



Economic Challenges of Lagging Regions

Annex 2

Task 2 - Country report POLAND

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A joint effort by

- › The Vienna Institute for International Economic Studies
Wiener Institut für Internationale Wirtschaftsvergleiche
- › Cambridge Econometrics
- › Applica Sprl.

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Preliminary note

The Country Reports are concerned with identifying the main structural imbalances in each of the 8 Member States on the basis of a broad range of data from various sources with regard to the 6 reform areas that has been identified as likely to most influence investment decisions and which are:

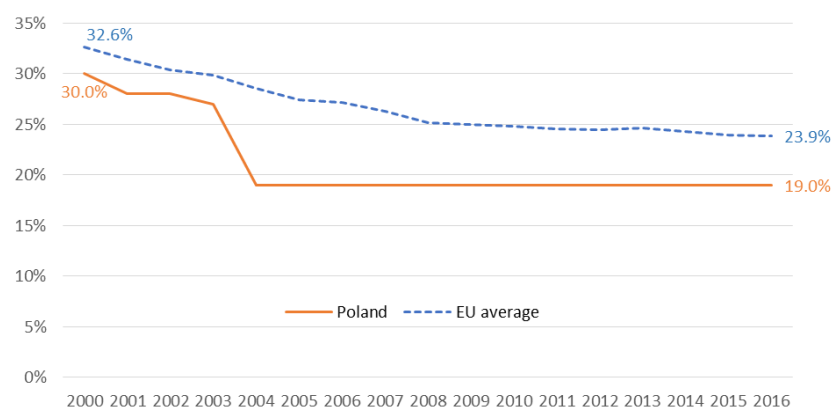
1. Corporate taxation
2. Banking and Access to finance
3. Labour market
4. Education
5. Business environment including product markets, research and innovation
6. Governance

The approach is to compare, for each structural variable, the situation in the country concerned and, so far as possible, in the lagging (NUTS 2) regions where data are available with the EU average, used as a benchmark. The findings are then confronted with the reforms recommended and implemented so to identify areas still in need of reform.

A summary of the main findings coming out from the detailed analysis provided in the Country Reports is included in the main report.

1. CORPORATE TAXATION

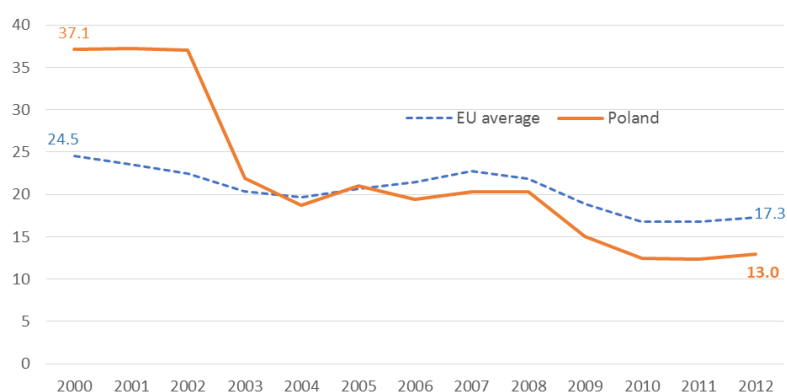
Figure 1.1 – Corporate income tax rate in Poland, 2000-2016



Source: OECD Tax Database.

Notes: The data presented is the combined corporate income tax rate imposed by central government and regional or local governments. The EU average does not include BG, LT, LV, MT, HR and RO.

Figure 1.2 – Implicit tax rate on capital and business income of corporations in Poland, 2000-2012



Source: Eurostat, Government statistics [gov_a_tax_itr].

Note: the EU average does not include BG, DK, DE, IE, EL, HR, LU, MT and RO.

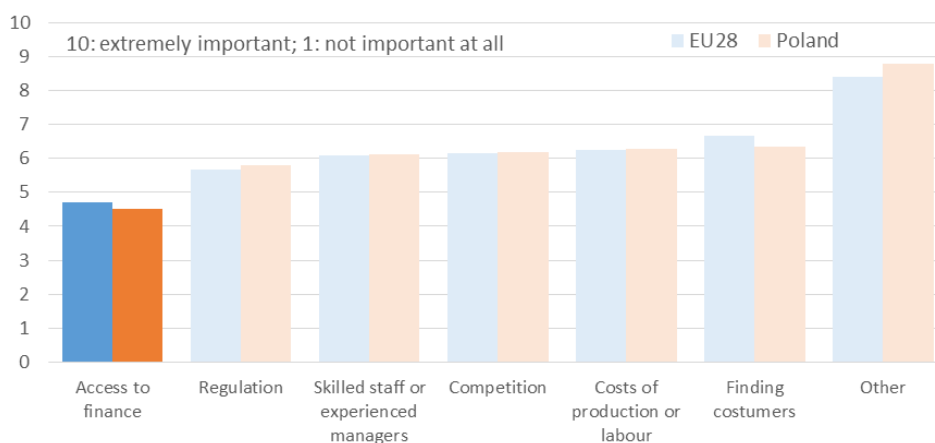
Summary

The two indicators show a similar picture with the corporate tax rate in Poland declining over the period since 2000, so that the effective (or implicit) tax rate on company income was reduced to well below the average rate in the rest of the EU. The corporate tax rate as such has remained constant at 19% since 2004, while the implicit tax rate has fallen since the onset of the crisis in 2008, possibly because of various kinds of allowances or the ability of companies to obtain refunds of taxes paid in the past on losses. In sum, therefore, taxes on businesses do not seem to represent an obstacle to growth in Poland and no Country Specific Recommendations (CSRs) have been made in relation to them. Nevertheless, the time needed by firms to prepare, file and pay taxes is considered to be longer than it might be, while frequent changes to

tax legislation and a lack of clarity in this regard are held to be a potential hindrance to investment. Both aspects are regarded as outstanding challenges to be tackled even though they have not so far been the subject of a CSR¹.

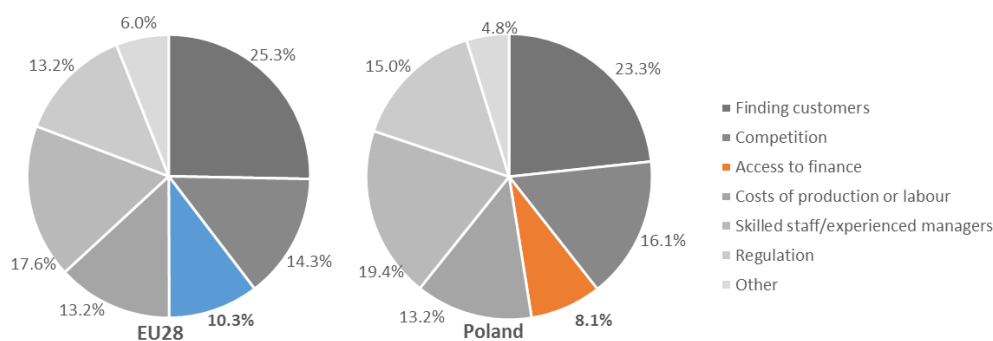
2. ACCESS OF ENTERPRISES TO FINANCE

Figure 2.1 – Problems faced by enterprises in the past 6 months in Poland, 2015



Source: SAFE, wave 13.

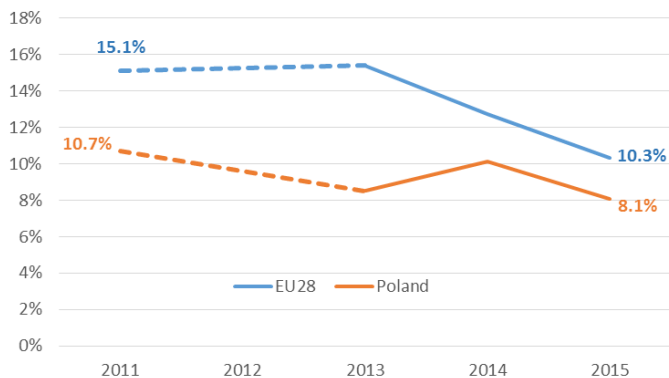
Figure 2.2 – Current most important problem for enterprises in Poland, 2015



Source: SAFE, wave 13.

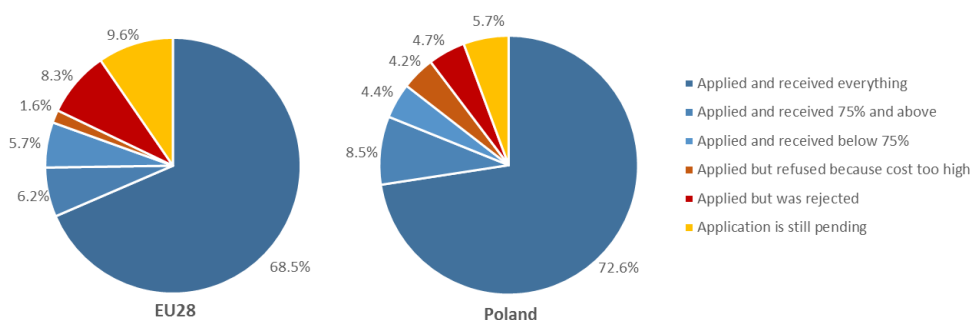
Figure 2.3 – Share of responding enterprises that said that access to finance was the current most important problem for them in Poland, 2011-2015

¹ National Reform Programmes (NRP) 2001-2015, Member States Investment Challenges – SWD(2015) 400 final.



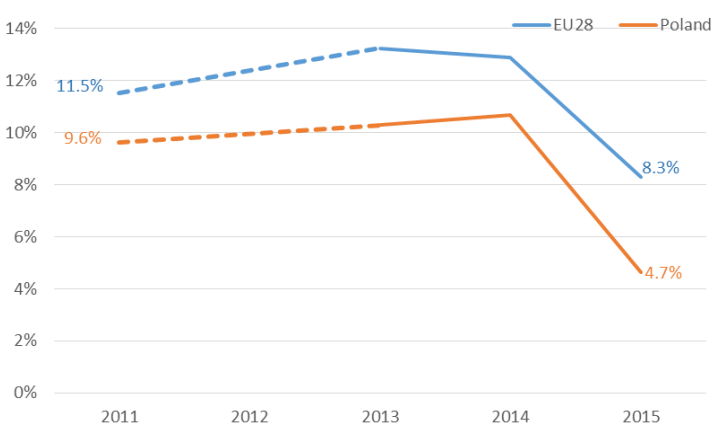
Source: SAFE, waves 5, 9, 11 and 13.

Figure 2.4 – Outcome of applications by enterprises for bank loans in Poland, 2015



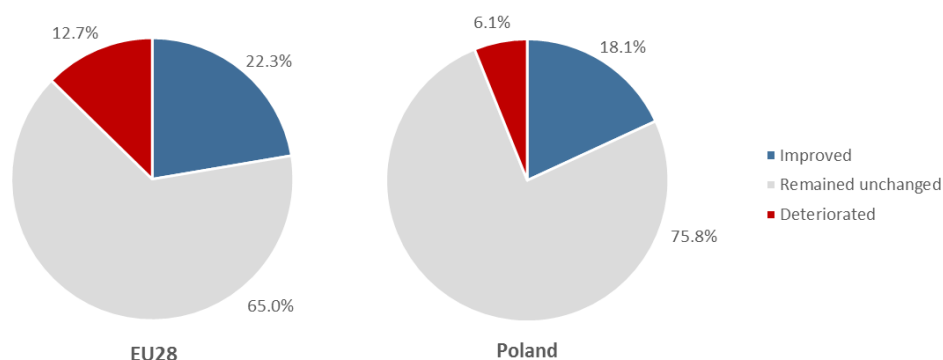
Source: SAFE, wave 13.

Figure 2.5 – Share of responding enterprises that applied for a bank loan but saw their application rejected in Poland, 2011-2015



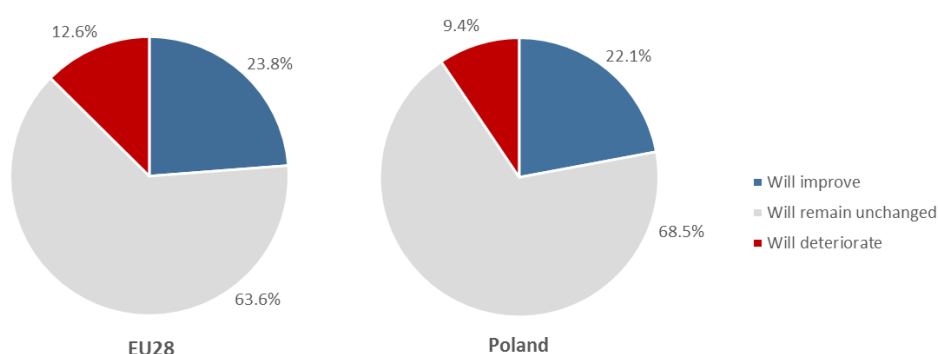
Source: SAFE, waves 5, 9, 11 and 13.

Figure 2.6 – Availability of bank loans over the past 6 months in Poland, 2015



Source: SAFE, wave 13.

Figure 2.7 – Evolution of the availability of bank loans for the future in Poland, 2015



Source: SAFE, wave 13.

ACCESS TO FINANCE in Poland	
Country-specific recommendation, 2011-2015	
2012	Improve access to finance for research and innovation activities through guarantees and bridge financing.
Structural reforms carried out, 2011-2015	
	Measures have been introduced recently under the ERDF OP 'Smart Growth' to provide alternative financing to companies wishing to invest in R&D: the <i>4Stock</i> instrument aims at assisting SMEs wishing to raise equity or debt finance in capital markets, <i>Biznest</i> is expected to help bring together private investors and entrepreneurs.
Outstanding challenges	
	None.

Sources: CSRs 2011-2015, CR 2016 (SWD2016 - 89 final), National Reform Programmes (NRP) 2001-2015, Member States Investment Challenges – SWD(2015) 400 final.

Overview

In the case of access to finance, data are not available at the regional level. The analysis is therefore limited to the country level.

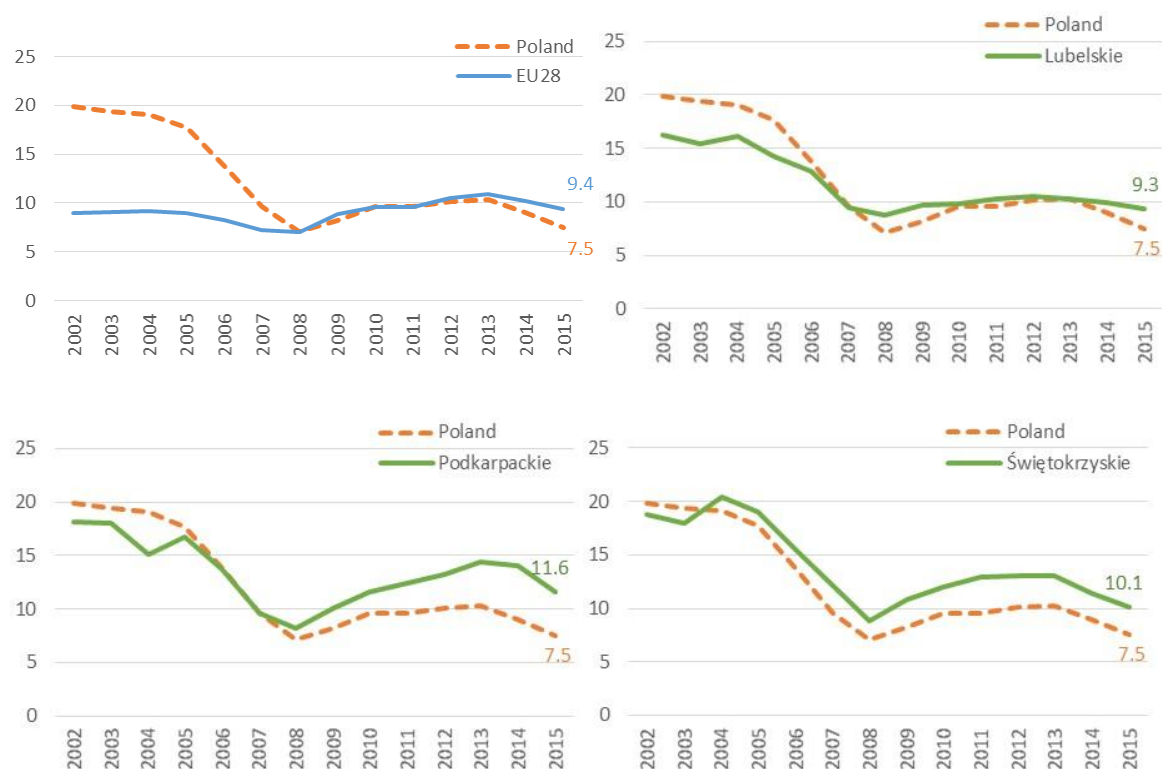
Based on the SAFE results for 2015, access to finance was not considered to be an important issue for enterprises in Poland which seem more concerned about finding customers and the cost of production or labour. Nor does it seem to have been a major issue over earlier years and, in general, it is less of an issue than in the rest of the EU, on average. In addition, data on the outcome of bank loan applications indicate that enterprises in Poland seem to have better access to this form of financing than elsewhere in the EU and perceptions of the future availability of bank loans indicate a better situation in Poland than in the EU on average.

A country-specific recommendation issued in 2012 highlighted the need to improve access to finance for research and innovation activities and Poland has responded to this through the introduction of new measures aimed at providing new sources of funding for companies wishing to invest in R&D (*4Stock* which is intended to assist SMEs to raise equity or debt finance in capital markets and *Biznest* which is expected to help bring together private investors and entrepreneurs).

Accordingly, Polish enterprises do not appear to have undue difficulty in accessing finance, though it is not possible to determine from the data available whether the same is the case in lagging regions.

3. LABOUR MARKET

Figure 3.1 – Unemployment rate (15 and over) in Poland, 2002-2015





Source: Eurostat, LFS [lfst_r_lfu3rt].

Table 3.1 – Unemployment rate in Poland, 2015

Region	Unemployment rate, 15 and over (%), 2015
Lubelskie	9.3
Podkarpackie	11.6
Świętokrzyskie	10.1
Podlaskie	7.0
Warmińsko-Mazurskie	9.5
Poland	7.5
EU average	9.4

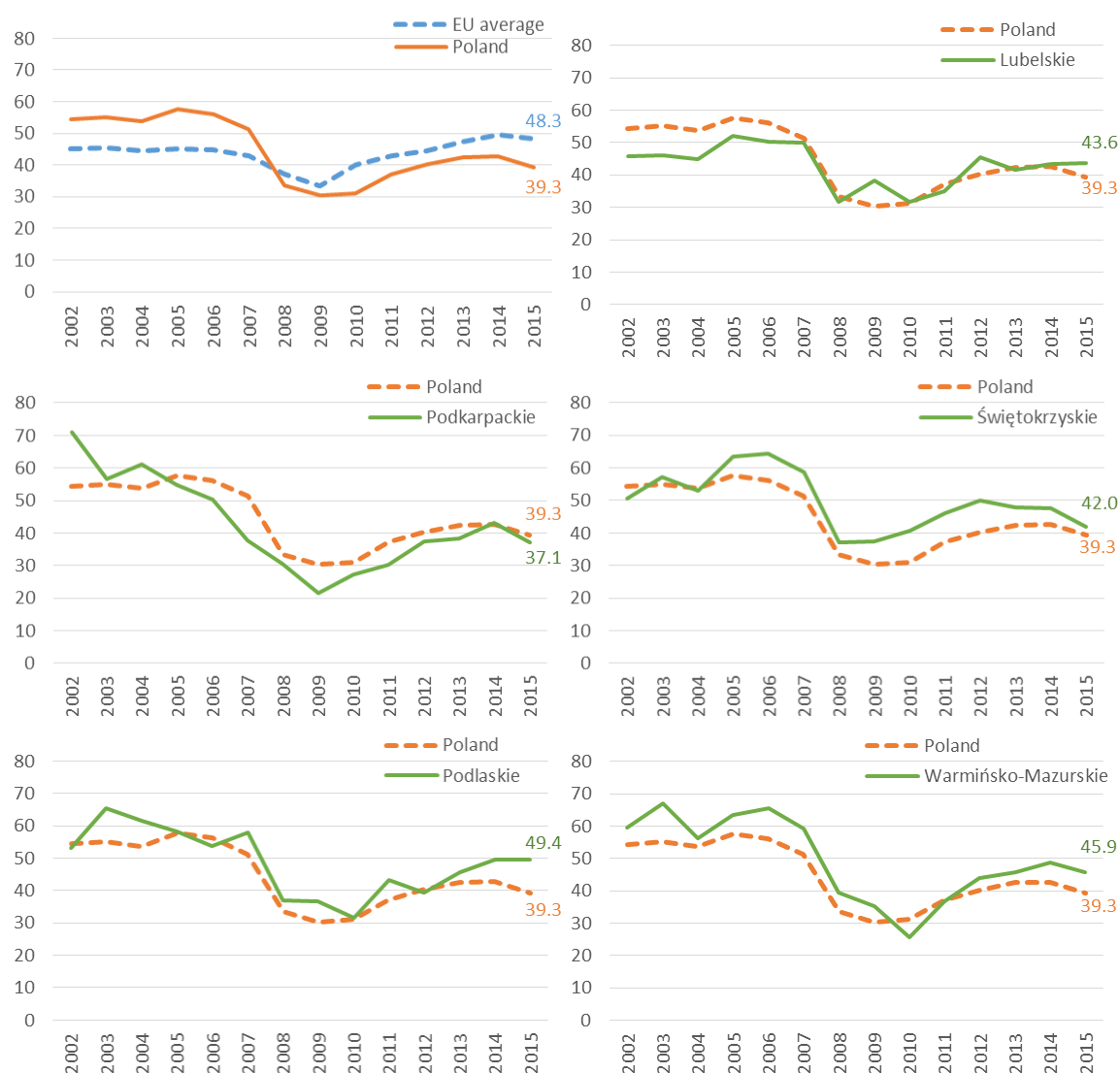
Source: Eurostat, LFS [lfst_r_lfu3rt].

