support measures were extended in 2021.** Small and medium-sized enterprises (SMEs) could apply for financial support and liquidity guarantees and exemptions from social security contributions for specific industries were put in place.
- **Poland's recovery and resilience plan is based on €23.9 billion in grants and €12.1 billion in loans.** In addition to the green and digital transition, it foresees strengthening health-sector capacity and supporting businesses in their post-Covid-19 pandemic recovery. A legal dispute over rule-of-law reforms has delayed the advance payment and its rollout.
- **The 2022 budget emphasises economic reform and investment** to support a broad recovery from the effects of the pandemic.

Macroeconomic indicators (per cent)

	2018	2019	2020	Short-term indicators
GDP growth	5.4	4.7	-2.5	EBRD GDP growth forecast (Nov 2021) 2021: 4.9%; 2022: 4.8% Quarterly GDP growth: 5.3% y/y (Q3 2021) Economic sentiment: 107.1 (November 2021) Purchasing Managers Index: 54.4 (November 2021) Warsaw stock market: 67,694.15 (November 2021, down 8.0% m/m) Annual inflation: 6.4% (October 2021)
Annual inflation (year end)	0.9	3.0	3.4	
Government balance/GDP	-0.2	-0.7	-7.1	
Current-account balance/GDP	-1.3	0.5	2.9	
Net FDI/GDP	-2.6	-2.0	-2.1	
Public debt/GDP (year end)	48.8	45.6	57.4	
Unemployment rate (year end)	3.8	2.9	3.3	

EBRD assessment of transition qualities (ATQs), 2021¹



Building back better: key ongoing initiatives

Competitive	<ul style="list-style-type: none"> • The tax reform includes an increase in the tax-free income allowance and other measures that will lead to more progressive income taxation from 2022.
Green	<ul style="list-style-type: none"> • The energy policy strategy to 2040 projects a reduction in coal's share of energy generation and further expansion of offshore wind farms, up to 11 GW by 2040.
Inclusive	<ul style="list-style-type: none"> • The economic support package introduces relief for taxpayers settling in Poland and guarantees for mortgages on social housing and for families with at least four children.
Resilient	<ul style="list-style-type: none"> • The anti-inflation plan from end-2021 consists of temporarily reducing indirect taxes on fuel and energy, as well as a voucher programme for lower-income households.
Integrated	<ul style="list-style-type: none"> • A significant portion of European Union funds under the financial perspective for 2021-27 will be directed to expanding and modernising the country's rail infrastructure.
Digital	<ul style="list-style-type: none"> • By developing fibre-to-the-home infrastructure in five less populated regions, more than 500,000 households and 1,400 schools will get high-speed internet by 2023.

Key short-term priorities

- High energy prices should be addressed in a market-friendly way, whereby cash transfers can be provided to the most vulnerable households.
- The transparency of public finances needs to be improved; greater harmonisation of definitions with Eurostat would be a step forward.
- Policies to address skills shortages and improve inclusivity would strengthen labour markets and make better use of labour supply.

To learn more about the EBRD's support for Poland, visit: <https://www.ebrd.com/poland.html>

¹ For more details on ATQs, see EBRD (2021), *Transition Report 2021-22: System Upgrade: Delivering the Digital Dividend*, London