

COVID-19 socio-economic responses in Poland

ESPN Flash Report 2020/29

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The COVID-19 lockdown and social distancing started in Poland on 11 March 2020. This was followed by a number of economic and labour market measures. The first part of the “Anti-Crisis Shield” was introduced on 31 March, and the second part on 18 April. Further measures are planned. The Polish Development Fund and state-owned Bank Gospodarstwa Krajowego (BGK) are providing liquidity support to companies worth 4.5% of GDP.

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Description

The COVID-19 lockdown and social distancing started in Poland on 11 March 2020. In order to mitigate the effects of lockdown, this was followed by a number of economic and labour market measures. The first part of the “Anti-Crisis Shield” programme was introduced on 31 March, and the second part on 18 April (referred to as “Anti-Crisis Shield 2.0”). The government announced further measures (“Shield 3.0”), currently in the final stage of legislative process in Parliament.

A first set of measures aims at supporting companies' liquidity (Financial Shield Polish Development Fund). Companies will receive in total up to 100 billion zł (€22 billion, i.e. 4.5% of GDP), to be spent over a period of 3 years to support their liquidity. This includes subsidies for micro companies of up to 324,000 zł (€72,000), and for small or medium-sized enterprises (SMEs) of up to 3.5 million zł (€772,000) over the 3-year period. For large companies, individual solutions will be applied. The state-owned Bank *Gospodarstwa Krajowego* (BGK) will also provide additional aid.

A second set of measures concerns support for employers to protect jobs (the support is not conditional on maintaining jobs after the subsidy period). Direct and non-refundable support for micro companies and SMEs (as well as NGOs) is available in the following forms:

1) Job protection subsidies from the Employee Benefit Guarantee Fund: co-financing of the wages and employers'

social security contributions of employees on economic downtime or reduced working time, as well as financial support for the payment of social insurance contributions. The reductions in working time/wage levels are subject to certain restrictions.

2) Co-financing of the labour costs of micro companies and SMEs: the amount of funding depends on the decrease in turnover and ranges from 1,530 zł (€340) to 2,760 zł (€613) per employee.

3) Labour Fund loans for the self-employed and micro companies to cover business running costs of up to 5,000 zł (€1111).

Self-employed people, micro companies and social cooperatives can also be exempted from paying social insurance contributions and several other mandatory insurance payments for up to 3 months, if their revenue declines.

By 13 May, 24,641 entrepreneurs had applied for a subsidy for co-financing labour costs, and 1,013,750 for a loan from the Labour Fund. Around 1.6 million entrepreneurs (including self-employed people) had applied for exemption from social insurance contributions.

Finally, the third set of measures provides assistance for employees and the self-employed. An additional allowance (80% of their wages) is paid to parents of children below the age of 8 (18 for children with disabilities), as well as for carers of dependent adults who need to provide care during the lockdown.

People working under a non-standard (civil law) contract can receive a net lockdown allowance (*świadczenie postojowe*) equal to 80% of the minimum wage (2,080 zł/€458) for up to 3 months. For self-employed people whose revenue has declined by 15% or more, the lockdown allowance varies between 50% and 90% of the minimum wage (i.e. between 1,300 and 2340 zł [€289-520]), depending on the revenue loss. According to data published by the government on 13 May, 149,352 people with civil law contracts and more than 750,602 self-employed have applied for a lockdown allowance.

No special measures have yet been announced for standard workers dismissed as a result of the crisis. Registered unemployment did not rise in March, and according to government statements, it had risen by 55,400 in April. The unemployment rate is expected to increase from 5.4% to 10-12% by the end of 2020 and remain higher than the current level through 2021.

Outlook and commentary

According to the employers' organisations, the first measures were insufficient to protect jobs; the trade unions are claiming that they harm employees' rights, as employers can worsen the conditions of employment (by reducing the rest period and/or extending working time). There is as yet no evidence on the

effectiveness of the Anti-Crisis Shield programme which was launched very recently. The government claims that it will help to maintain 1.5 to 2 million jobs. The support has been criticised as uneven - generous support for the self-employed but limited help for standard employees who lost their jobs but are not protected by any new measures.

During the preparation of the anti-crisis laws, the social dialogue principles were not respected. As a result of the "fast track" legislative process, consultation with the Social Dialogue Council (*Radia Dialogu Społecznego* - RDS) was limited (or even non-existent). Moreover, amendments to the social dialogue legislation gave the Prime Minister the right to remove RDS members.

The COVID-19 pandemic has significant short- and medium-term consequences for economic and social policy. The public finance deficit and debt will increase and there is a high risk of extensive future austerity measures to improve public finances. The crisis is hitting people working on non-standard contracts (primarily in the hospitality and food sectors). The government is targeting generous emergency support at companies and the self-employed (the latter can receive a 3-month support package of up to 19,400 zł [€4,287]). Employees and the unemployed are less well protected.

Further reading

In Polish only:

[General overview of the support for employers and employees](#)

[Measures by Social Insurance Institution](#)

[Measures by Labour Fund](#)

[Opinion of Leviathan Employers' Organisation](#)

[Opinion of Business Centre Club experts](#)

[Opinion of NSZZ Solidarność trade union concerning Shield 2.0.](#)

[Opinion of OPZZ trade union](#)

[Opinion of the Ombudsperson concerning Anti-Crisis Shield 2.0](#)

[Disability NGOs' PFON letter to the Prime Minister](#)

[Anti-Poverty NGOs EAPN Poland about facilitating application procedures for unemployment benefits and social assistance benefits](#)

[Homelessness NGOs and experts with Ombudsperson](#)

[Social and economic Alerts - several economic and social policy experts' opinions](#)

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