Notes: Rates which are higher than the national average are shown in red. Rates which are higher than the EU average are highlighted in grey.

Commentary

The unemployment rate in Poland was less than the EU average in 2015 having been above the average before the onset of the global recession in 2008. From 2008 to 2014, the rate tracked the EU average relatively closely before falling markedly in 2015. In the Podlaskie region, the rate was slightly below the national average in 2015 and was similar to the average over the preceding 7 years. In the other lagging regions, the rate was above the national average in 2015 and in two regions, Podkarpackie and Świętokrzyskie, above the EU average as well. In these two regions, unemployment was consistently above the national and EU average over the period 2008-2014 too, whereas in the other two lagging regions, Lubelskie and Warmińsko-Mazurskie, it was similar to both average over much of this period and much the same as the EU average in 2015. Job shortages, therefore, seem to be particular problem in Podkarpackie and Świętokrzyskie.

Figure 3.2 – Long-term unemployment in Poland, 2002-2015, % of total unemployed



Source: Eurostat, LFS [lfst_r_lfu2ltu].

Table 3.2 – Long-term unemployment in Poland, 2015

Region	LTU rate (% of total unemployed), 2015
Lubelskie	43.6
Podkarpackie	37.1
Świętokrzyskie	42.0
Podlaskie	49.4
Warmińsko-Mazurskie	45.9
Poland	39.3
EU average	48.3

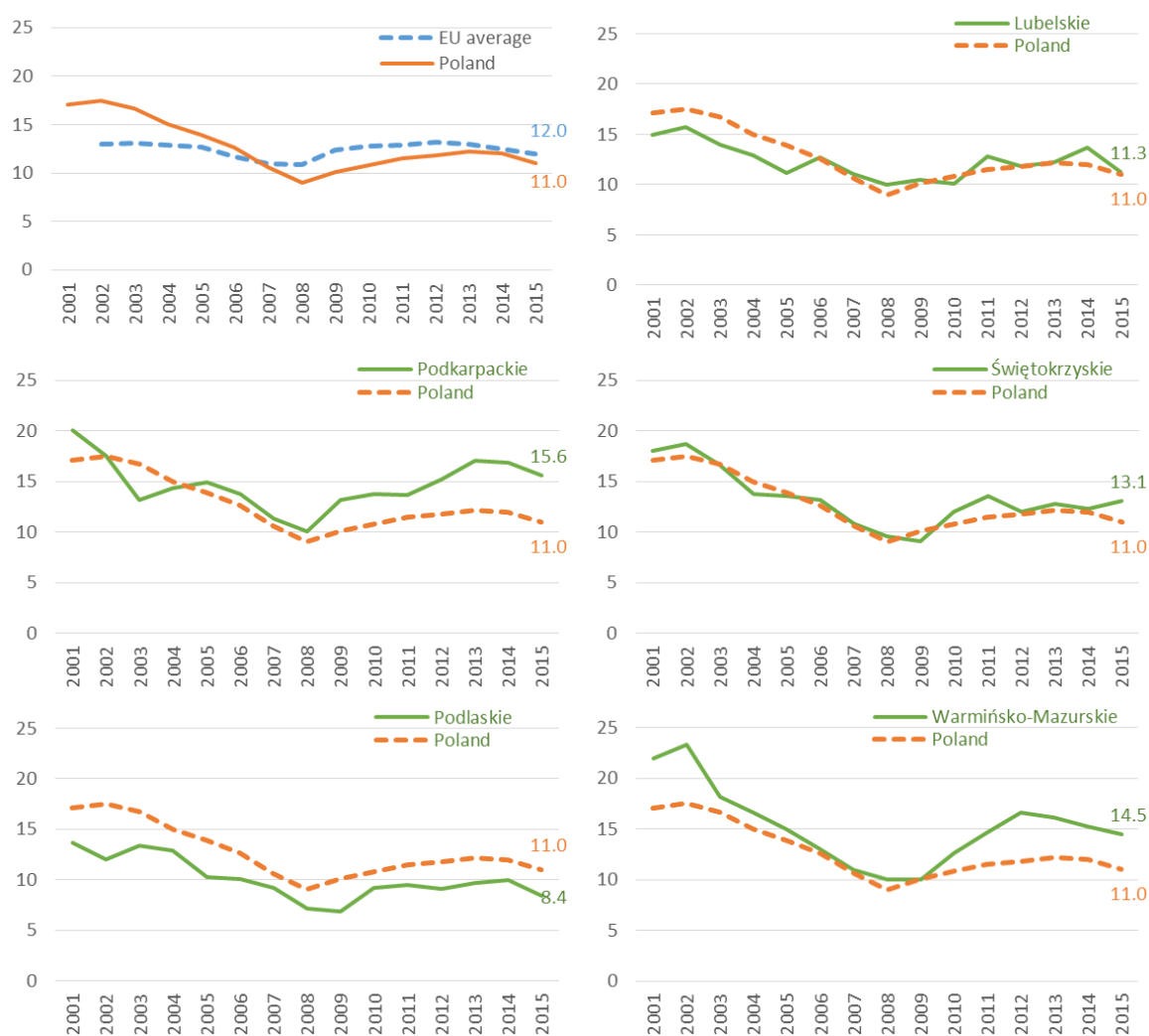
Source: Eurostat, LFS [lfst_r_lfu2ltu]

Notes: Rates which are higher than the national average are shown in red. Rates which are higher than the EU average are highlighted in grey.

Commentary

The share of the unemployed out of work for a year or more – i.e. long-term unemployment – was smaller in Poland in 2015 than the EU average and was consistently below over the preceding 7 years, suggesting that structural unemployment was less of a problem in Poland than in the rest of the EU. The share was above the national average in all the lagging regions except Podkarpackie where it was slightly below. It was markedly above the national average in both Podlaskie and Warmińsko-Mazurskie, especially the last where the share was also above the EU average. Structural unemployment, therefore, seems to be a particular problem in these two regions.

Figure 3.3 – Proportion of young people aged 15-24 neither in employment nor in education and training in Poland, 2001-2015



Source: Eurostat, LFS [edat_lfse_22].

Table 3.3 – NEET rate in Poland, 2015

Region	NEET rate (15-24), % 2015
Lubelskie	11.3
Podkarpackie	15.6
Świętokrzyskie	13.1
Podlaskie	8.4
Warmińsko-Mazurskie	14.5
Poland	11.0
EU average	12.0

Source: Eurostat, LFS.

Notes: Rates which are higher than the national average are shown in red. Rates which are higher than the EU average are highlighted in grey.

Commentary

The NEET rate for young people aged 15-24 in Poland was below that in the rest of the EU in 2015 as it had been over the preceding 7 years. Among the lagging regions, only in Podlaskie was the rate below the national average, which was also the case throughout the 2008-2015 period and even before, though in Lubelskie, the rate was similar to the national average, as well as to the EU average, both in 2015 and over the 7 years before. In Świętokrzyskie, the rate was above both the national and EU average in 2015 and it was slightly above the national average over much of the preceding 7 years, but similar to the EU average. In the other two lagging regions, Podkarpackie and Warmińsko-Mazurskie, the NEET rate was well above both the national average and EU rate in 2015 and throughout the earlier 6-7 years, especially in the former. Problems of a lack of jobs for young people and/or their limited participation in education or initial vocational training were, therefore, particularly acute in the latter two regions.

Figure 3.4 – Unemployment rate (15-24 years) in Poland, 2000-2015



Source: Eurostat, LFS [lfst_r_lfu3rt].

Table 3.4 – Youth unemployment rate in Poland, 2015

Region	Unemployment rate (15-24), % 2015
Lubelskie	29.0
Podkarpackie	38.4
Świętokrzyskie	25.8
Podlaskie	18.5
Warmińsko-Mazurskie	24.1
Poland	20.8
EU average	20.4

Source: Eurostat, LFS.

Notes: Rates which are higher than the national average are shown in red. Rates which are higher than the EU average are highlighted in grey.

Commentary

The youth unemployment rates show a somewhat different picture than the NEET rates. In Poland as a whole, youth unemployment was slightly higher than the EU average in 2015 unlike the NEET rate which was below, signifying that there was slightly more difficult to find a job for young people entering the labour market in Poland than in the rest of the EU, but that fewer young people did so, more of them remaining in education or participating in initial training. The youth unemployment rate was consistently above the EU average throughout the 2008-2015 period.

At the regional level, the youth unemployment rate was highest in Podkarpackie, well above the national average, as was the NEET rate, but the next highest rate was in Lubelskie, also well above the national average, whereas the NEET rate was similar to the average. The implication is that jobs were especially scarce for young people entering the labour market in these two regions. The relative unemployment rates were more similar to the relative NEET rates in the other lagging regions.

Figure 3.5 – Unemployment rate of young people aged 15-24 with low education in Poland, 2005-2014



Source: Eurostat, LFS microdata.

Commentary

The unemployment rate among young people with only basic schooling was slightly higher in Poland than that in the rest of the EU in 2014 and over the preceding 7 years. At the regional level, problems of young people finding employment were particularly acute in Podkarpackie, where the unemployment rate was substantially above the EU average in 2014 and earlier years. The rate was also above the national average in Lubelskie and Warmińsko-Mazurskie, though less so.

Figure 3.6 – Unemployment rate of young people aged 15-24 with medium education in Poland, 2005-2014

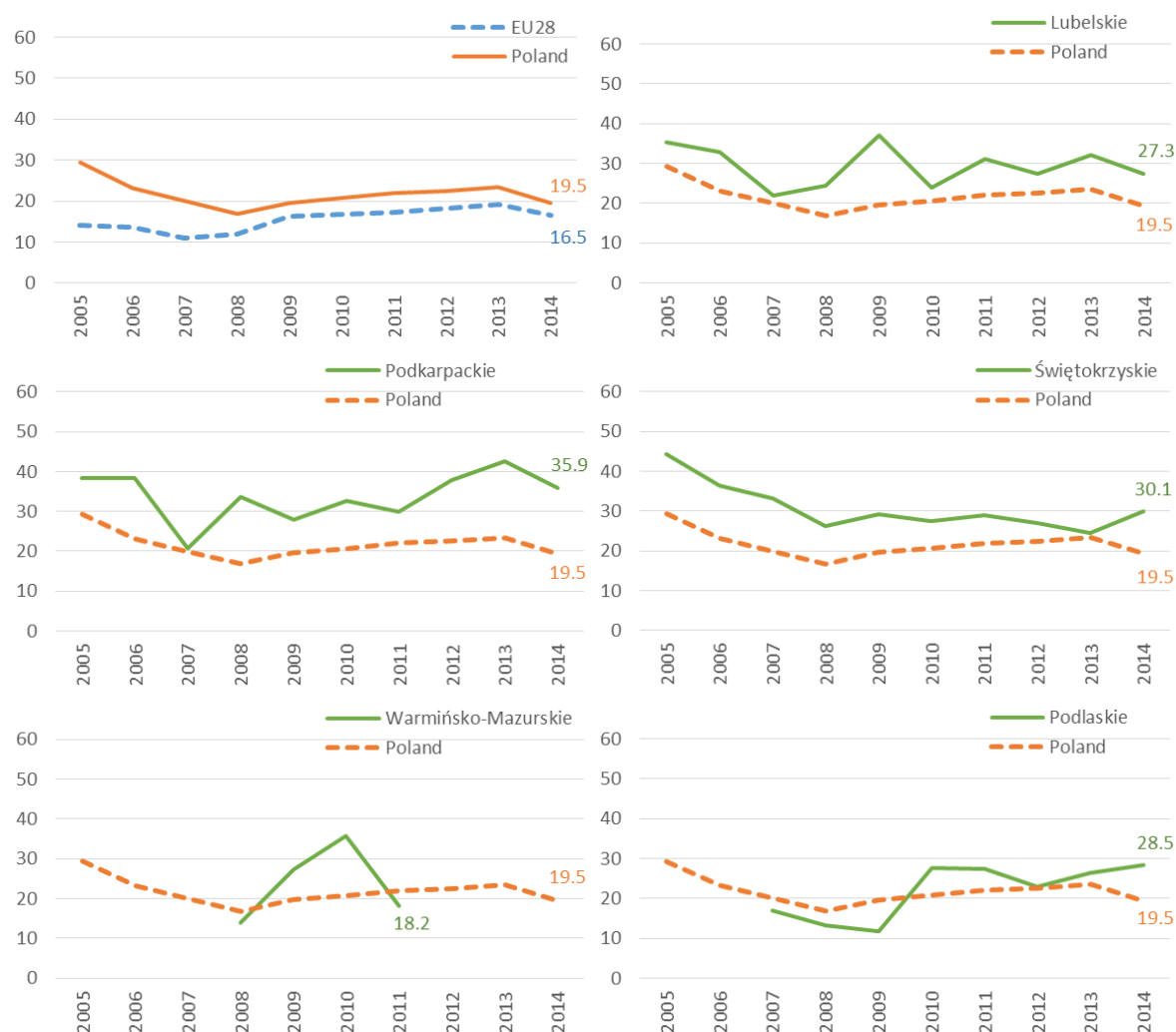


Source: Eurostat, LFS microdata.

Commentary

The unemployment rate in Poland was also above the EU average for young people with upper secondary education. Again the rate was particularly high in Podkarpackie, as in the case of those with only basic schooling, while the rate also above the national average as well in Lubelskie and Świętokrzyskie throughout the period 2008-2014, as it was to a much lesser extent over the years 2011-2014 in Warmińsko-Mazurskie.

Figure 3.7 – Unemployment rate of young people aged 15-24 with high education in Poland, 2005-2014



Source: Eurostat, LFS microdata.

Table 3.5 – Youth unemployment rate by education attainment level in Poland, 2014

Region	Unemployment rate, 15-24, %, 2014		
	ISCED 0-2	ISCED 3-4	ISCED 5-8
Lubelskie	37.8	33.9	27.3
Podkarpackie	42.0	41.9	35.9
Świętokrzyskie	21.4	27.1	30.1
Podlaskie	31.6*	25.7	28.5
Warmińsko-Mazurskie	34.2	24.8	
Poland	29.8	23.9	19.5
EU average	29.7	20.0	16.5

Source: Eurostat, LFS.

Notes: *Unemployment rate of people with low education for Podlaskie relates to 2013.

Data are from the published LFS microdata, more up-to-date data will be obtained from Eurostat.

Rates which are higher than the national average are shown in red. Rates which are higher than the EU average are highlighted in grey.

Commentary

The unemployment rate for young people with tertiary education was also higher in Poland than in the rest of the EU in 2014 and over the preceding years. (Note that it is perfectly possible for unemployment for each level of education to be higher than the EU average and for the overall rate to be lower because of the average level of education being higher in Poland than in the rest of the EU.) As for other levels of education, unemployment among tertiary-educated young people was highest in Podkarpackie, and it was also above the national average in Lubelskie, Podlaskie and Świętokrzyskie. (There are no reliable data beyond 2011 for Warmińsko-Mazurskie because of the small number of observations).

In sum, the unemployment of young people was higher than the national (and EU) average in all the lagging regions for those with both upper secondary and tertiary level education and, except in Świętokrzyskie, for those with only basic schooling too. Irrespective of their level of education, therefore, there was a shortage of jobs for young people entering the labour market in all the regions.

Figure 3.8 – Employment rate (20-64 years) in Poland, 2000-2015



Source: Eurostat, LFS [lfst_r_lfe2emprt].

Table 3.6 – Employment rate in Poland, 2015

Region	Employment rate (20-64 years), 2015, %
Lubelskie	66.9
Podkarpackie	63.1
Świętokrzyskie	65.9
Podlaskie	69.8
Warmińsko-Mazurskie	61.8
Poland	67.8
EU average	70.0

Source: Eurostat, LFS.

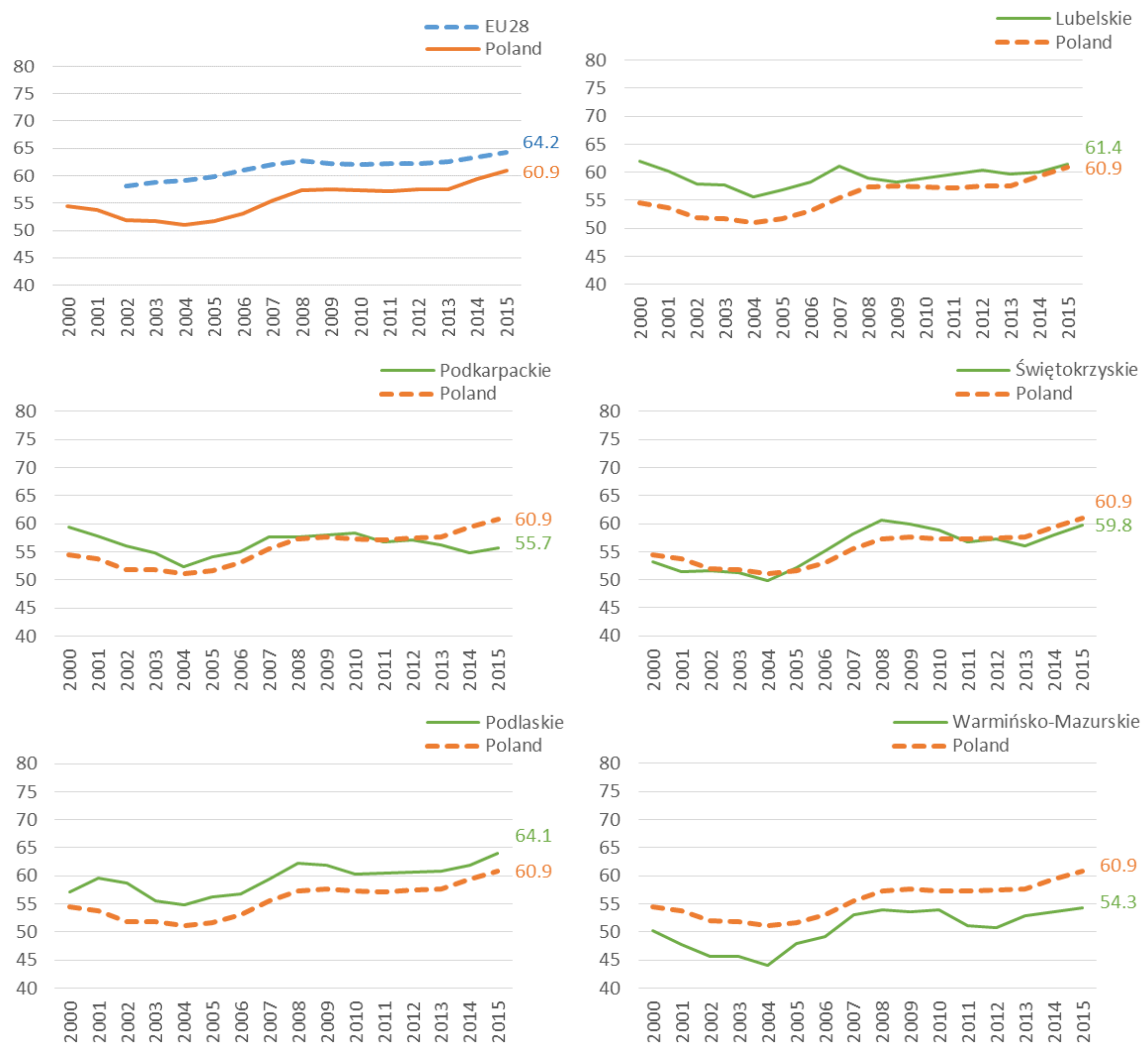
Notes: Rates which are lower than the national average are shown in red. Rates which are lower than the EU average are highlighted in grey.

Commentary

The employment rate in Poland has been consistently below the EU average over the years, though the gap has narrowed over the crisis period reflecting the more moderate effect of the crisis on the Polish economy than on most of the other Member States. Since the unemployment rate was also below the EU average, the implication is that the rate of participation in the work force (the rate of economic activity) was below the EU average as well. This was particularly true for women, as reflected in their low employment rate as described below.

At the regional level, the employment rates in Podlaskie was higher than the national average and much the same as the EU average in 2015, reflecting the relatively low rate of unemployment. It was also above the national rate over the 2008-2015 period but below the EU average. In all the other lagging regions, the employment rate was below the national average, though only slightly so in Lubelskie, where for much of the preceding 8-year period it was much the same as the national figure. The employment rate was particularly low in Warmińsko-Mazurskie, 6 percentage points below the national average and 8 percentage points below the EU average, and it has been consistently low over earlier years. This is not altogether in line with the unemployment rate which tended to be above the national average but not markedly so in most years. It implies that the rate of participation in the work force is relatively low in the region. In the other regions, Podkarpackie and Świętokrzyskie, the employment rate has diverged from the national average in recent years, especially in the former, where it was 4 percentage points below the average in 2015. In both cases, the relatively low employment rate is in line with the relatively low unemployment rate which implies that the rate of participation in the work force is similar to the national average (in practice slightly above).

Figure 3.9 – Employment rate of women (20-64) in Poland, 2000-2015



Source: Eurostat, LFS [lfst_r_lfe2emp].

Table 3.7 – Employment rate of women in Poland, 2015

Region	Female employment rate (20-64 years), % 2015
Lubelskie	61.4
Podkarpackie	55.7
Świętokrzyskie	59.8
Podlaskie	64.1
Warmińsko-Mazurskie	54.3
Poland	60.9
EU average	64.2

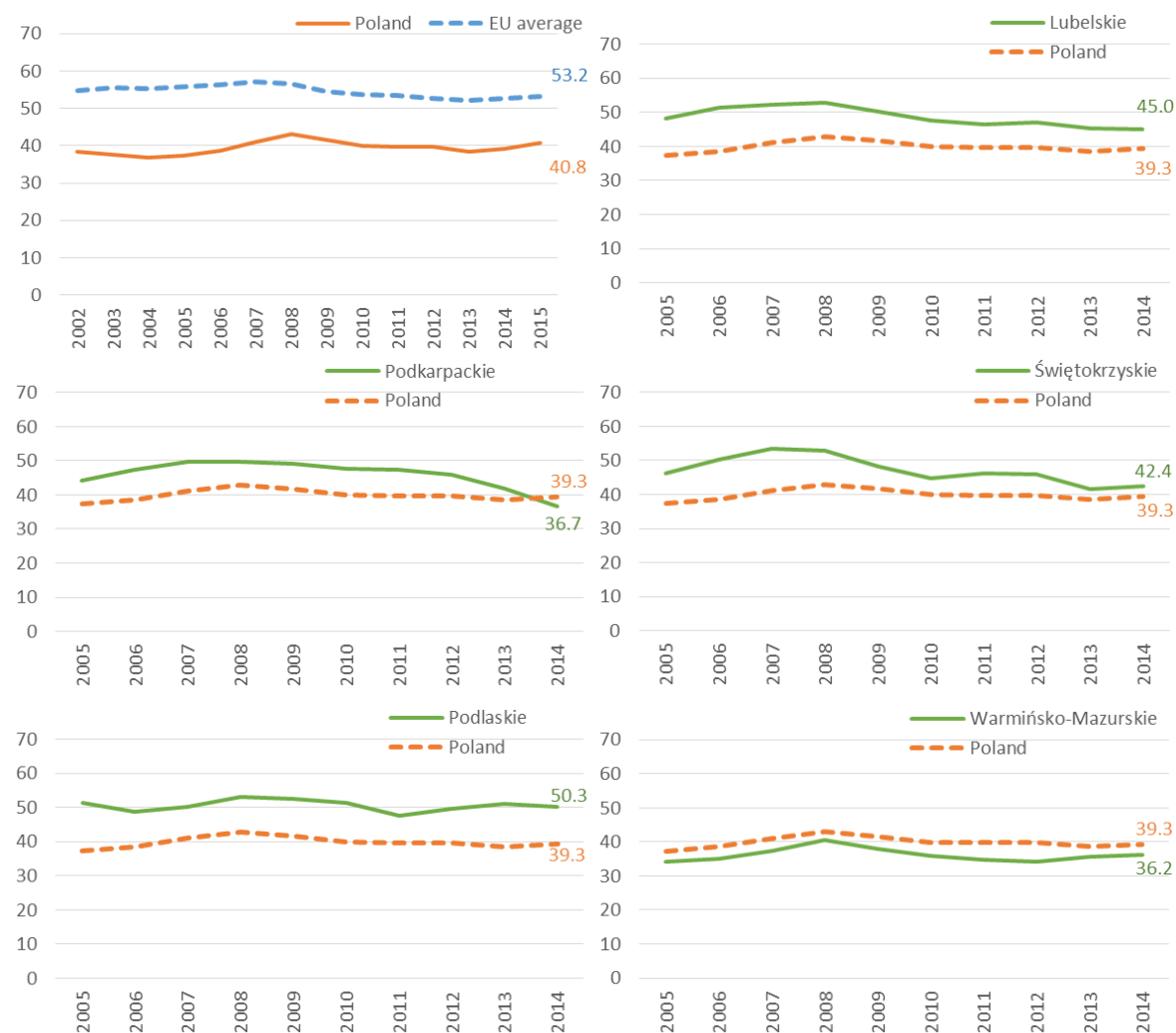
Source: Eurostat, LFS.

Notes: Rates which are lower than the national average are shown in red. Rates which are lower than the EU average are highlighted in grey.

Commentary

The employment rate of women in Poland was slightly further below the EU average in 2015 than the overall rate, reflecting the lower participation of women in the work force. It was also below the EU average in all lagging regions except Podlaskie where it was much the same. In the other regions, the relatively level of the rate broadly reflects that of the overall rate. Women, therefore, seem to face similar difficulties of finding employment as men in most lagging regions, though their participation rates are also relatively low, which might reflect a shortage of jobs as much as a reluctance to be in paid employment.

Figure 3.10 – Employment rates of those aged 25-64 with low education in Poland in 2002-2015 and lagging regions in 2005-2014



Source: Eurostat, LFS [lfst_r_lfe2eedu] and LFS microdata for the regional data.

Commentary

The employment rate of those aged 25-64 with only basic schooling in Poland was well below the EU average for the same group in 2015 and this has consistently been the case over the years. People with low education, therefore, face particular problems finding work, though it is also the case that participation rates are equally relatively low for such people, especially among women. In most of the lagging regions, in all except Warmińsko-Mazurskie, the employment rate of those with only basic schooling has usually been above the national average in recent years, though it fell below in Podkarpackie in 2015. The extent to

which the rate was above the average also narrowed appreciably in Świętokrzyskie over the period 2008-2015. In these regions, therefore, there seem to be more jobs available for the low-educated than in the rest of the country and participation rates among those concerned are higher, especially among women.

Figure 3.11 – Employment rate of people aged 25-64 with medium education in Poland in 2002-2015 and its lagging regions in 2005-2014



Source: Eurostat, LFS [lfst_r_lfe2eedu] and LFS microdata for the regional data.

Commentary

The employment rate of those with upper secondary education in Poland was also below the EU average, though less so. In the lagging regions the relative rates broadly reflect the relative level of overall rates. The rate was above the average in Lubelskie and Podlaskie and below in the other three regions, especially in Warmińsko-Mazurskie.

Figure 3.12 – Employment rate of people aged 25-64 with high education in Poland in 2002-2015 and its lagging regions in 2005-2014



Source: Eurostat, LFS [lfst_r_lfe2eedu] and LFS microdata for the regional data.

Commentary

In contrast to the employment rates for the low educated and those with upper secondary education, the rate for those with tertiary education in Poland was higher than the EU average in 2015 and marginally higher over the preceding years. This suggests that the demand for those with this level of education is relatively high and the people concerned have relatively little difficulty in finding jobs. The rate, however, was below the national average in all the lagging regions, even if it was above the EU average in three of them, much the same as the average in Podkarpackie and below the EU average only in Świętokrzyskie. This suggests that the demand for university graduates was below the national average in these regions, most especially in the last two.

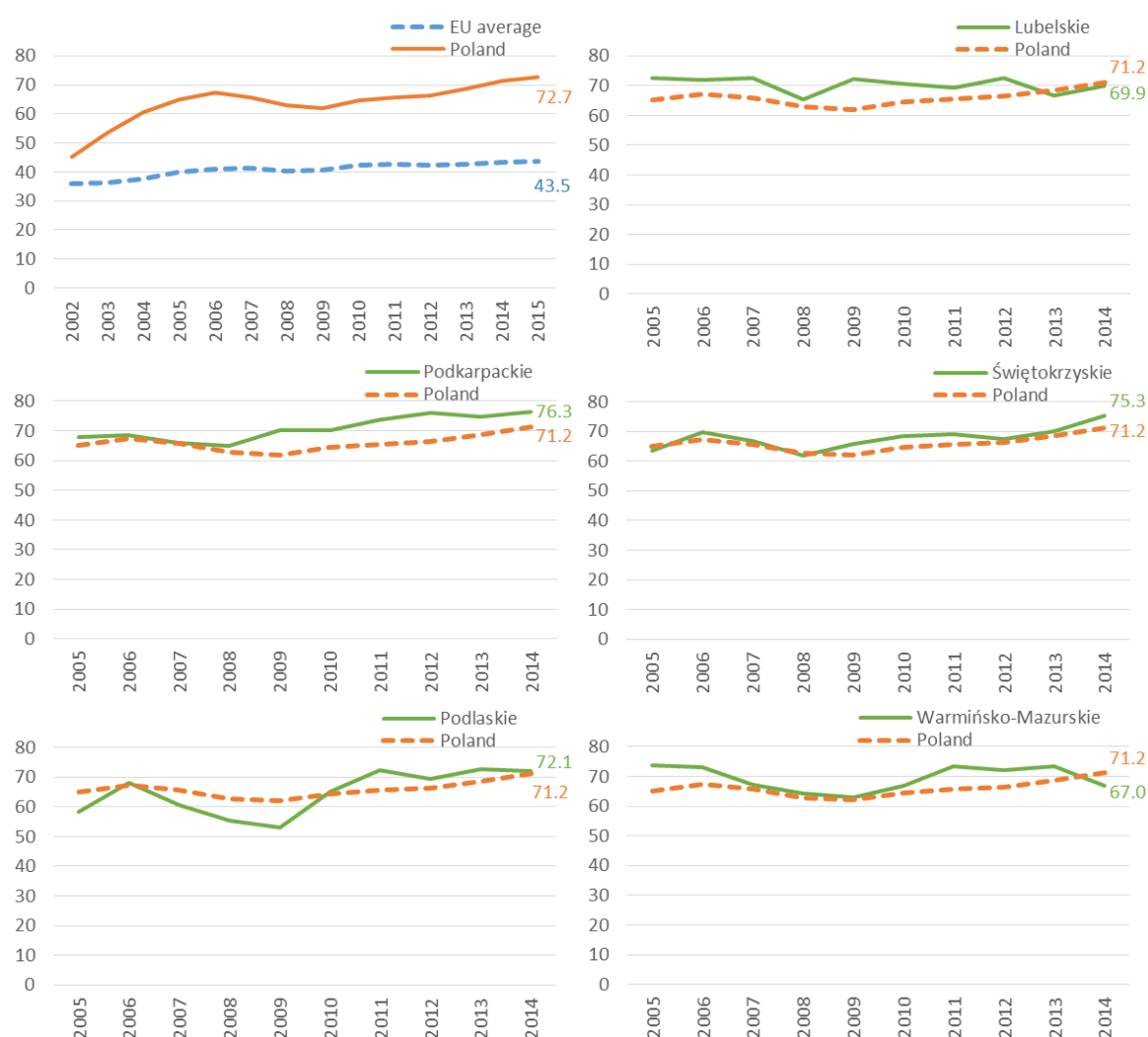
Table 3.8 – Employment rate by education attainment level in Poland, 2014

Region	Employment rate (25-64), % 2014		
	ISCED 0-2	ISCED 3-4	ISCED 5-8
Lubelskie	45.0	67.9	84.2
Podkarpackie	36.7	62.9	83.2
Świętokrzyskie	42.4	64.2	81.8
Podlaskie	51.2	68.4	85.0
Warmińsko-Mazurskie	36.2	61.9	84.9
Poland	39.3	66.1	86.3
EU average	52.8	73.4	83.6

Source: Eurostat, LFS.

Note: Rates which are lower than the national average are shown in red. Rates which are lower than the EU average are highlighted in grey. Data are from the published LFS microdata, more up-to-date data will be obtained from Eurostat.

Figure 3.13 – Temporary employment (% of total employees aged 15-24) in Poland in 2002-2015 and its lagging regions in 2005-2014

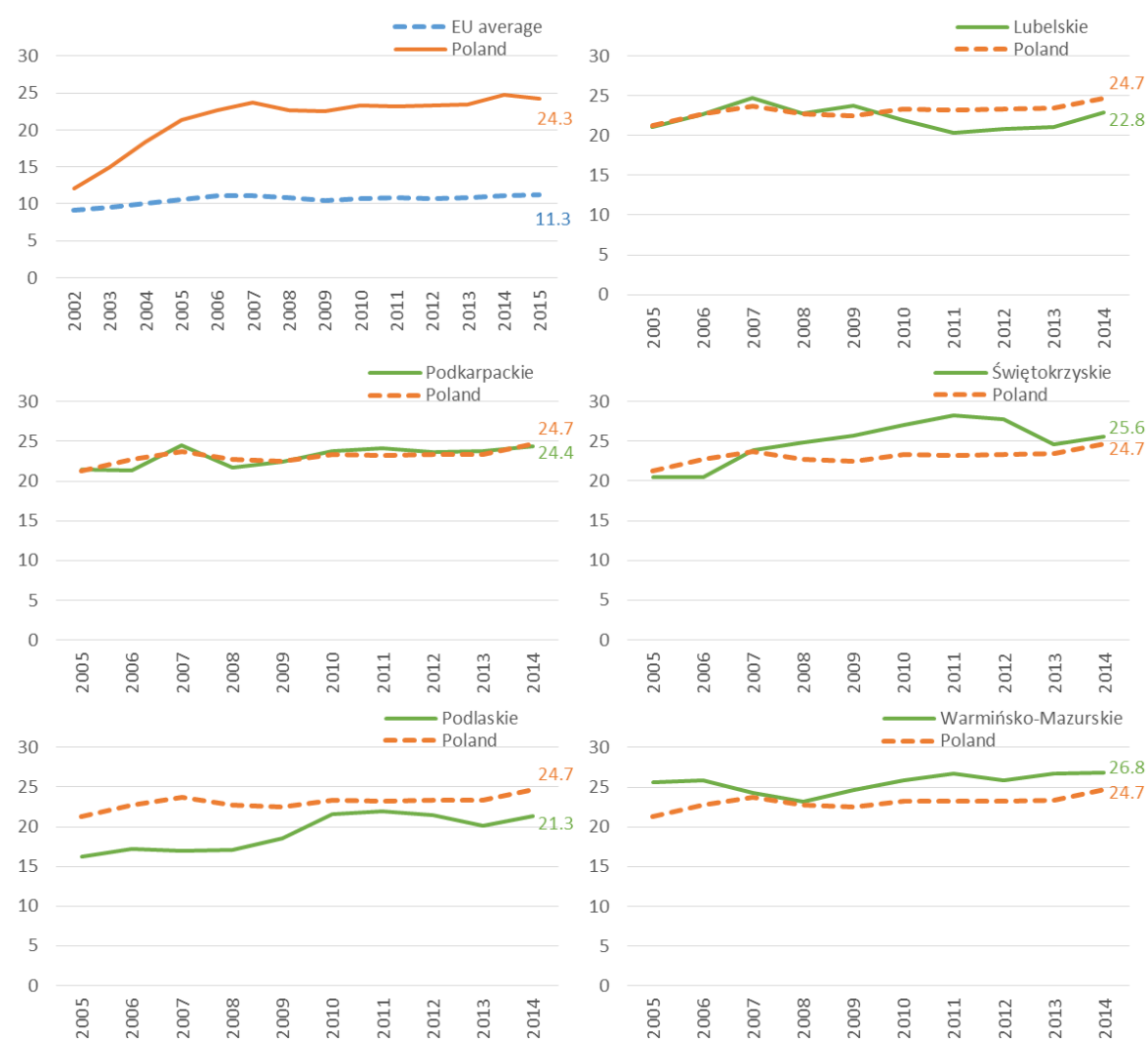


Source: Eurostat, LFS [lfsa_etpga] and LFS microdata for the regional data.

Commentary

The share of young employees aged 15-24 in temporary jobs is much larger in Poland than in the rest of the EU. This is also the case in all the lagging regions, where the proportion is similarly large, reflecting a general tendency to employ young people on short-term contracts, in many cases for a probationary period or on a traineeship.

Figure 3.14 – Temporary employment (% of total employees aged 25 or over) in Poland in 2002-2015 and in lagging regions in 2005-2014



Source: Eurostat, LFS [lfsa_etpga] and LFS microdata for the regional data.

Table 3.9 – Temporary employment in Poland by age group, 2014

Region	Temporary employment (% of total employees), 2014	
	15-24	25 or over
Lubelskie	69.9	22.8
Podkarpackie	76.3	24.4
Świętokrzyskie	75.3	25.6
Podlaskie	72.1	21.3
Warmińsko-Mazurskie	67.0	26.8
Poland	71.2	24.7
EU average	43.4	11.1

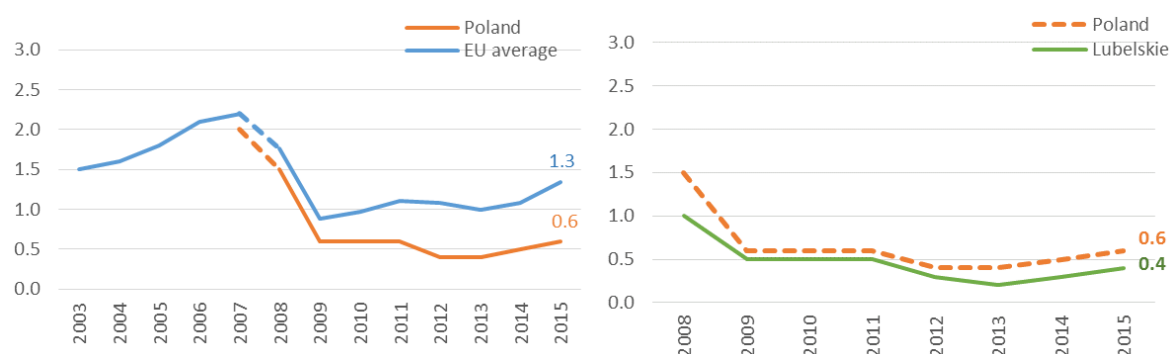
Source: Eurostat, LFS.

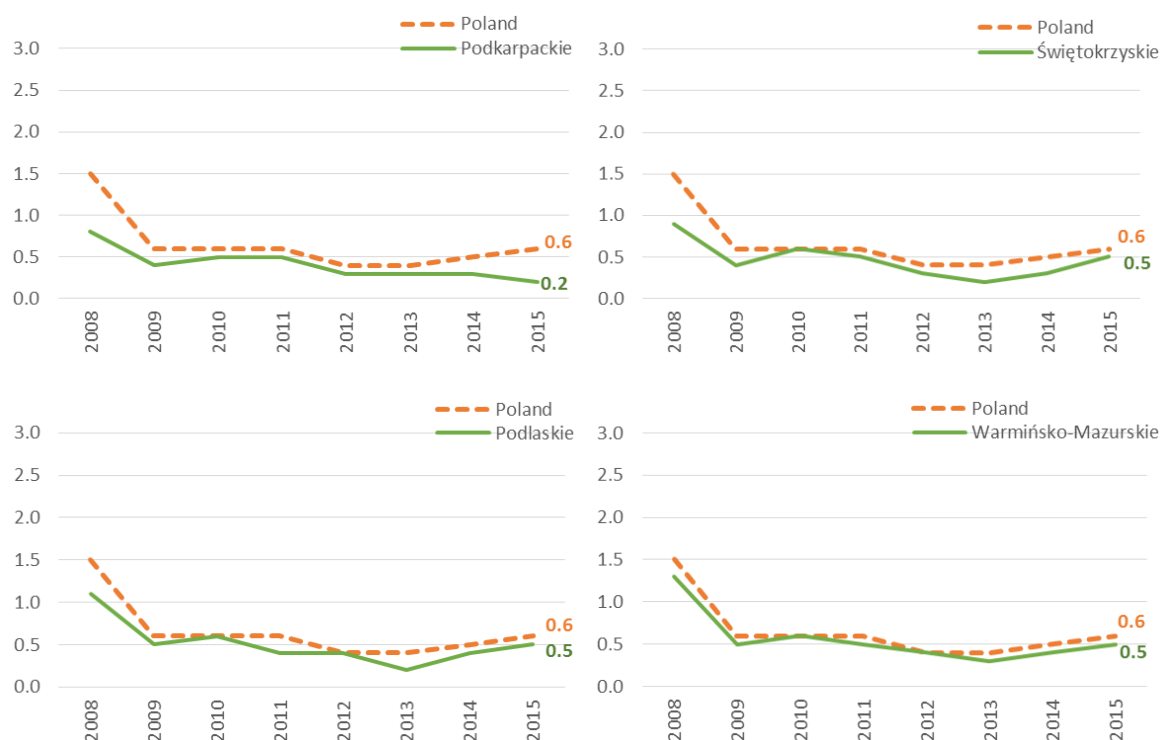
Notes: Rates which are higher than the national average are shown in red. Rates which are higher than the EU average are highlighted in grey. Data are from the published LFS microdata, more up-to-date data will be obtained from Eurostat.

Commentary

The share of employees aged 25 and over who are in temporary jobs is a more relevant indicator of labour market issues than the share of young people. The share in Poland is also well above the EU average and has shown little sign of declining since 2008. It was equally well above the EU average in all the lagging regions and above the national average in two of them, Świętokrzyskie and Warmińsko-Mazurskie. In all part of Poland, therefore, temporary workers represent a significant proportion of employees, with potential implications for the extent of continuing training and, accordingly, for labour productivity (i.e. employers are likely to be more reluctant to provide training to temporary employees than permanent ones). The large share, however, reflects the preference of employers to take on workers on fixed-term contracts rather than on standard contracts of employment, which is likely to be a response to the costs involved in dismissing workers should the need arise.

Figure 3.15 – Job vacancy rate in Poland, 2003-2015





Source: Eurostat, Job vacancy statistics [jvs_a_nace2].

Notes: For the calculation of the EU average: 2003-2007 refers to EU27 as provided by Eurostat. From 2008, average estimated with available data, which excludes BE, DK, IE, EL, ES, FR, IT, CY, MT and AT, for PT data are available only for 2014 and 2015. There is no data for SE for 2008 and 2014.

Table 3.10 – Job vacancy rate in Poland, 2015

Region	Job vacancy rate, % 2015
Lubelskie	0.4
Podkarpackie	0.2
Świętokrzyskie	0.5
Podlaskie	0.5
Warmińsko-Mazurskie	0.5
Poland	0.6
EU average	1.3

Source: Eurostat, Job vacancy statistics.

Commentary

The rate of unfilled job vacancies is much less in Poland than the EU average but because of the partial coverage of the data, this means relatively little. More relevantly, the vacancy rate in all the lagging regions is less than the national average and has been consistently so over the past few years. The implication, apart from there not being an apparent problem of a great many unfilled vacancies as such, is that there is a shortage of jobs for the people unemployed or economically inactive to take up. Equally, the vacancy statistics suggest that there are no major structural problems in labour markets in the lagging regions.

Summary 1 – Overview of labour market (percentage point differences relative to the EU average for the national figures and relative to the national average for the regional figures)

LABOUR MARKET						
	Poland	Lubelskie	Podkarpackie	Świętokrzyskie	Podlaskie	Warmińsko-Mazurskie
Unemployment and long-term unemployment						
Unemployment rate (15+), 2015	-1.9	+1.8	+4.1	+2.6	-0.5	+2.0
LTU rate (15+), 2015	-9.0	+4.3	-2.2	+2.7	+10.2	+6.6
NEETs						
NEET rate (15-24), 2015	-1.0	+0.3	+4.6	+2.1	-2.6	+3.5
Youth unemployment rate						
Youth unemployment rate (15-24), 2015	+0.4	+8.2	+17.6	+5.0	-2.3	+3.3
Youth unemployment rate (15-24), ISCED 0-2, 2014*	+0.1	+8.0	+12.3	-8.4	+1.8	+4.4
Youth unemployment rate (15-24), ISCED 3-4, 2014	+3.9	+10.1	+18.0	+3.2	+1.9	+0.9
Youth unemployment rate (15-24), ISCED 5-8, 2014**	+3.0	+7.9	+16.4	+10.6	+9.0	-1.3
Employment rate						
Total employment rate (20-64), 2015	-2.2	-0.9	-4.7	-1.9	+2.0	-6.0
Female employment rate (20-64), 2015	-3.3	+0.5	-5.2	-1.1	+3.2	-6.6
Employment rate (25-64), ISCED 0-2, 2014	-13.4	+5.7	-2.6	+3.0	+11.8	-3.2
Employment rate (25-64), ISCED 3-4, 2014	-7.2	+1.7	-3.3	-1.9	+2.2	-4.2
Employment rate (25-64), ISCED 5-8, 2014	+2.7	-2.0	-3.1	-4.4	-1.2	-1.4
Temporary work						
Temporary employees (15-24), 2014	+27.8	-1.3	+5.1	+4.1	+0.9	-4.2
Temporary employees (25+), 2014	+13.6	-1.9	-0.3	+0.9	-3.4	+2.1
Job vacancy ***						
Job vacancy rate, 2015		-0.2	-0.4	-0.1	-0.1	-0.1
Structural weaknesses						
Number of unfavourable variables	11	11	14	14	7	14
Number of favourable variables	4	5	2	2	9	2

Notes: Unfavourable situations compared to the EU average are highlighted in grey and those which are unfavourable relative to the national average are shown in red.

* Data for Podlaskie refers to 2013.

** Data for Warmińsko-Mazurskie refers to 2011.

*** The job vacancy rate is considered in conjunction with the unemployment rate. Low vacancies and high unemployment mean that there is insufficient demand for labour, that there are unused resources which could add to GDP; high vacancies and high unemployment mean that there are structural problems in the sense that labour is available but it does not have the skills

demand by employers; high vacancies and low unemployment signal the labour available is not sufficient to meet the demand; low vacancies and low unemployment suggests a balanced labour market. Since there are problems in comparing vacancy statistics across countries because of the partial extent of coverage, the comparison here is relative to the national average only.

“.” Not available

LABOUR MARKET in Poland	
Country-specific recommendations, 2011-2015	
2011	Increase female labour market participation by taking measures to ensure stable funding for pre-school childcare arrangements, to increase enrolment rates of children under 3 years.
2012	To reduce youth unemployment. Limit the excessive use of civil law contracts* and extend the probationary period to permanent contracts. Reinforce efforts to increase the labour market participation of women.
2013	Strengthen efforts to reduce youth unemployment and increase the availability of apprenticeship and work-based learning. Combat labour market segmentation through a better transition from fixed-term to permanent employment and by reducing the excessive use of civil law contracts. Continue efforts to increase female participation in particular by investing in affordable quality childcare and pre-school education and by ensuring stable funding and qualified staff.
2014	Strengthen efforts to reduce youth unemployment in particular by strengthening outreach to unregistered youth in line with the objectives of the Youth Guarantee (YG). Combat labour market segmentation by stepping up efforts to ensure a better transition from fixed-term to permanent employment and by reducing excessive use of civil law contracts. Continue efforts to increase female labour market participation in particular by taking further steps to increase the availability of affordable quality childcare and pre-school education.
2015	Take measures to reduce the excessive use of temporary and civil law contracts in the labour market.
Structural reforms carried out, 2011-2015	
2012	The <i>Toddler</i> programme was implemented to improve the labour market participation of women by improving access to childcare institutions for children up to 3. In 2015, the programme was expanded: high schools and universities can now provide childcare services for the children of students, doctoral candidates and the personnel.
2012	The <i>Young people on the labour market</i> programme was implemented to provide activation measures for persons aged under 30. A pilot project entitled <i>Your career – your choice</i> was also launched to develop and test new labour market instruments for unemployed under 30: they are offered the assistance of a tutor, who, on the basis of individually designed plan, determines the actions which need to be taken in order to facilitate their entry on the labour market.
2013	Various measures announced to reduce youth unemployment: <ul style="list-style-type: none"> - Exemption from the obligation to make contributions to the Labour Fund and the Guaranteed Employee Benefits Fund for employers hiring an unemployed person under 30 for 12 months; - Refund of the costs incurred by the employer during 6 months as a result of paying social contributions for unemployed under 30; - Enabling young unemployed and students in their final year at university, as well as graduates of universities and higher education institutions who are seeking a job, to apply for a preferential loan for starting a business activity within 24 months from obtaining their diploma.
2014	<i>Reform of the Labour Market Policy</i> (amendment of the Act on employment promotion and labour market institutions) to improve the quality and effectiveness of services provided by the PES. The efficiency of the PES is to be improved by strengthening individualised approach for the provision of services addressed to the unemployed. Planned activities include the profiling of the unemployed, improving the standards applicable in the Labour Offices, introducing an instrument allowing for commissioning the provision of activation services to other entities and developing a new form of cooperation between the local Labour Offices and the local authorities. In addition, new labour market instruments addressed to the most vulnerable groups on the labour market are also introduced.
2014	Implementation of the YG: the amendment of the Act on employment promotion and labour market

	institutions introduces new tools to improve the labour market situation of young people (training, internship, employment vouchers as well as vouchers for jobseekers who change their place of residence in order to obtain a job, telework grants, professional activation allowances, tripartite training agreements). A loan system aimed at students and graduates of schools/universities as well as unemployed is also offered: <i>My first business – Support at the Start</i> . It proposes two types of loans: loans for starting a business (basic loan) – up to 20 times the amount of average salary, and loans for creating jobs for the unemployed (supplementary loan) – up to 6 times the amount of average salary.
2014	To reduce the excessive use of civil law contracts, the legislation was modified so that workers under this type of contract receive better insurance protection.
2016	An amendment to the Labour Code entered into force in February 2016: it introduces restrictions to the number of consecutive fixed-term employment contracts and their maximum duration. Moreover, it aligns the notice period for fixed-term and permanent contracts. Since January 2016, the social security contributions connected to some civil law contracts were increased. And two draft laws were presented in January 2016 to strengthen the role of the State Labour Inspectorate and to introduce a minimum hourly remuneration for those working on civil law contracts.
Outstanding challenges	
	Upgrading the skills and competences of the unemployed remains an issue.
	Vocational education and training programmes, including continuing training ones, are not sufficiently adjusted to market needs.
	The use of temporary employment contracts remains significant. This has a negative impact on productivity and the accumulation of human capital.

Sources: CSRs 2011-2015, CR 2016 (SWD2016 - 89 final), National Reform Programmes (NRP) 2001-2015, Member States Investment Challenges – SWD(2015) 400 final.

Notes: * Civil law contracts specify a piece of work to be done within a defined period of time and are not regulated by the Civil Code instead of the Labour Code. They are cheaper for the employers as they provide limited social protection: no pay for overtime and holidays, no mandatory health insurance and no right to unionise.

Overview

Unemployment is a problem in three lagging regions, in particular, Podkarpackie, Świętokrzyskie and Warmińsko-Mazurskie. This is combined with a relatively low vacancy rate which suggests that there are not the jobs available to employ the people looking for them rather than the unemployed not having the skills to take up the jobs on offer. (This, however, has to be a tentative conclusion insofar as employers may not create jobs if they consider that there is not the labour available with the requisite skills to fill them.)

At the same time, low employment seems to be a particular problem for those with only basic schooling while employment rates are relatively high for those with tertiary education. This in itself seems to suggest that the lower skilled people out of work do not possess the skills demanded by employers. However, such an interpretation is arguably too simplistic since it is always likely to be the case that those with high education levels will have high levels of employment even though they might not be doing jobs requiring such education levels. It is an asymmetrical feature of the labour market, therefore, that while the highly educated are capable of doing jobs requiring low education levels, the reverse is not the case for the low educated who are likely to be incapable of doing jobs requiring high education. So long as the highly educated are prepared to take lower level jobs if higher level ones are not available, the likely outcome is the one observed in Poland with low employment rates, and high unemployment rates, for those with only basic schooling and high employment rates for the university-educated.

Nevertheless, there is a distinct problem of a low level of continuing training in both the country as a whole and in all the lagging regions. In some degree, this might reflect the large proportion of employees in temporary jobs which is the case in all the lagging regions, as well as in other parts of Poland, and which tends to discourage employers from providing training to their work forces. It is also the case that those out of work have limited access to training.

High unemployment and limited access to jobs is a particular problem for young people particularly in the lagging regions and most especially in Podkarpackie and Warmińsko-Mazurskie.

Low employment rates among women, which reflect low rates of labour force participation, are equally a problem in all lagging regions, but again most especially in Podkarpackie and Warmińsko-Mazurskie.

The country-specific recommendations have focused on increasing the employment rates of women as well as reducing unemployment rates among young people. Several national programmes and measures were implemented over the period to reduce youth unemployment (including the Youth Guarantee which was implemented in 2014). Both NEET rates and youth unemployment rates fell in 2014 and 2015 as employment generally increased. In order to help support the labour market participation of women, the *Toddler* Programme was implemented in 2012 and expanded in 2015 to improve access to childcare for children up to the age of three. There were signs of increased participation of women in the labour market in 2014 and 2015.

To reduce the high level of temporary employment, mentioned in all country-specific recommendations over the 2012-2015 period, there were modifications to legislation that regulates civil law contracts² in 2014 and an amendment to the labour code entered into force in February 2016 to discourage fixed-term contracts. In addition, social contributions were increased on civil law contracts with the aim of making them less attractive to employers.

Moreover, in addition to inadequate levels of continuing training, the programmes of vocational education and training provided were considered to be insufficiently adjusted to labour market needs.

In the lagging regions, the labour market situation in Podlaskie seems to be more favourable than in the rest of Poland, with a relatively high employment rate, a low rate of unemployment and relatively few young people not in employment or education. On the other hand, a relatively large proportion of the unemployed were long-term unemployed, which suggests that they do not have the skills required by employers.

In Lubelskie, the employment rate is only slightly below the national average and the unemployment rate is below the EU average, signifying that the labour market situation is more favourable than in the other lagging regions, apart from Podlaskie. The youth unemployment rate, however, is both well above both the national and EU average, though the NEET rate is much the same as the former and less than the latter, suggesting that a relatively large proportion of the 15-24 age group remain in education or initial training rather than entering the labour market and those that do have problems finding jobs, in this case irrespective of their level of educational attainment.

² Civil law contracts specify a piece of work to be done within a defined period and are not regulated by the Civil Code instead of the Labour Code. They are cheaper for the employers as they provide limited social protection: no pay for overtime and holidays, no mandatory health insurance and no right to unionise.

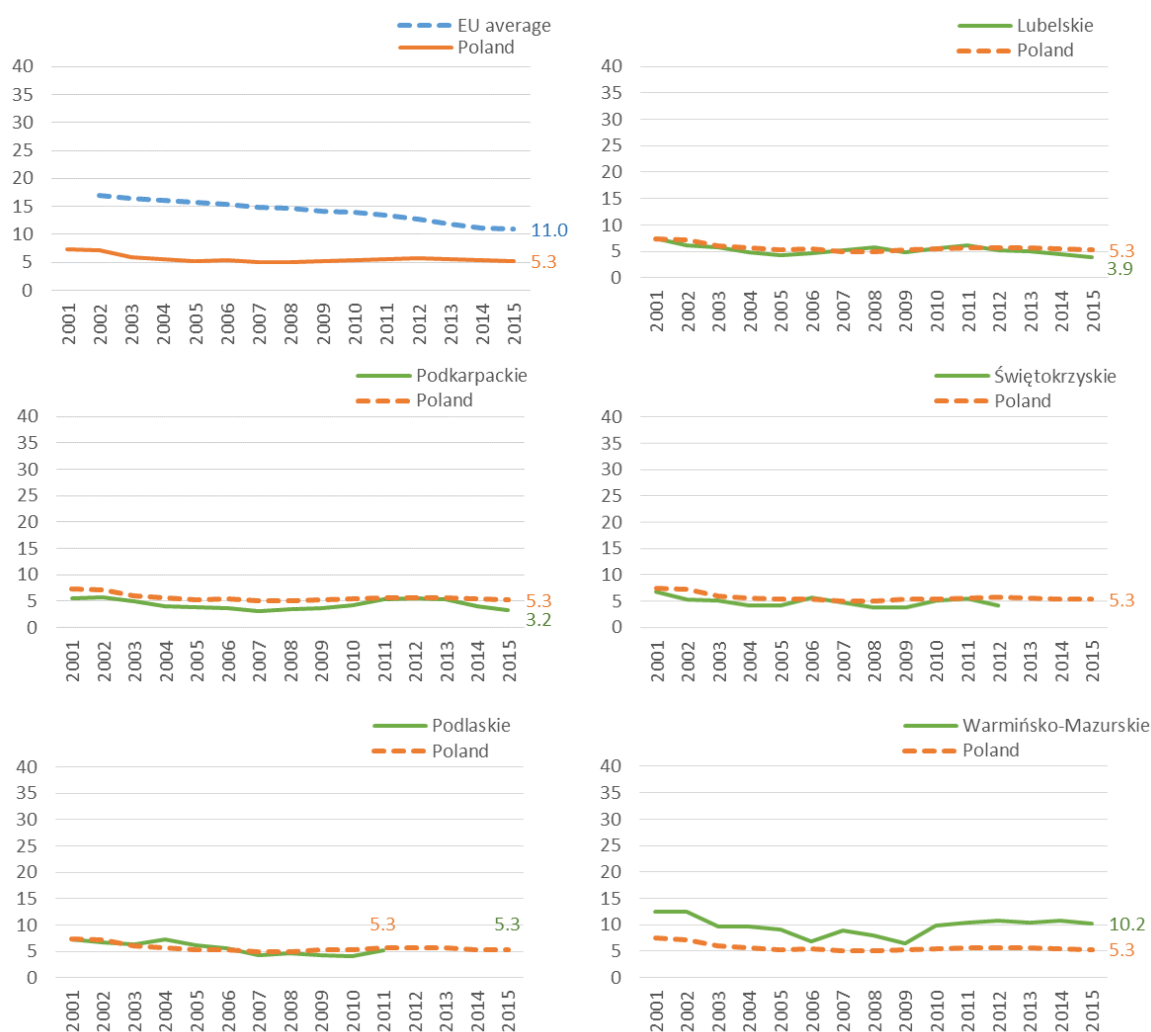
Youth unemployment was also a problem in Świętokrzyskie, though here it was combined with a relatively high NEET rate among young people. Here too, the employment rate was below the national average and overall unemployment was higher than in the rest of the country. The employment rates of those with only basic schooling, however, was above the national average while the rate for those with tertiary education was well below the average, suggesting that there were jobs available for the low skilled but less so for those with higher skill levels.

In Podkarpackie, the labour market situation seems even less favourable with a relatively high unemployment rate and a low employment rate signalling an acute shortage of jobs. This is especially so for young people who have the highest NEET rate and unemployment rate among all the lagging regions.

The labour market situation seems similar in Warmińsko-Mazurskie which has the lowest employment rate among the lagging regions and a relatively high NEET rate for young people.

4. EDUCATION AND TRAINING

Figure 4.1 – Early leavers from education and training in Poland, 2001-2015



Source: Eurostat, LFS [edat_lfse_16].

Table 4.1 – Early leavers from education and training in Poland, 2015

Region	Early leavers aged 18-24, % 2015
Lubelskie	3.9
Podkarpackie	3.2
Świętokrzyskie	4.2
Podlaskie	5.3
Warmińsko-Mazurskie	10.2
Poland	5.3
EU average	11.0

Source: Eurostat, LFS.

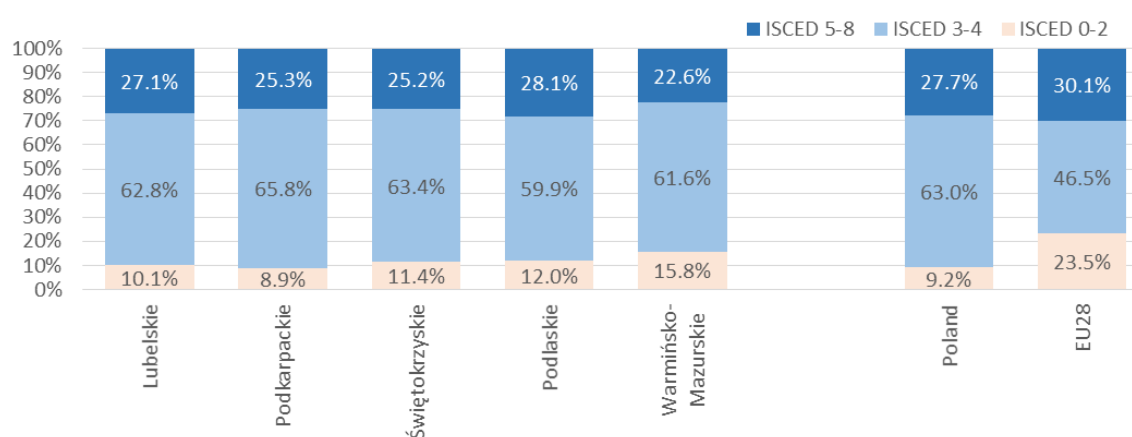
Notes: Data for Świętokrzyskie refer to 2012 and to 2011 for Podlaskie.

Rates which are higher than the national average are shown in red.

Commentary

The relative number of young people leaving school without any qualifications beyond basic schooling in Poland is well below the EU average. Although it has not changed much over the past decade, it is difficult to reduce the figure further from its low level. Four of the lagging regions have proportions which are the same as or below the national average. The exception is Warmińsko-Mazurskie where the proportion is almost twice the national average and only marginally below the EU average. Moreover, the proportion has shown no tendency to fall over the past 10 years or so and since the employment rate of those with only basic education is relatively low, this represents an obstacle both for the young people concerned to find employment and for the region to achieve its growth potential.

Figure 4.2 – Educational attainment by ISCED level in Poland, % of population aged 25-64, 2015



Source: Eurostat, LFS [edat_lfse_04].

Table 4.2 – Percentage of population aged 25-64 by educational attainment in Poland, 2015

Region	Individuals with at least upper secondary education, ISCED 3-8, %	Individuals with tertiary education, ISCED 5-8, %
Lubelskie	89.9	27.1
Podkarpackie	91.1	25.3
Świętokrzyskie	88.6	25.2
Podlaskie	88.0	28.1
Warmińsko-Mazurskie	84.2	22.6
Poland	90.8	27.7
EU average	76.5	30.1

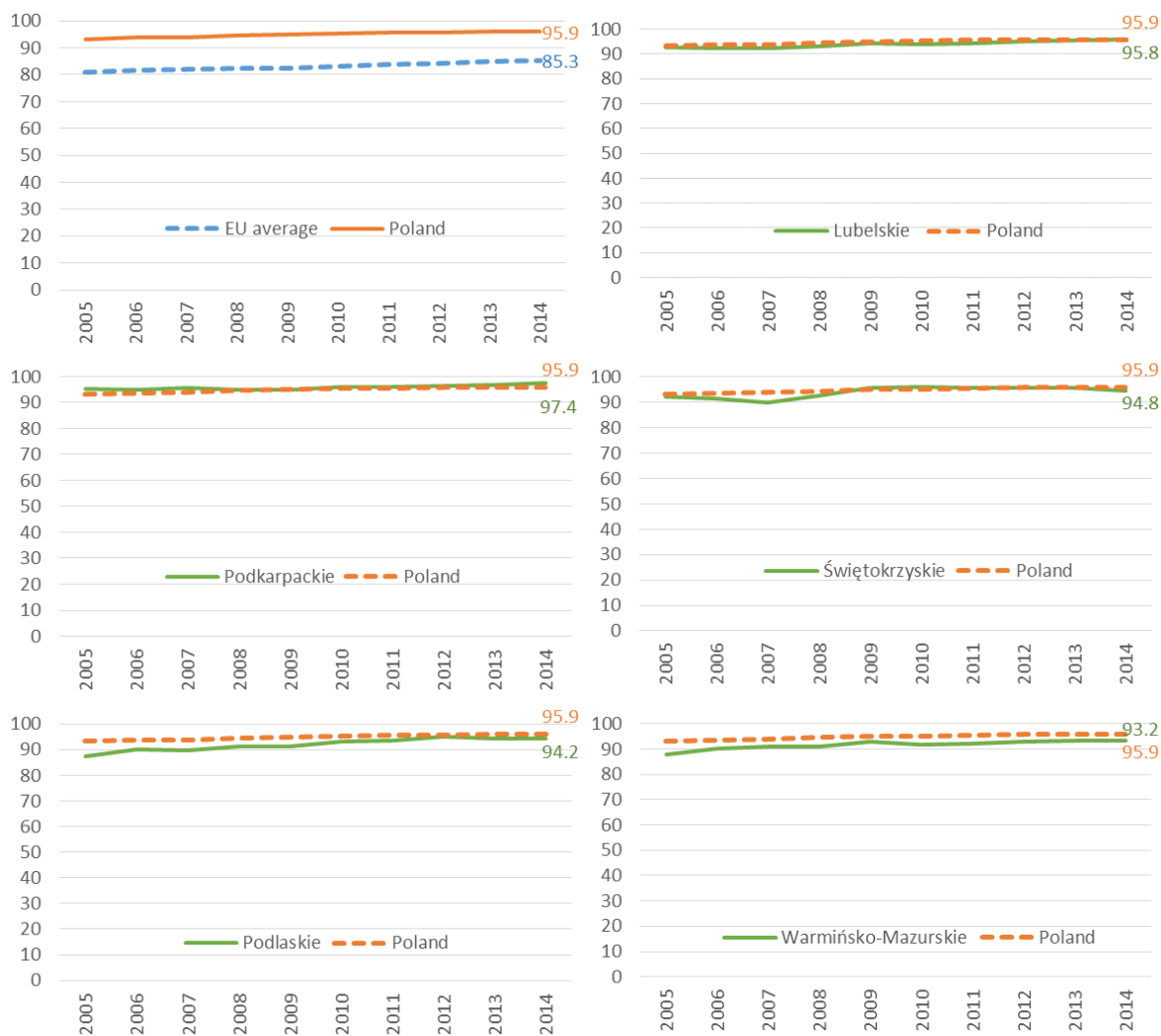
Source: Eurostat, LFS.

Notes: Rates which are lower than the national average are shown in red. Rates which are lower than the EU average are highlighted in grey.

Commentary

The relative number of people of working age with qualifications beyond basic schooling is higher in Poland than in the rest of the EU and this is also the case in all the lagging regions, though apart from Podkarpackie, the proportion is less than the national average, most especially in Warmińsko-Mazurskie. The proportion with tertiary education, however, is less than the EU average, as it is in all of the lagging regions. It is also below the national average in all these regions, except Podlaskie, again most especially in Warmińsko-Mazurskie. Since the proportion of the work force with tertiary education has consistently been found to be closely correlated with GDP per head, the relatively small proportion in the latter in particular is a potential hindrance to growth.

Figure 4.3 – Proportion of individuals aged 25-34 whose highest education level attained is ISCED 3-8 in Poland, 2005-2014



Source: Eurostat, LFS microdata.

Figure 4.4 – Proportion of individuals aged 25-34 whose highest education level attained is ISCED 5-8 in Poland, 2005-2014



Source: Eurostat, LFS microdata.

Table 4.3 – Highest educational level attained among people aged 25-34 in Poland, 2014

Region	ISCED 3-8, %	ISCED 5-8, %
Lubelskie	95.8	46.4
Podkarpackie	97.4	44.0
Świętokrzyskie	94.8	45.1
Podlaskie	94.2	48.7
Warmińsko-Mazurskie	93.2	39.0
Poland	95.9	45.7
EU average	85.3	39.7

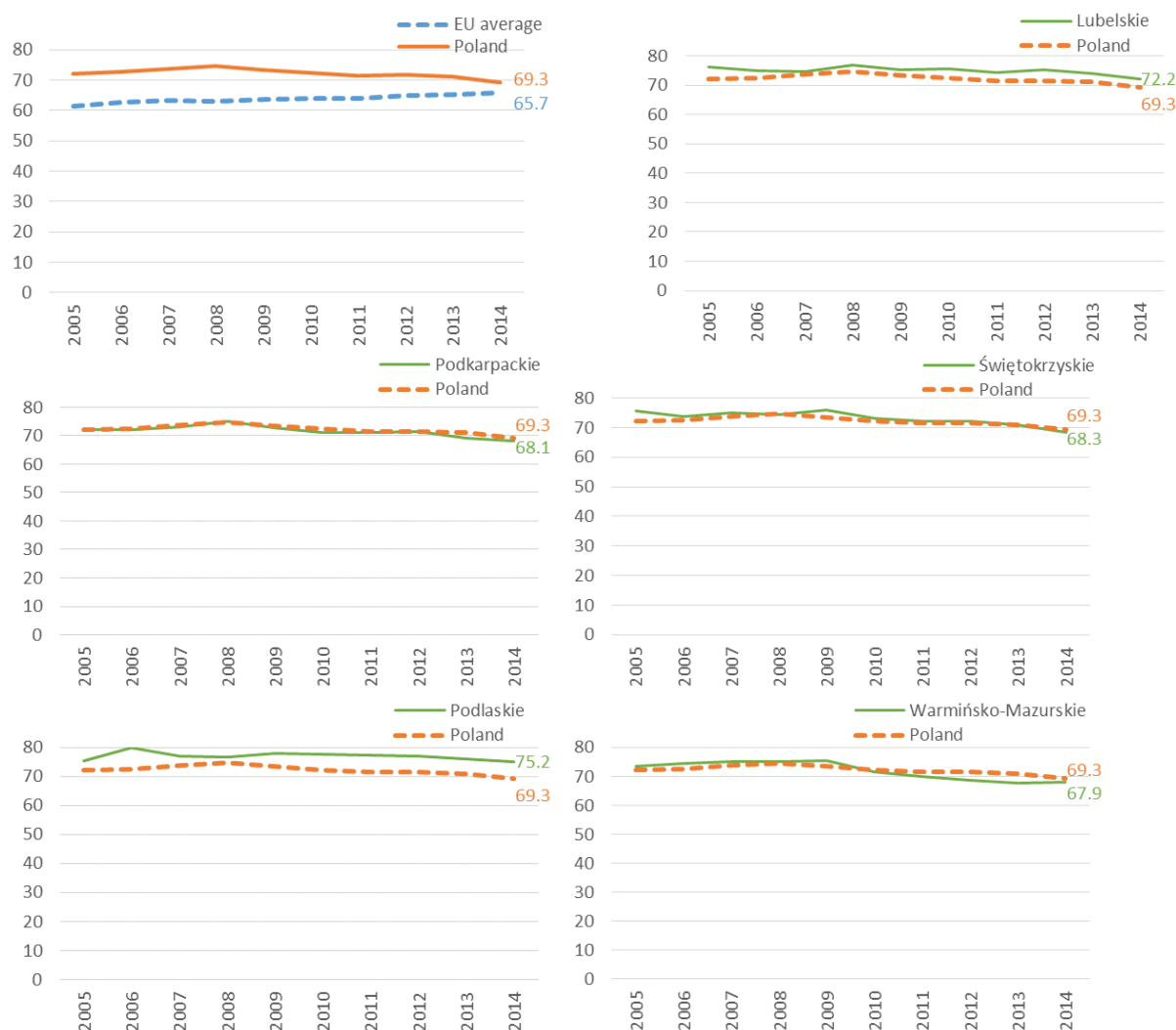
Source: Eurostat, LFS.

Notes: Rates which are lower than the national average are shown in red. Rates which are lower than the EU average are highlighted in grey. Data are from the published LFS microdata, more up-to-date data will be obtained from Eurostat.

Commentary

Unlike for the working-age population as a whole, the proportion of the 25-34 age group in Poland with tertiary education is well above the EU average, reflecting the marked expansion in participation in tertiary education over recent years. The proportion in lagging regions is also above the EU average in all cases except Warmińsko-Mazurskie again, suggesting that there has been less of an increase in young people participating in tertiary education in this region than in others, or alternatively that a significant number of those who have participated have left the region to live and work elsewhere. In the other lagging regions, the proportion of this age group with tertiary qualifications is above the national average in both Lubelskie and, most especially, in Podlaskie, but below it in Podkarpackie and Świętokrzyskie.

Figure 4.5 – Share of young people aged 15-24 in regular education or vocational training in Poland, 2005-2014



Source: Eurostat, LFS microdata.

Table 4.4 – Share of young people aged 15-24 in regular education or vocational training in Poland, 2014

Region	Young people in regular education or vocational training (% of population 15-24) 2014
EU average	65.7
Poland	69.3
Lubelskie	72.2
Podkarpackie	68.1
Świętokrzyskie	68.3
Podlaskie	75.2
Warmińsko-Mazurskie	67.9

Lubelskie	72.2
Podkarpackie	68.1
Świętokrzyskie	68.3
Podlaskie	75.2
Warmińsko-Mazurskie	67.9
Poland	69.3
EU average	65.7

Source: Eurostat, LFS.

Notes: Rates which are lower than the national average are shown in red.

Data are from the published LFS microdata, more up-to-date data will be obtained from Eurostat.

Table 4.5 – Share of young people aged 15-24 in vocational education or training in Poland, 2014

Region	Young people in vocational education or training (% of population 15-24) 2014
Lubelskie	19.9
Podkarpackie	22.7
Świętokrzyskie	19.5
Podlaskie	18.7
Warmińsko-Mazurskie	22.1
Poland	20.2
EU average	16.4

Source: Eurostat, LFS.

Notes: Rates which are lower than the national average are shown in red.

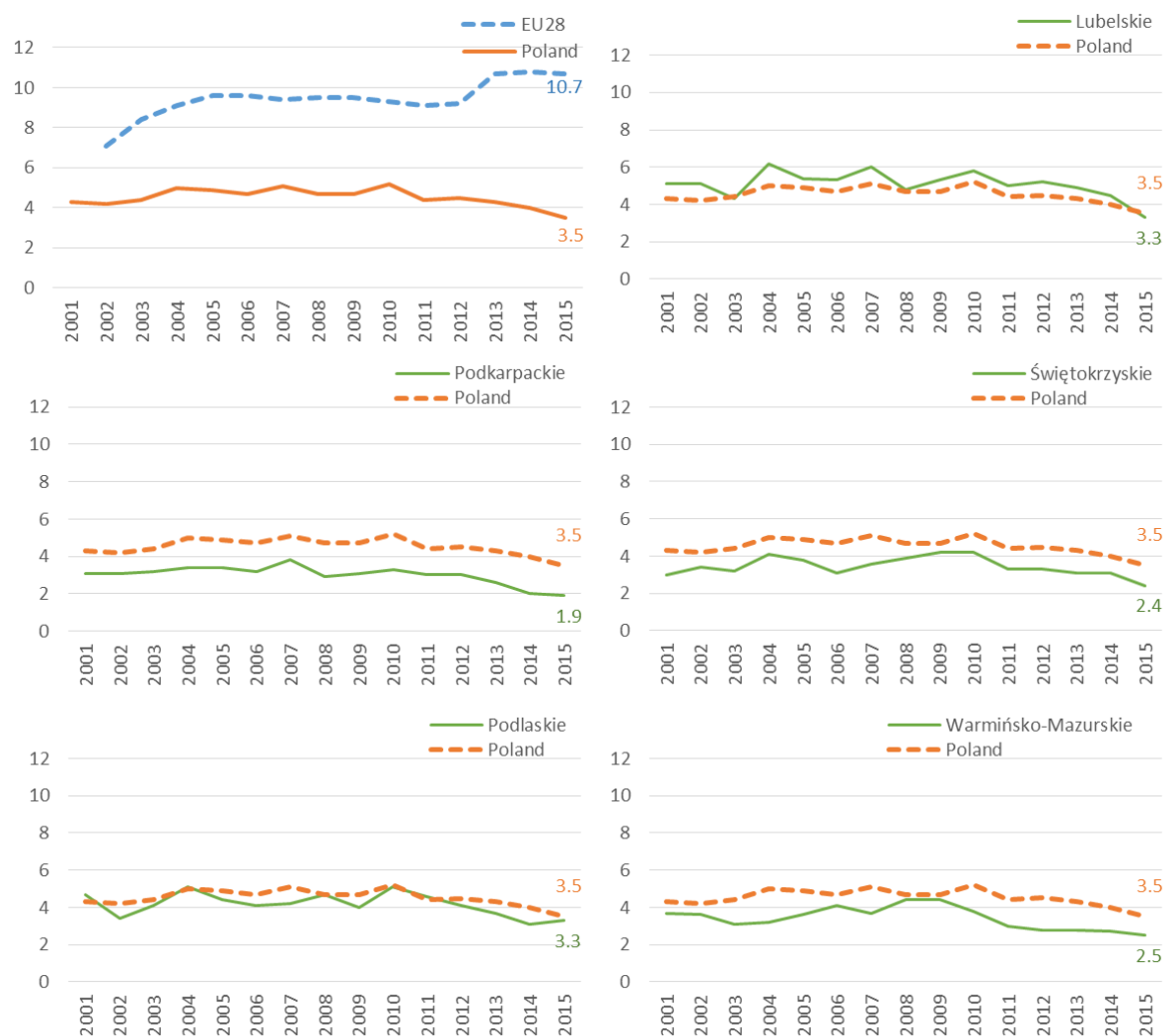
Data are from the published LFS microdata, more up-to-date data will be obtained from Eurostat.

Commentary

The proportion of young people aged 15-24 in education or initial vocational training is slightly higher in Poland than in the rest of the EU, though whereas the EU average has tended to rise over recent years, the proportion in Poland has tended to decline a little since 2008. The proportion is also higher in all the lagging regions, especially in Podlaskie and Lubelskie, in both which the proportion in education or training is above the national average too, in line with the relatively large proportion of those aged 25-34 with tertiary education.

The proportion of young people in vocational education or training is also larger in Poland than in the rest of the EU, as it is in all the lagging regions, especially in Podkarpackie and Warmińsko-Mazurskie where it is above the national average. This implies that in these two regions the proportion studying at the tertiary level is relatively small and in each case below the EU average, which suggests that in Warmińsko-Mazurskie, in particular, the gap with other regions in the share of 25-34 year-olds with this level of education is unlikely to close over the next few years.

Figure 4.6 – Participation rate of people aged 25-64 in continuing education and training in Poland, 2001-2015



Source: Eurostat, LFS [trng_lfse_04].

Table 4.6 – Participation rate of people aged 25-64 in continuing education and training in Poland, 2015

Region	Education and training participation rate, % 2015
Lubelskie	3.3
Podkarpackie	1.9
Świętokrzyskie	2.4
Podlaskie	3.3
Warmińsko-Mazurskie	2.5
Poland	3.5
EU average	10.7

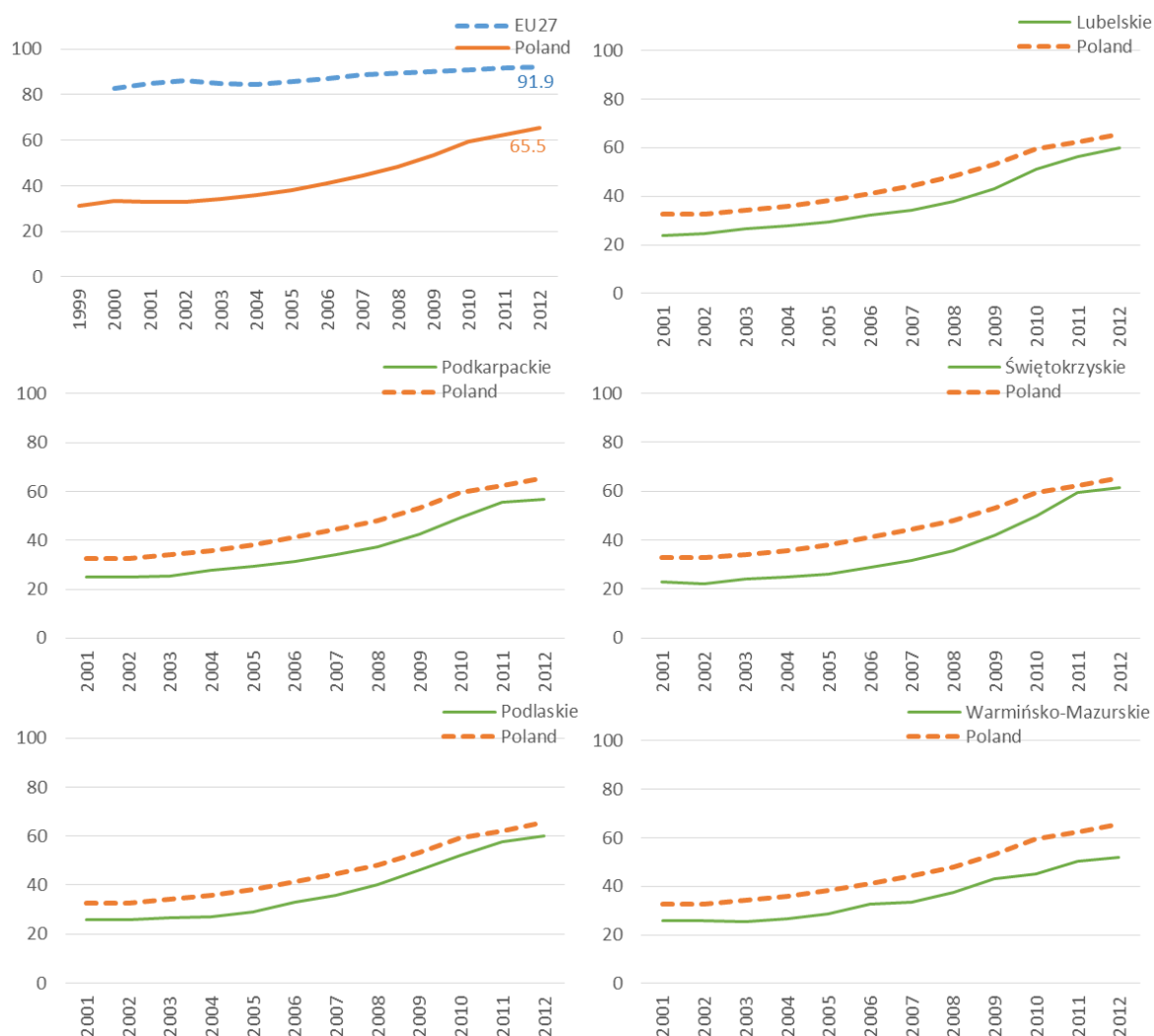
Source: Eurostat, LFS.

Notes: Rates which are lower than the national average are shown in red. Rates which are lower than the EU average are highlighted in grey.

Commentary

The participation of those aged 25-64 in continuing education or training is markedly lower in Poland than in the rest of the EU. Moreover, while the EU average has tended to increase over the past few years, in Poland, it has tended to decline. The situation is even less favourable in the lagging regions, except in Lubelskie, where the proportion is larger than the national average, if only marginally so according to the 2015 figures. In the other regions it is less than the national average and has consistently been so over the past 8 years. This is especially the case in Podkarpackie, where the proportion was not much more than half the national average in 2015, though the difference with the national average was also relatively wide in recent years in Warmińsko-Mazurskie. In Poland generally, therefore, and in the lagging regions in particular, workers have less possibility of improving their skills or acquiring new ones than in the rest of the EU. Equally, the unemployed have less access to training to help them increase their employability.

Figure 4.7 – Participation rate of 4-years-olds in education in Poland, 1999-2012



Source: Eurostat, Regional education statistics [educ_regind].

Table 4.7 – Participation rate of 4-year-olds in education in Poland, 2012

Region	4-years-old in education, %, 2012
Lubelskie	60.1
Podkarpackie	56.7
Świętokrzyskie	61.5
Podlaskie	60.0
Warmińsko-Mazurskie	51.8
Poland	65.5
EU average (EU27)	91.9

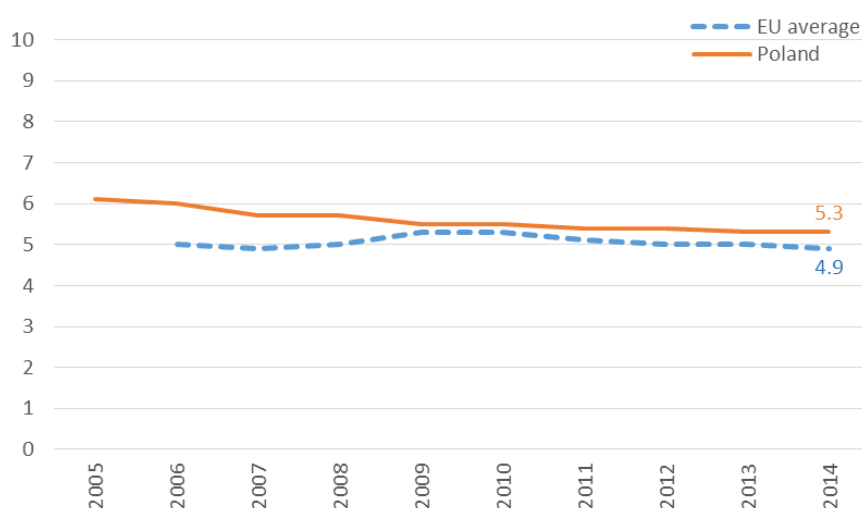
Source: Eurostat, Regional education statistics.

Notes: Rates which are lower than the national average are shown in red. Rates which are lower than the EU average are highlighted in grey.

Commentary

The extent to which children are involved in education at the age of 4 is much less in Poland than in the rest of the EU even though the gap seems to have narrowed markedly over the past decade years (at least up to 2012 which is the latest year for which data are available). It is also less in all the lagging regions and less too than the national average, especially in Podkarpackie and Warmińsko-Mazurskie, though in all these regions as well, except in Warmińsko-Mazurskie, the proportion has tended to rise in both absolute and relative terms over time. While the situation is tending to improve, the implication is that children are less well prepared for school in the Polish regions, especially in Podkarpackie and Warmińsko-Mazurskie, than those in other parts of the EU.

Figure 4.8 – Expenditure of the general government in education in Poland, 2005-2014, % of GDP



Source: Eurostat, General government expenditure [gov_10a_exp].

Commentary

Expenditure on education was slightly larger in relation to GDP in Poland than the EU average in 2014 and was consistently larger over the preceding 8 years.

Summary 2 – Overview of Education (percentage point differences relative to the EU average for the national figures and relative to the national average for the regional figures)

EDUCATION						
	Poland	Lubelskie	Podkarpackie	Świętokrzyskie	Podlaskie	Warmińsko-Mazurskie
Early leavers						
Early leavers aged 18-24, 2015*	-5.7	-1.4	-2.1	-1.1	-	+4.9
Educational attainment level						
Share of population aged 25-64 with ISCED 3-8, 2015	+14.3	-0.9	+0.3	-2.2	-2.8	-6.6
Share of population aged 25-64 with ISCED 5-8, 2015	-2.4	-0.6	-2.4	-2.5	+0.4	-5.1
Share of population aged 25-34 with ISCED 3-8, 2014	+10.6	-0.1	+1.4	-1.2	-1.7	-2.7
Share of population aged 25-34 with ISCED 5-8, 2014	+6.0	+0.7	-1.7	-0.6	+3.0	-6.6
Education and apprenticeship						
Young people aged 15-24 in regular education or vocational training, 2014	+3.6	+2.9	-1.2	-0.9	+5.9	-1.4
Young people aged 15-24 in vocational education or training, 2014	+3.7	-0.3	+2.5	-0.6	-1.5	+2.0
Lifelong learning						
Participation rate of 25-64 in continuing education and training, 2015	-7.2	-0.2	-1.6	-1.1	-0.2	-1.0
Early childhood education						
Participation rate of 4-years-olds in education, 2012	-26.4	-5.4	-8.8	-4.0	-5.5	-13.7
Education expenditure (Eurostat)						
General government expenditure in education (% of GDP), 2014	+0.4	:	:	:	:	:
STRUCTURAL IMBALANCE						
Number of unfavourable variables	3	6	5	8	5	8
Number of favourable variables	7	3	4	1	3	1

Notes: Unfavourable situations compared to the EU average are highlighted in grey and those which are unfavourable relative to the national average are shown in red.

* Data for Świętokrzyskie refer to 2012 and to 2011 for Podlaskie.

“:” Not available, “-“ No difference.

EDUCATION in Poland	
Country-specific recommendations, 2011-2015	
2011	Implement the proposed lifelong learning strategy, enhance apprenticeships and dedicated vocational training and education programmes for older and low-skilled workers. Implement the higher education reform programme <i>Partnership for Knowledge</i> to better align educational provision with labour market needs.
2012	Increase the availability of apprenticeships and work-based learning, improve the quality of vocational training and adopt the proposed LLL strategy. Better match education outcomes with the needs of the labour market and improve the quality of teaching.
2013	Strengthen cooperation between schools and employers and improve the quality of teaching. Adopt the proposed lifelong learning strategy.
2014	Further improve the relevance of education to labour market needs, increase the availability of apprenticeships and work-based learning places and strengthen cooperation between schools and employers. Increase adult participation in lifelong learning in order to adjust skills supply to skills demand.
2015	-
Structural reforms carried out, 2011-2015	
2011	<i>Modernisation of general and vocational education</i> : the aim is to further increase the quality of education. The measures promote early care and education, and focus on preschool education. It is planned that all 4 year olds will have a right to preschool education. The proposed changes also comprise the establishment of regional education quality centres, which will carry out external examinations and will be responsible for the pedagogic supervision of schools. The modernization of vocational education also involves granting an opportunity for vocational schools to deliver courses preparing for exams confirming professional competence.
2011	<i>Reform of higher education</i> : development, adoption and implementation of the system for the provision of quality higher education on the basis of learning outcomes evaluation; development, adoption and implementation of a new university education model; establishment of a Graduate Rights Ombudsman (whose tasks include analysing the situation of graduates on the labour market and their access to specific professions, as well as monitoring to what extent university curricula match economy needs); increasing the number of students on scientific and technological university studies; introduction of qualitative grant into the higher education funding scheme; allowing the universities to conduct scientific research and developmental work for economic entities and to conduct practical studies in cooperation with economic entities. It will also allow universities to confirm learning outcomes obtained by means other than formal education. Moreover, a system of obligatory evaluation of the quality of higher education, with publishing of its complete results (rankings) is implemented. An <i>amendment of the Higher Education Law</i> entered into force in October 2014 and stipulates a clear division of institutions of higher learning into vocational institutions (providing practical education, developing practical skills) and academic institutions (obliged to conduct academic research). Moreover, an obligation to organize at least 3-month apprenticeships was introduced. The amendment also introduced dual studies and increased the employers' involvement in developing education programmes and in conducting courses.
2013	A strategic document on <i>Lifelong Learning Perspective</i> was adopted to create a comprehensive and coherent policy. In this regard The strategic objectives include: creative and innovative thinking, transparent and coherent national qualification system, diverse and accessible range of early childhood care and education forms, education and training adjusted to the needs of economy and changes on the labour market, working environment and social involvement facilitating the popularisation of adult learning. 2014: the <i>National Training Fund</i> was established to finance lifelong learning. Support for the organisation of training to adjust older workers' competences to socioeconomic developments is planned during the first stage of the Fund's operation.
2013	<i>National Qualification Framework for Higher Education</i> to facilitate the comparison of qualifications obtained in different time, places and forms, better matching between qualifications and labour

	market needs, and consequently to increase workers' mobility, promote and facilitate lifelong learning.
2013	Implementation of the <i>Vocational education reform</i> aimed at increasing the quality and effectiveness of vocational and lifelong education system in the context of labour market expectations. Since September 2012, a new classification of professions in vocational education is applicable (it includes 200 professions and 252 qualifications).
Outstanding challenges	
	Skills supply does not sufficiently match recent and future skills demand in the labour market.

Sources: CSRs 2011-2015, CR 2016 (SWD2016 - 89 final), National Reform Programmes (NRP) 2001-2015, Member States Investment Challenges – SWD(2015) 400 final.

Overview

The extent of early school leaving is relatively low in Poland as compared with the rest of the EU and the same is the case in the lagging regions in the country, though this is less the case in Warmińsko-Mazurskie, where the proportion leaving school without adequate qualifications is much larger than the national average, than in the others.

As a reflection of this, the proportion of people of working age with at least upper secondary education is larger in Poland than the EU average, as it is in all the lagging regions, though apart from Podkarpackie, the proportion was smaller than the national average in these. The relative number of 15-24 year-olds in some form of education or training is also larger in Poland than in the rest of the EU, as it is in all the lagging regions, which bodes well for the future education level of the work force.

However, while the education level of the working-age population is above the EU average in these terms, this is not the case in relation to tertiary education, which is generally regarded as being particularly important for economic development. The proportion with this level of education is smaller in Poland than in the rest of the EU and, except in Podlaskie, smaller in the lagging regions than in the rest of the country, especially in Warmińsko-Mazurskie.

Nevertheless, participation in tertiary education in Poland has increased significantly over the past decade or two and this is reflected in the relatively large share of 25-34 year-olds who have attained this level, which is above that in the rest of the EU. The same is the case in all the lagging regions, except Warmińsko-Mazurskie, where the share is less than the EU average. Apart from in Warmińsko-Mazurskie, the relatively large proportion of young people who have successfully completed a tertiary-level education programme is coupled with a relatively large share of those aged 15-24 in tertiary education. This suggests that the overall share of working-age population with this level of education is likely to continue to increase in future years, laying an important part of the basis for economic development. While this applies to most of the lagging regions as well as to the country as a whole, it does not apply to Warmińsko-Mazurskie, where the share of 25-34 year-olds with tertiary education is relatively small and a relatively small proportion of the 15-24 age group were undertaking a tertiary-level programme in 2014.

The main weakness of the education and training system in Poland, however, lies in the very limited extent of continuing training. The proportion of those aged 25-64 participating in education or training is therefore considerably below the EU average and this is even more the case in the lagging regions. Accordingly, workers have limited opportunity to learn new skills and to adapt to advances in technology and methods of working.

It is also the case that the extent of earlier childhood education (the proportion of 4-year olds in school or pre-school) is less in Poland than in the rest of the EU, as it is in all the lagging regions where in each case it is less than the national average, which suggests that children may be less well prepared for their future schooling than those elsewhere.

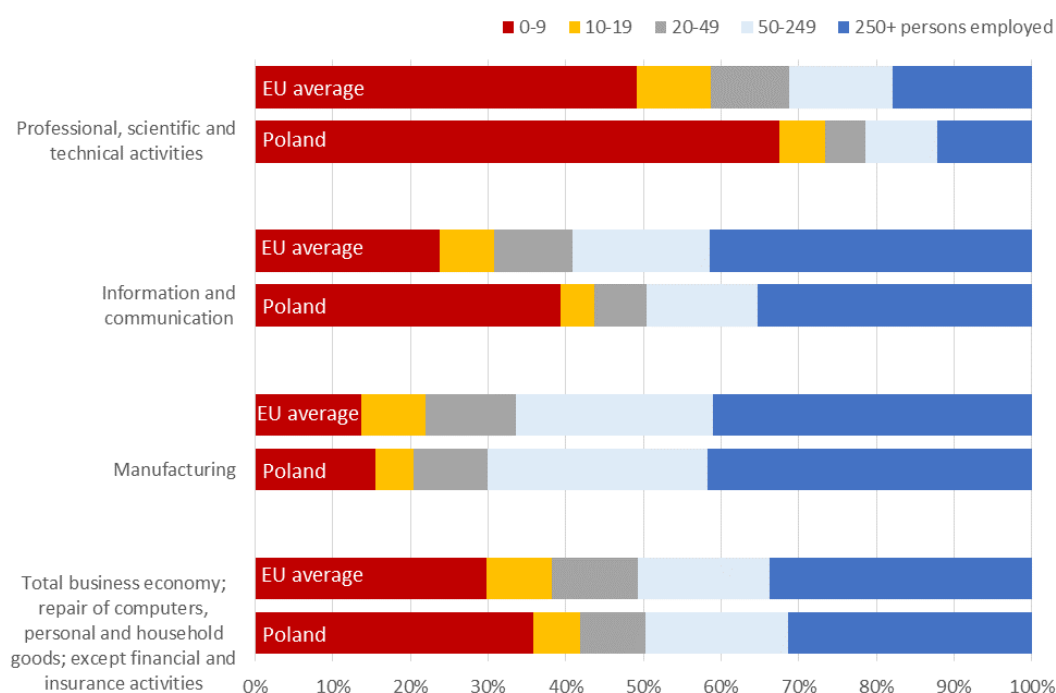
Country-specific recommendations in relation to education and training have mainly concerned lifelong learning, or continuing training, and improvements in initial vocational training and the availability of apprenticeships, as well as strengthening the links between the content of education and training programmes and labour market needs. Despite several major reforms in vocational and higher education in 2011 and 2013, at the end of 2015 it was still considered there was still a mismatch between the supply of skills and the demand for them in the labour market.

In the lagging regions, the situation with regard to education and training was particularly unfavourable in Warmińsko-Mazurskie, where the proportion of people of working age with tertiary education was not only well below the national average but this was also true of the share of 25-34 year-olds with the same level of education which was smaller than the EU average. It was equally the case that the relative number of young people leaving school without adequate qualifications was higher in this region than elsewhere.

By contrast, the situation was more favourable than elsewhere in Lubelskie and Podlaskie where the proportion of 25-34 year-olds with tertiary education is relatively large along with the relative number of those aged 15-24 in some form of education or training.

5. BUSINESS ENVIRONMENT AND RDTI

Figure 5.1 – Breakdown of employment by size of enterprise in critical sectors in Poland in 2013



Source: Eurostat, Structural Business Statistics [sbs_sc_sca_r2].

Commentary

The share of employment in manufacturing in large and medium-sized enterprises is slightly bigger in Poland than in the rest of the EU, which indicates that firms are not at a size disadvantage compared to those in other countries. In Information and communications, however, and even more in Professional, scientific and technical activities, there is a larger share of employment in micro and small firms in Poland than in the rest of the EU, which could imply a disadvantage in competing on national and international markets.

Table 5.1 – Ease of doing business in Poland, 2015

Region (city)	Ease of doing business (ranking 1-18)
Lubelskie (Lublin)*	14
Podkarpackie (Rzeszów)	7
Świętokrzyskie (Kielce)*	15
Podlaskie (Białystok)	3
Warmińsko-Mazurskie (Olsztyn)	2
Poland (rank in the EU, 1-28)	14

Source: World Bank: Doing Business report 2015 and Doing Business in Poland report 2015.

Notes: * Lubelskie and Świętokrzyskie appear in the bottom half of the ranking in Poland.

A low value corresponds to a high ease of doing business.

Table 5.2 – Starting a business in Poland, 2015

Region (city)	Starting business (ranking 1-18)
Lubelskie (Lublin)	7
Podkarpackie (Rzeszów)*	17
Świętokrzyskie (Kielce)*	16
Podlaskie (Białystok)	4
Warmińsko-Mazurskie (Olsztyn)	2
Poland (rank in the EU, 1-28)	23

Source: World Bank: Doing Business report 2015 and Doing Business in Poland report 2015.

Notes: * Podkarpackie and Świętokrzyskie appear in the bottom half of the ranking in Poland.

A low value implies a more favourable situation in terms of the regulatory environment for starting a business.

Table 5.3 – Starting a business indicators in Poland, 2015

Region (city)	Procedures (number)*	Time (days)	Cost (% of income per capita)*	Paid-up minimum capital (% of income per capita)*
Lubelskie (Lublin)		29		
Podkarpackie (Rzeszów)		37		

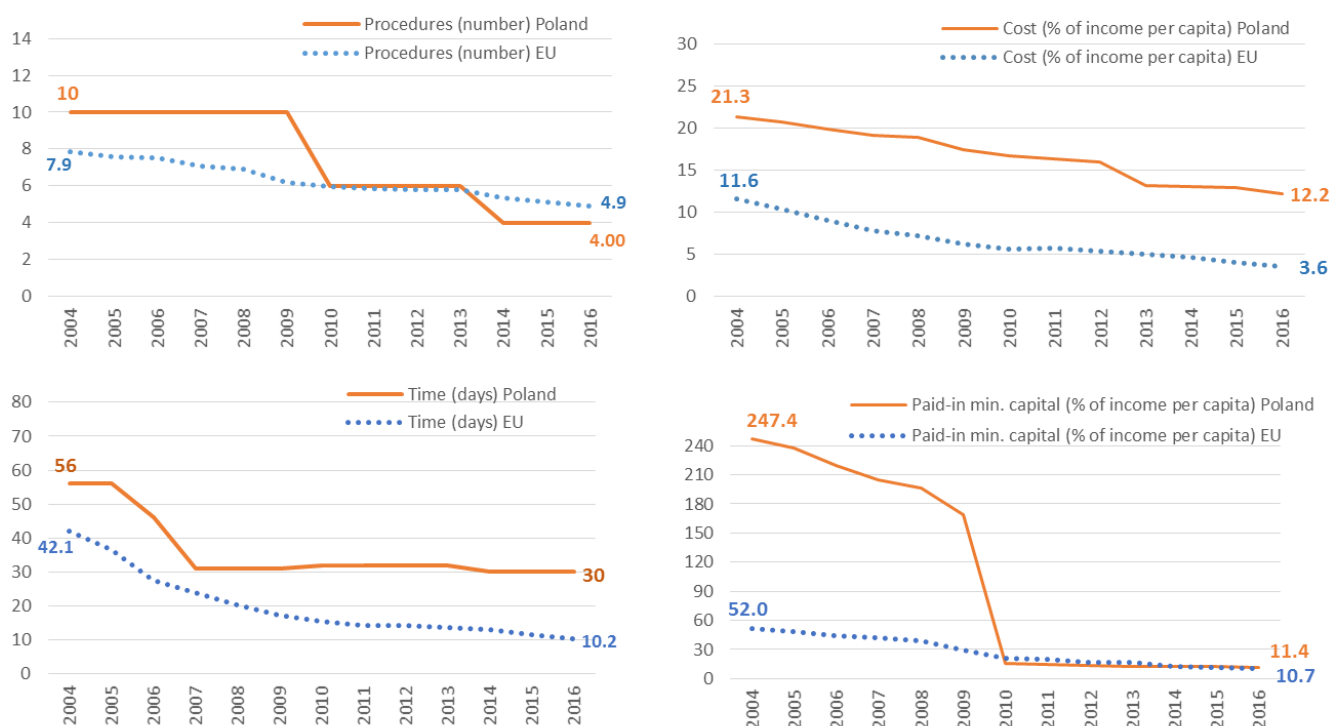
Podlaskie (Białystok)	26			
Świętokrzyskie (Kielce)	36			
Warmińsko-Mazurskie (Olsztyn)	22			
Poland	4	30	12.9	12.3
EU average	5.1	11.5	4.0	11.3

Source: World Bank: Doing Business report 2015 and Doing Business in Poland report 2015.

Notes: * Same as at the national level in all regions.

Values which are higher than the national average are shown in red. Values which are higher than the EU average are highlighted in grey.

Figure 5.2 – Starting a business indicators in Poland, 2004-2016



Source: World Bank: Doing Business 2004-2015.

Commentary

The ease of doing business in Poland is around the EU average (i.e. the country is ranked 14 out of the 28 EU Member States), while at the regional level, there is a marked variation between lagging regions, Lubelskie and Świętokrzyskie being ranked as among the least favourable locations in the country while Warmińsko-Mazurskie and Podlaskie are ranked among the most favourable.

In terms of the ease of starting a business, however, Poland is ranked 23rd out of the 28 Member States, which means that it is more difficult than in most other EU countries, and it is more difficult than in most other regions in Świętokrzyskie (in line with the difficulty of doing business) as well as in Podkarpackie. On the other hand, it is relatively easy in Warmińsko-Mazurskie (again in line with the ease of doing business) as well as in Podlaskie. This is a reflection of the time taken to start up a business, which is almost three

times longer in Poland than the EU average, and longer than the national average in Świętokrzyskie and Podkarpackie and shorter than the average in Warmińsko-Mazurskie and Podlaskie (though still over twice the time taken on average in the EU).

Although the time taken to start a business has declined over the past 10 years in Poland, it has declined by more in the rest of the EU.

Table 5.4 – Product Market Regulation (PMR) indicators in Poland, 2003, 2008 and 2013

	Overall PMR			State control			Barriers to entrepreneurship			Barriers to trade and investment		
	2003	2008	2013	2003	2008	2013	2003	2008	2013	2003	2008	2013
Poland	2.42	2.04	1.65	3.57	3.32	3.06	3.11	2.49	1.64	0.59	0.33	0.24
EU average	1.78	1.53	1.44	2.57	2.27	2.17	2.15	1.85	1.69	0.63	0.45	0.47

Source: OECD PMR indicators.

Notes: Values which are higher than the EU average are highlighted in grey. The index ranges from 0 to 6, from least to most restrictive.

Commentary

These indicators are available only at national level. They show: that the state control index has declined at a similar rate in Poland as in the rest of the EU but there is still more State control than in other Member States; that barriers to entrepreneurship have also diminished and are now less than the EU average (in contrast to the World Bank index on starting a business); and that barriers to trade and investment have equally been reduced, in this case to well below those in the rest of the EU. Nevertheless, the overall PMR in Poland is still assessed as more restrictive than in other EU countries.

Table 5.5 – Employment in high-technology sectors (manufacturing and knowledge-intensive services) in Poland, 2014, % of total employment

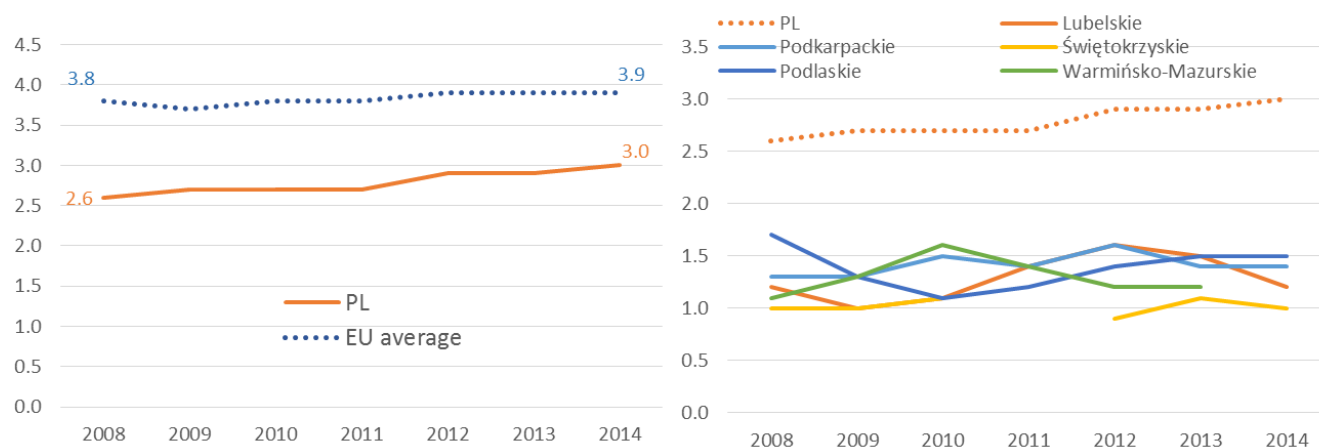
Region	Employment in high-technology sectors (% of total employment) 2014
Lubelskie	1.2
Podkarpackie	1.4
Świętokrzyskie	1.0
Podlaskie	1.5
Warmińsko-Mazurskie	1.2
Poland	3.0
EU average	3.9

Source: Eurostat, High-tech statistics [htec_emp_reg2].

Notes: * Warmińsko-Mazurskie, data refers to 2013.

Rates which are lower than the national average are shown in red. Rates which are lower than the EU average are highlighted in grey.

Figure 5.3 – Employment in high-technology sectors (manufacturing and knowledge-intensive services) in Poland, 2008-2014, % of employment



Source: Eurostat, High-tech statistics [htec_emp_reg2].

Note: Data are not available for Świętokrzyskie in 2011 and Warmińsko-Mazurskie in 2014.

Commentary

The share of employment in high tech manufacturing and knowledge-intensive sectors is smaller in Poland than the EU average though it has tended to increase by more than the latter over recent years. The share in lagging regions is around half or less than the national average in all cases and has shown little tendency to increase. It is particularly small in Świętokrzyskie and Warmińsko-Mazurskie.

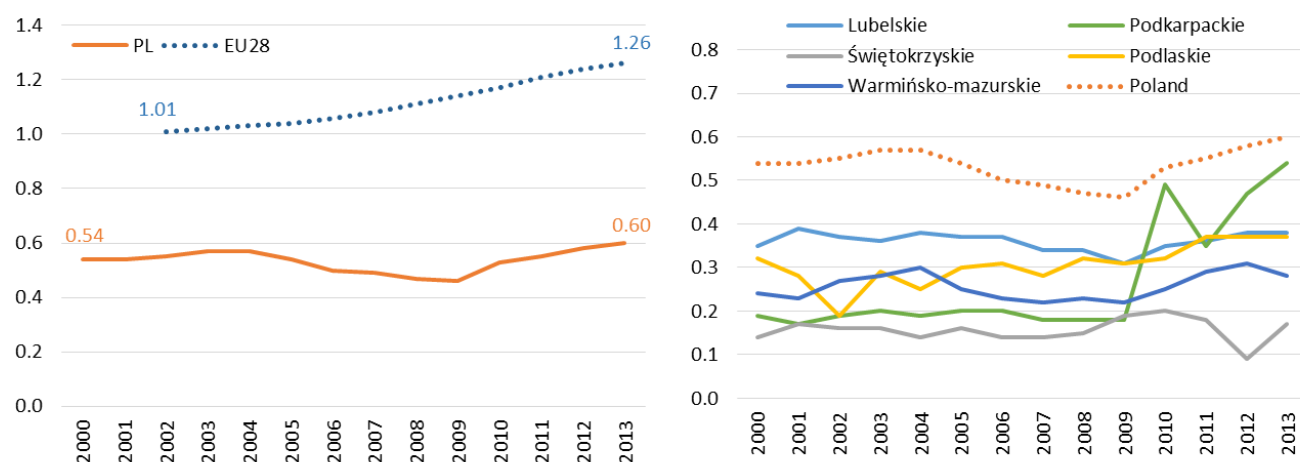
Table 5.6 – R&D personnel and researchers in Poland, 2013

Region	Total R&D personnel and researchers (% of total employment) 2013
Lubelskie	0.4
Podkarpackie	0.5
Świętokrzyskie	0.2
Podlaskie	0.4
Warmińsko-Mazurskie	0.3
Poland	0.6
EU average	1.3

Source: Eurostat, R&D statistics [rd_p_persreg].

Note: Rates which are lower than the national average are shown in red. Rates which are lower than the EU average are highlighted in grey.

Figure 5.4 – R&D personnel and researchers in Poland, 2000-2013, % of total employment



Source: Eurostat, R&D statistics [rd_p_persreg].

Commentary

The share of employment accounted for by R&D personnel and researchers in Poland is only around half the EU average and this has not changed greatly over the past decade. The share is smaller than the national average in all lagging regions, though less so in Podkarpackie, where it has risen since 2009, than in the others. It is particularly small in Świętokrzyskie.

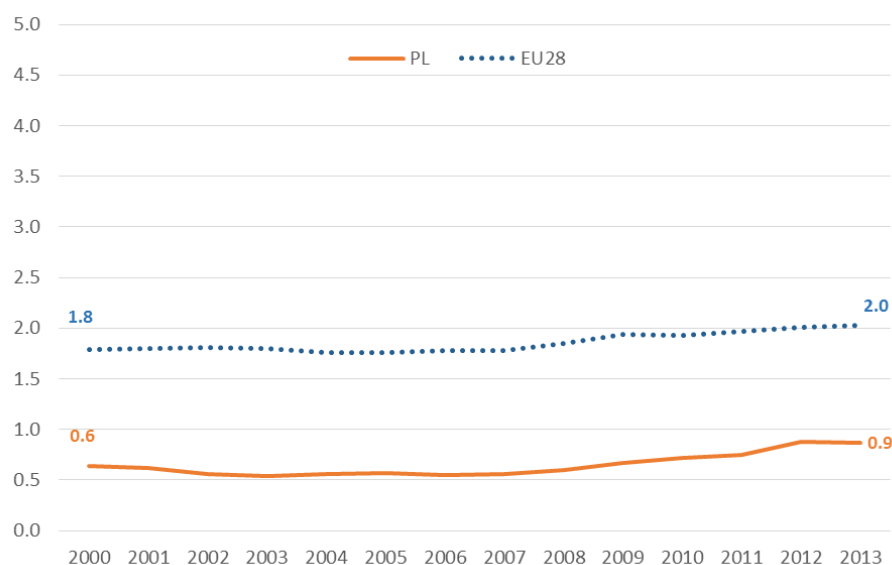
Table 5.7 – Total intramural R&D expenditure in Poland, 2013

Region	Total intramural R&D expenditure (GERD) % of GDP 2013
Lubelskie	0.6
Podkarpackie	1.2
Świętokrzyskie	0.3
Podlaskie	0.5
Warmińsko-Mazurskie	0.4
Poland	0.9
EU average	2.0

Source: Eurostat, R&D statistics [rd_e_gerdreg].

Note: Rates which are lower than the national average are shown in red. Rates which are lower than the EU average are highlighted in grey.

Figure 5.5 – Total intramural R&D expenditure in Poland, 2000-2013, % of GDP



Source: Eurostat, R&D statistics [rd_e_gerdreg].

Commentary

Expenditure on R&D in Poland relative to GDP is also only around half the EU average and there has been only a very limited tendency for it to converge towards the average in recent years. It is below the national average in all the lagging regions except Podkarpackie, where it is above the national average but still well below the EU average. It is particularly low in Świętokrzyskie, in line with the small share of researchers in total employment.

Summary 3 – Overview of business environment (percentage point differences relative to the EU average for the national figures and relative to the national average for the regional figures, except where otherwise stated)

BUSINESS ENVIRONMENT AND RDTI									
	Poland	Lubelskie	Podkarpackie	Świętokrzyskie	Podlaskie	Warmińsko-Mazurskie			
Doing business									
Ease of doing business ranking	Top half (14/28)	Bottom half (14/18)	Top half (7/18)	Bottom half (15/18)	Top half (3/18)	Top half (2/18)			
Starting a business ranking	Bottom half (23/28)	Top half (7/18)	Bottom half (17/18)	Bottom half (16/18)	Top half (4/18)	Top half (2/18)			
Procedures (number)	-1.1	-	-	-	-	-			
Time (days)	+18.5	-1.0	+7.0	+6.0	-4.0	-8.0			
Cost (% of income per capita)	+8.9	-	-	-	-	-			
Paid-up min. capital (% of income per capita)	+1.0	-	-	-	-	-			

capita)						
PMR indicators (The index ranges from 0 to 6, from least to most restrictive)						
Overall PMR, 2013	+0.21	:	:	:	:	:
State control, 2013	+0.89	:	:	:	:	:
Barriers to entrepreneurship, 2013	-0.05	:	:	:	:	:
Barriers to trade and investment, 2013	-0.22	:	:	:	:	:
Employment in technology and knowledge intensive sector						
Employment in high-technology and knowledge intensive sector, 2014	-0.9	-1.8	-1.6	-2.0	-1.5	-1.8 *
R&D personnel/researchers and expenditure						
Intramural R&D expenditure, 2013	-1.2	-0.3	+0.4	-0.5	-0.3	-0.5
R&D personnel and researchers, 2013	-0.7	-0.2	-0.2	-0.4	-0.2	-0.3
STRUCTURAL IMBALANCE						
Number of unfavourable variables	12	5	5	8	3	4
Number of favourable variables	5	4	4	1	6	5

Notes: Unfavourable situations compared to the EU average are highlighted in grey and those which are unfavourable relative to the national average are shown in red.

“:” Not available. “-”: No difference.

BUSINESS ENVIRONMENT AND RDTI in Poland	
Country-specific recommendations, 2011-2015	
2011	Take steps to simplify legal procedures involved in enforcing contracts; revise construction and zoning legislation with a view to streamlining appeal procedures and speeding up administrative procedures. Strengthen links between science and industry by implementing the <i>We build on Knowledge</i> programme
2012	Take additional measures to ensure an innovation-friendly business environment by ensuring better links between research, innovation and industry and by establishing common priority areas and instruments supporting the whole innovation cycle. Reduce restrictions on professional services and simplify contract enforcement and requirements for construction permits.
2013	Take further steps to improve the business environment by simplifying contract enforcement and requirements for construction permits and by reducing tax compliance costs. Adopt and implement the planned liberalisation of access to professional services. Take additional measures to ensure an innovation-friendly business environment by strengthening the links between research, innovation and industrial policy by further developing revolving instruments and tax incentives and by better targeting existing instruments to the different stages of the innovation cycle.

2014	Take further steps to improve the business environment by simplifying contract enforcement and requirements for construction permits. Step up efforts to reduce costs and time spent on tax compliance by businesses. Complete the ongoing reform aimed at facilitating access to regulated professions. Improve the effectiveness of tax incentives in promoting R&D in the private sector.
2015	-
Structural reforms carried out, 2011-2015	
2011	Regulation Reform: simplification for SMEs in terms of access to capital, commercialization of technologies, research and development and establishment of technological companies; reduction of administrative burdens for entrepreneurs in various areas (environment, planning and spatial planning, business activity law, hallmarking law, tourist services and labour law).
2011	<i>We build on knowledge</i> programme to strengthen the links between science and industry. Moreover, the <i>National Science Centre</i> , responsible for allocating research grants in all scientific areas was established; the remit of the <i>National Centre for Research and Development</i> was extended; the National Research Programme was adopted; the Ministry of Science and Higher Education became an institution responsible for the implementation of strategic measures in the field of science.
2012	Action was taken to decrease the number of professions for which it is obligatory to meet qualification requirements and conditions stipulated in legal provisions. Deregulation of 49 professions in 2012 (1 st stage); in 2013, deregulation or full removal of access restrictions for 11 financial market professions and 83 technical professions (2 nd stage); in 2015, 3 rd stage of deregulation. The reform covered a total of 248 professions. For 70 of them, barriers were completely abolished, while for others they were partially abolished. However, regulation of access to some previously unregulated professions has recently been introduced (e.g. physiotherapists) and for some other professions it is currently being reconsidered (e.g. psychologists).
2013	Introduction of 1% deduction from corporate income tax of payments to a scientific body. The aim is to create an incentive for companies to cooperate with scientific institutions.
2013	<i>TOP 500 Innovators</i> : the programme is aimed at raising the professional qualifications of people working in R&D. by organising 9-week internship and training programmes in the world's leading universities.
2013	<i>Investments of utmost importance for 2011-2020</i> : to improve innovativeness and competitiveness by supporting direct investment in high-tech sectors (automotive, electronics, household appliances, aviation, biotechnological, state-of-the-art services and R&D sectors). Businesses planning to invest in these sectors could potentially to receive financial support in 2013/2014. This opportunity was also open to businesses investing in other sectors, provided that the cost of the investment exceeded a certain amount and led to the creation of at least 500 new jobs.
2014	<i>Innovation voucher</i> and <i>Support under large innovation voucher</i> : programmes targeted at micro- and small enterprises. <i>Innovation vouchers</i> were intended exclusively for the purchase of services to implement or develop new products or technologies. <i>Support under large innovation voucher</i> was for the purchase of services involving the development of new products, new manufacturing technology or a significant refinement of an existing product or manufacturing technology.
2015	The <i>Act on facilitating business activity</i> entered into force in January 2015. It included measures to ease or simplify customs clearance in sea ports, tax law and restrictions on information obligations.
2015	<i>Credit for technological innovations</i> : support for SMEs to undertake innovation activities in the form of commercial bank credit.
2016	New legislation to support innovation through tax incentives for R&D. The definition of R&D costs was broadened and extended to internal R&D. The tax incentive consists of a 30% deduction on the wages of R&D personnel and a 10% deduction on other R&D costs.
2016	The new <i>Bankruptcy framework</i> entered into force in January 2016. It provides debtors with more ways of restructuring companies and limits their obligations towards creditors, so making it easier to start up and close down firms with the intention of improving the business environment and encouraging domestic innovation. A financial support system is also planned for enterprises at risk of losing financial liquidity or becoming insolvent or undergoing a restructuring process as well as for those starting a new business activity under the new chance policy.
Outstanding challenges	

	Time needed to set up a company remains long while enforcing contracts is lengthy and costly.
	RDI investment expenditure remains relatively low in Poland.
	Despite the steady increase in R&D spending, weak linkages between universities and the business sector persist.

Sources: CSRs 2011-2015, CR 2016 (SWD2016 - 89 final), National Reform Programmes (NRP) 2001-2015, Member States Investment Challenges – SWD(2015) 400 final.

Overview

The ease of doing business in Poland seems to be around the EU average, though it appears to vary across the lagging regions, being more difficult in Lubelskie and Świętokrzyskie and easier in Podlaskie (Białystok) and Warmińsko-Mazurskie. Starting a business, on the other hand, is more time-consuming and costly in Poland than in most other EU countries and though the time taken to start a business has declined over the past 10 years, it has declined by less than in the rest of the EU. It is particularly so in Świętokrzyskie and Podkarpackie and less so in Warmińsko-Mazurskie and Podlaskie (though it still involves over twice the time taken on average in the EU).

Product market regulation is considered to be more restrictive in Poland than the EU average, though barriers to trade and investment are less.

The share of employment in high-tech and knowledge-intensive sectors is smaller in Poland than the EU average and it is even smaller in all the lagging regions (only around half the national average) and especially small in Świętokrzyskie.

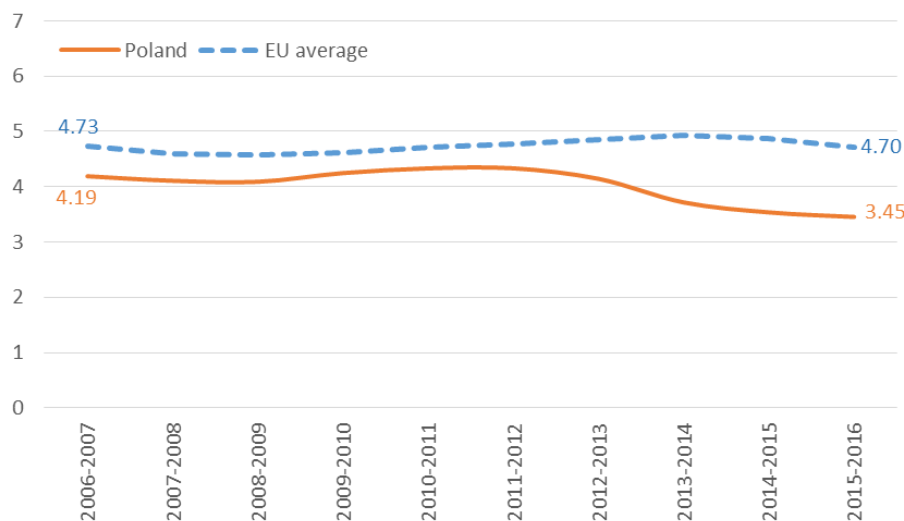
Equally, both the share of employment in R&D activities and R&D expenditure relative to GDP in Poland are only around half the EU average and in lagging regions even smaller. The only exception is Podkarpackie, where expenditure on R&D is above the national average but still well below the average in the rest of the EU.

Accordingly, both the regulations in place and the limited availability of research expertise and R&D facilities are likely to discourage investment in Poland, especially in the areas with most growth potential (in knowledge-intensive sectors) and in the lagging regions in particular.

The focus of country-specific recommendations has been on simplifying contract enforcement procedures and planning requirements, reducing the costs and time involved for businesses in paying taxes or clearer customs, making the business environment more innovation-friendly and encouraging closer links of firms with research centres. There is so far, however, little sign that these measures have been effective.

6. GOVERNANCE

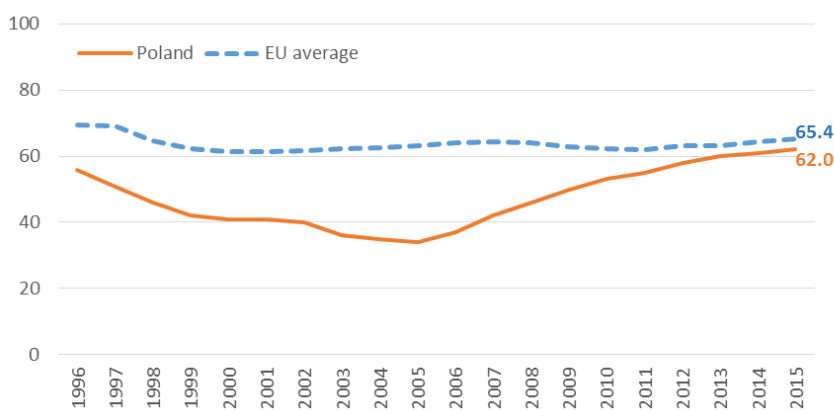
Figure 6.1 – Judicial independence in Poland, 2006-2016



Source: World Economic Forum.

The scale ranges from 1 to 7, from least to most independent (i.e. a higher value reflects a more independent judicial system).

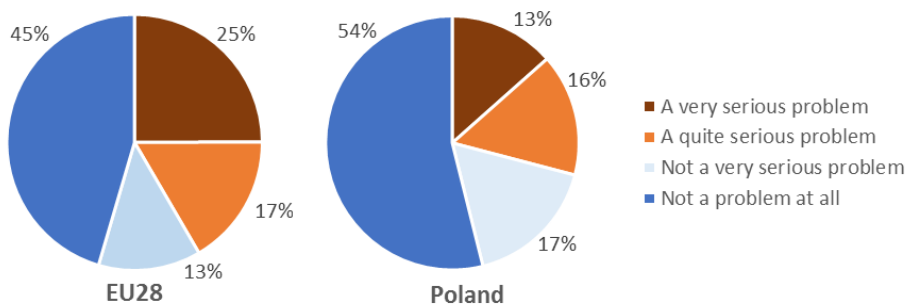
Figure 6.2 – Corruption perception index in Poland, 1996-2015



Source: Transparency International.

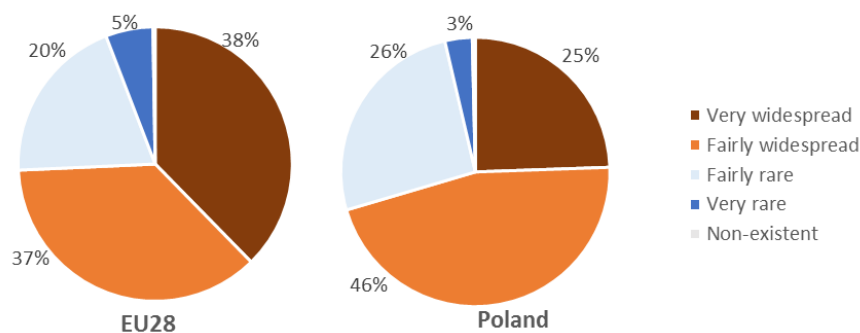
Note: The scale ranges from 0 to 100, from highly corrupt to highly clean.

Figure 6.3 – Corruption as problem for doing business in Poland, 2015



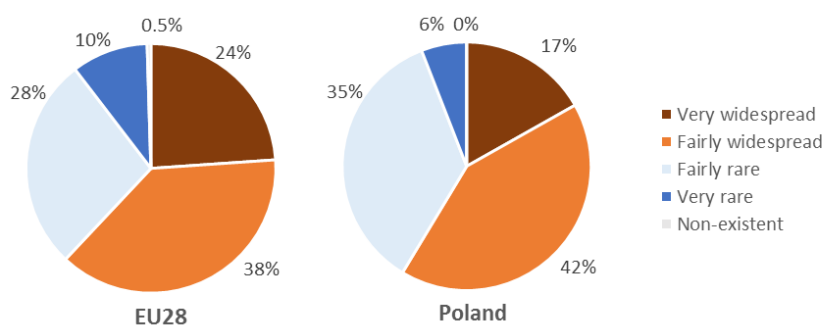
Source: Flash Eurobarometer 428, European Commission.

Figure 6.4 – Extent of corruption in Poland, 2015



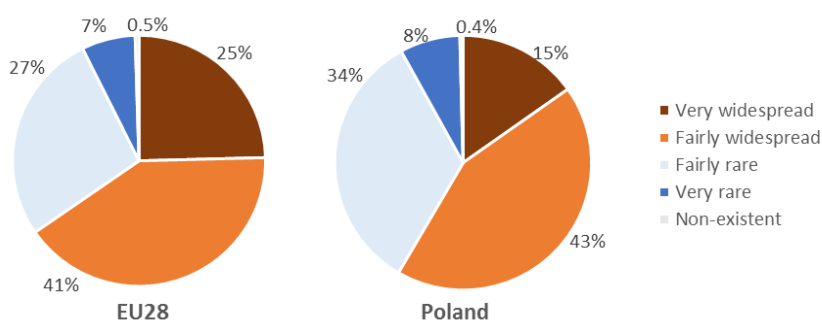
Source: Flash Eurobarometer 428, European Commission.

Figure 6.5 – Extent of corruption in public procurement managed by national authorities in Poland, 2015



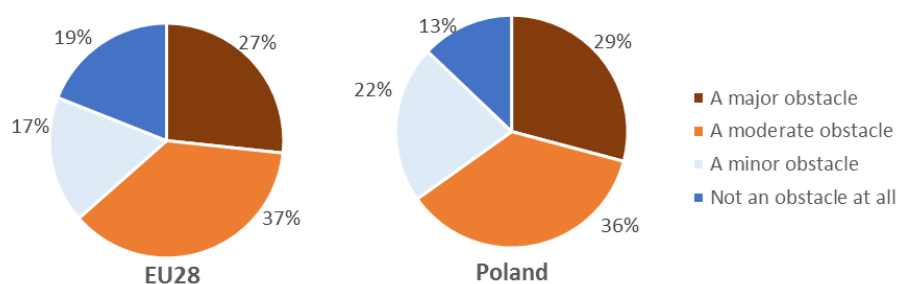
Source: Flash Eurobarometer 428, European Commission.

Figure 6.6 – Extent of corruption in public procurement managed by regional or local authorities in Poland, 2015



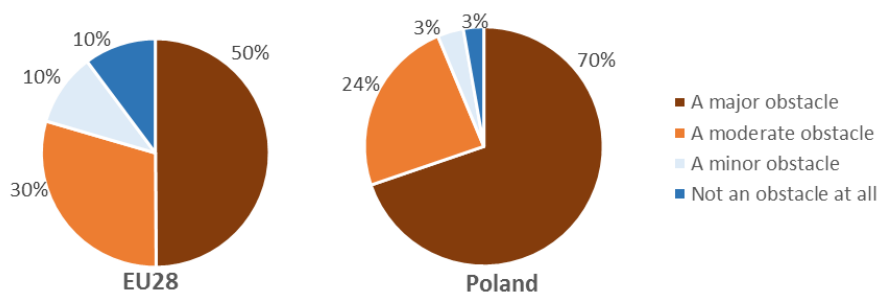
Source: Flash Eurobarometer 428, European Commission.

Figure 6.7 – Procedures for contract enforcement is an obstacle to the activities of enterprises, 2015



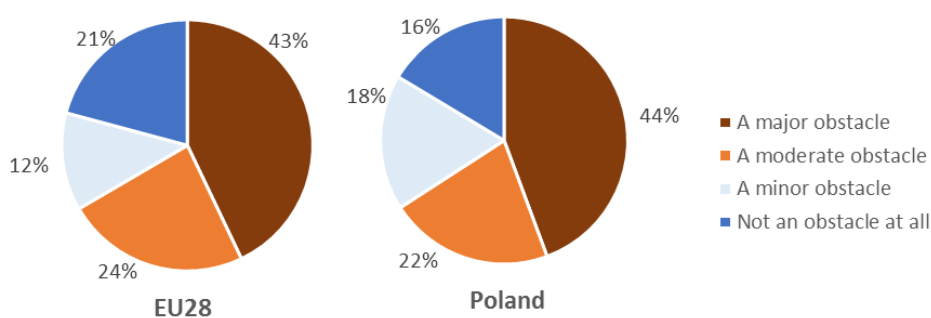
Source: Flash Eurobarometer 417, European Commission.

Figure 6.8 – Lack of predictability and stability of legislation is an obstacle to the activities of enterprises, 2015



Source: Flash Eurobarometer 417, European Commission.

Figure 6.9 – The existence of an informal economy is an obstacle to the activities of enterprises, 2015



Source: Flash Eurobarometer 417, European Commission.

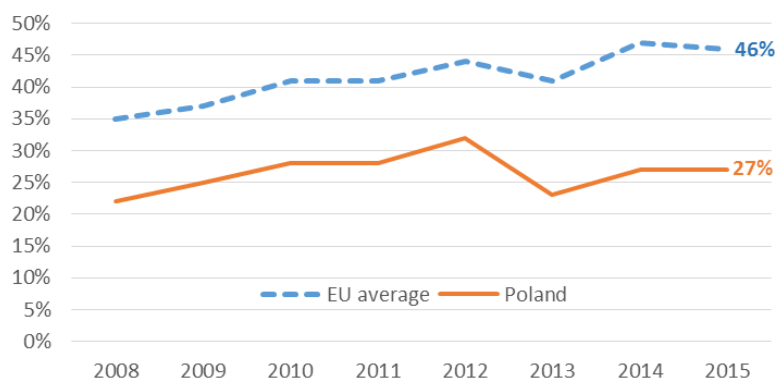
Figure 6.10 – Worldwide Governance Indicators in Poland, 1996-2014



Source: Worldwide Governance Indicators, World Bank.

Note: The scale ranges from -2.5 to 2.5, higher values corresponding to better governance.

Figure 6.11 – People aged 16-74 using the internet for interaction with public authorities in Poland, 2008-2015 (% total)



Source: Eurostat ([tsdgo330] for years 2000-2010; [tin00012] afterwards).

Table 6.1 – People aged 16-74 using the internet for interaction with public authorities in Poland, 2015

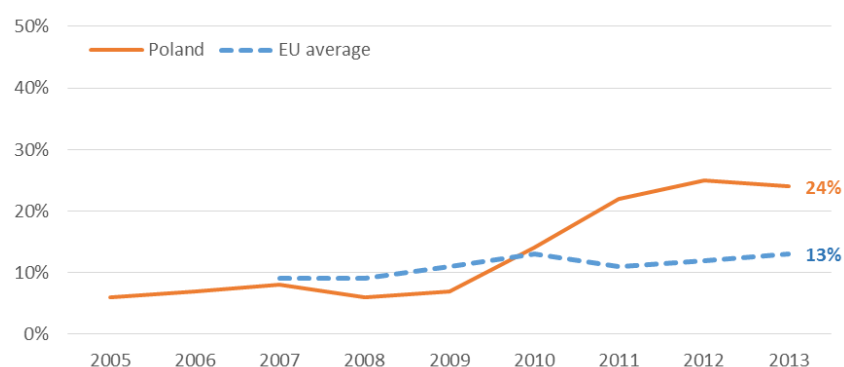
Region*	% of individuals 16-74
Lubelskie	24.0
Podkarpackie	
Świętokrzyskie	
Podlaskie	
Warmińsko-Mazurskie	22.0
Poland	27.0
EU average	46.0

Source: Eurostat [isoc_r_gov_i].

Notes: Values which are lower than in the whole country are shown in red. Values which are lower than in the EU are highlighted in grey.

*Data for Poland are only available at NUTS1 level. Therefore, for Lubelskie, Podkarpackie, Świętokrzyskie and Podlaskie, that are in the same NUTS1 region (Wschodni), the figure is the same. For Warmińsko-Mazurskie, the figure for the Północny NUTS1 region is shown.

Figure 6.12 – Enterprises using the Internet to submit a proposal to public authorities, 2005-2013



Source: Eurostat [tin00109].

Table 6.2 – European Quality of Government Index in Poland, 2010 and 2013

Region	European Quality of Government Index (0-100)	
	2010	2013
Lubelskie	40.4	44.1
Podkarpackie	38.2	45.2
Świętokrzyskie	39.5	46.3
Podlaskie	46.0	42.7
Warmińsko-Mazurskie	44.0	49.4
Poland	40.5	43.3
EU average	51.2	61.7

Source: N. Charron, L. Dijkstra and V. Lapuente, 'Mapping the Regional Divide in Europe: A Measure for Assessing Quality of Government in 206 European Regions'.

Notes: Values which are lower than in the whole country are shown in red. Values which are lower than in the EU are highlighted in grey.

In 2013, Poland was ranked 22nd among EU countries.

The scale ranges from 1 to 100 range, higher values corresponding to a better quality of government.

GOVERNANCE in Poland	
There were no country-specific recommendations over the period, 2011-2015	
Structural reforms carried out, 2011-2015	
2014	Parliament passed the <i>Act amending the public procurement law</i> with respect to research and development activities.
2015	The Council of Ministers adopted a public procurement law introducing a single platform for e-procurement for central administration. The law also embraces a number of measures aimed at enhancing public procurement transparency.
Outstanding challenges	
	The public procurement law is perceived to be complex and subject to frequent amendments.
	The percentage of contracts awarded where there is only one bid is relatively high.
	Overall low quality and perceived inefficiency of public administration.
	Judicial proceedings are lengthy particularly for labour cases.

Sources: CSRs 2011-2015, CR 2016 (SWD2016 - 89 final), National Reform Programmes (NRP) 2001-2015, Member States Investment Challenges – SWD(2015) 400 final.

Overview

According to the World Economic Forum survey the judiciary in Poland is perceived to be less independent of Government and other sources of influence than the EU average and that the difference with the latter has widened over recent years. The Transparency International indicator also shows that Poland is perceived to be more corrupt than the EU average, though only slightly so and the difference has narrowed appreciably over recent years. On the other hand, the Eurobarometer survey in 2015 of business views on corruption indicate that this is seen as less of a problem in Poland than in other parts of the EU both in terms of doing business in the country and in relation to public procurement.

Nevertheless, a larger proportion of businesses in Poland surveyed by Eurobarometer in 2015 considered the lack of predictability and stability of legislation as an obstacle to their activities than in other parts of Europe (procedures for enforcing contracts and the presence of an informal economy were seen as obstacles by much the same proportion of respondents in Poland as in other countries).

World Bank Worldwide Governance Indicators show that Poland is viewed less favourably than the EU average in terms of control of corruption, government effectiveness, the rule of law and the quality of regulations, though for the last, the difference has narrowed over recent years and in 2014, the situation was regarded as being only slightly less favourable than in the rest of the EU. The degree of accountability and the extent to which people have a voice are viewed as very similar in Poland as in the EU as a whole, while Poland is regarded as politically more stable and freer from the threat of terrorism and violence than average.

The extent to which the internet is used by people to communicate with public authorities in Poland is much less than the EU average and the difference has tended to widen rather than narrow in recent years. In the lagging regions, the extent is even less. By contrast, a much larger proportion of enterprises in Poland used

the internet to submit a proposal to public authorities in 2013 (the latest year for which there are data) than in the rest of the EU.

The quality of government index, based on a survey of residents, shows government in Poland to be assessed less favourably than that in other parts of the EU on average, the difference in 2013 being wider than in 2010. It also shows, however, higher values for the index than the national average in all the lagging regions apart from Podlaskie in 2013, though ones which were still well below the EU average. This contrasts with the situation in 2010 when Podlaskie together with Warmińsko-Mazurskie were considered to have a higher quality of government than the national average while the other three regions were considered to have a lower quality. (The marked change over just three years raises a question-mark over the reliability of the index, or at least over the significance of relatively small movements in it over time.)

No country-specific recommendations were made to Poland in respect of governance over the years 2011-2015. However, in 2014 and 2015, changes were made to public procurement legislation to improve procedures and to increase transparency. Nevertheless, at the end of 2015, the complexity of the legislation and the frequent changes made were identified as outstanding challenges to be addressed, along with the low quality and inefficiency of public administration and lengthy judicial proceedings. These challenges apply equally to the lagging regions, despite the quality of government being regarded as better in all 5 of them except Podlaskie.

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