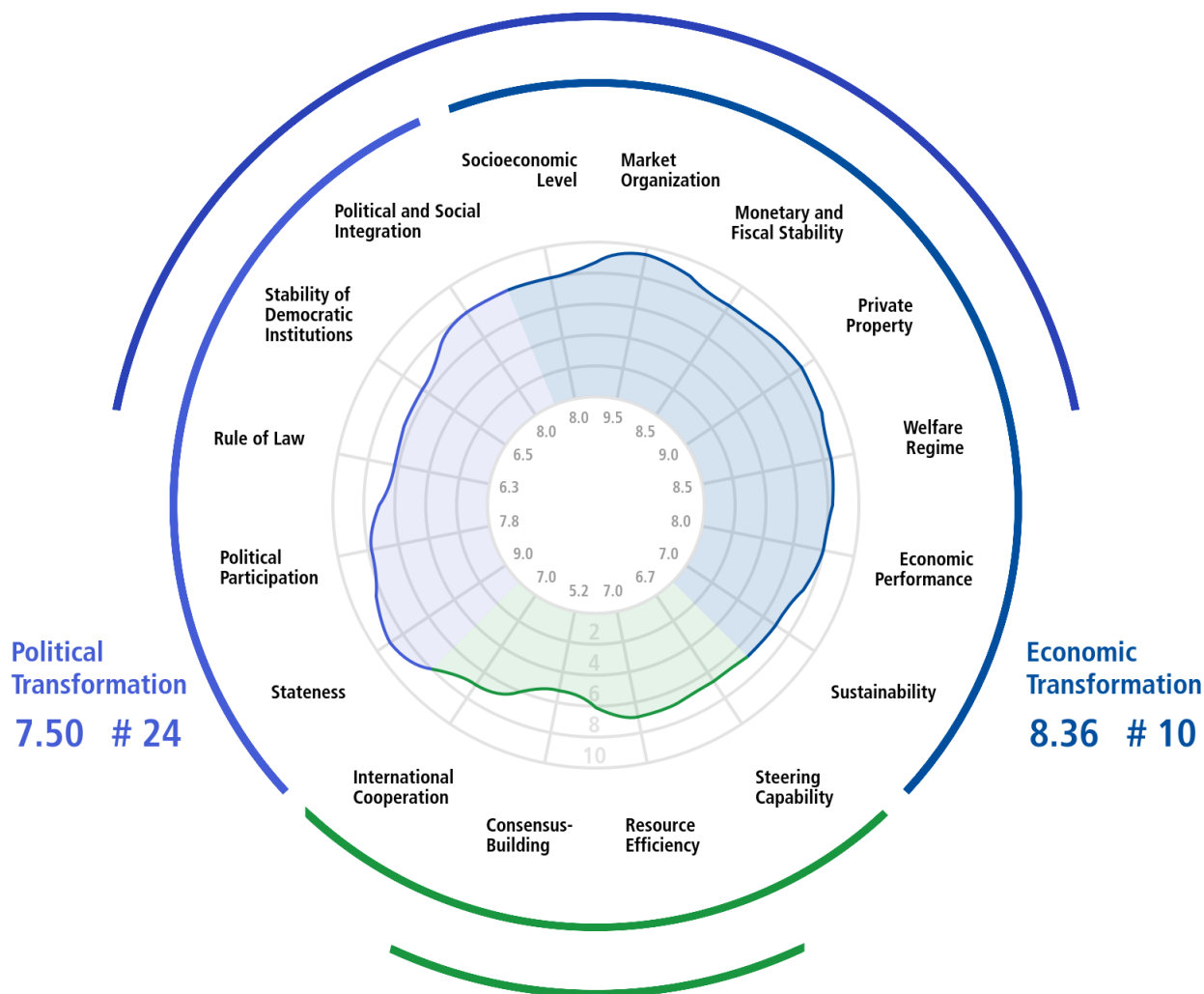


# Poland

## Status Index

**7.93 # 14**

on 1-10 scale out of 137



## Governance Index

**5.30 # 47**

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2022**. It covers the period from February 1, 2019 to January 31, 2021. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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**Key Indicators**

Population	M	<b>38.0</b>	HDI	<b>0.880</b>	GDP p.c., PPP \$	<b>34265</b>
Pop. growth <sup>1</sup>	% p.a.	<b>0.0</b>	HDI rank of 189	<b>35</b>	Gini Index	<b>30.2</b>
Life expectancy	years	<b>77.9</b>	UN Education Index	<b>0.869</b>	Poverty <sup>3</sup>	% <b>0.4</b>
Urban population	%	<b>60.0</b>	Gender inequality <sup>2</sup>	<b>0.115</b>	Aid per capita	\$ -

Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

## Executive Summary

The status of Poland's democracy further declined from 2019 to 2021. The Law and Justice (PiS) government did not implement the changes demanded by the Court of Justice of the European Union regarding the disciplinary measures imposed on the judiciary and individual judges. Instead, the government introduced further restrictions on the media and civil society. Local self-administrations run by representatives of the opposition are not treated equally in terms of funding and the distribution of taxes. Nevertheless, the public expresses strong beliefs in democracy and EU membership.

The economic policy of PiS can be assessed more positively with regard to economic growth, employment and budget stability, although some family and pension policy measures have been placed outside the regular budget. In addition, the government acts instrumentally and provides favors to segments of society that provide important voter support (i.e., traditional families and pensioners). To a large extent, Poland's economic stability is owed to significant EU funding, which is responsible for as much as one-quarter of economic growth.

Governance practices have not changed over the last two years. They were mostly characterized by a concentration of decision-making in the center of government, less deliberation and consultation with social actors, and therefore low levels of policy adaptation based on external feedback.

Three issues overshadowed the review period, which were also connected to or amplified by the coronavirus pandemic: the presidential elections in June and July 2020, which were postponed from May and accompanied by debates on their legality; the massive public protests that took place after the Constitutional Court ruling on abortion in October; and the conflict with the European Union on the Rule of Law Mechanism and the EU budget. On top of this, a severe government crisis in September led to a ministerial reshuffle and a reduction in the number of ministries from 20 to 14. Jarosław Kaczyński returned to the government as a vice-prime

minister, responsible for overseeing the Ministry of National Defense, Ministry of Interior and Administration, and Ministry of Justice (previously held by his competitor Zbigniew Ziobro). Hence, this move was interpreted as an attempt to introduce more control over the government following PiS's quarrels with its two smaller coalition partners, which could no longer be managed from the backseat.

These events hampered the government's response to the coronavirus pandemic. As with many other countries, Poland faced two waves of COVID-19 in 2020 and a third wave in early 2021. After the first confirmed case was reported on March 4 and the first death on March 12, 2020, the government announced a "state of epidemic threat" on March 14. It closed the borders to neighboring countries the following day, and passed several anti-crisis shields to support various economic sectors, employees, schools and universities. Representatives of all parliamentary parties declared their willingness to cooperate but criticized the government's lack of collaborative spirit. Over the summer, many restrictions were lifted as infection rates declined and the borders opened again on June 15. In early August, a traffic light system based on the numbers of infections was introduced and restrictions were reimposed on a more differentiated level. In the autumn, the situation deteriorated again, and between December 28, 2020, and January 31, 2021, Poland entered another lockdown.

Policy responses to the pandemic included measures such as tax relief for companies, short-term labor, and additional subsidies for families suffering from a loss in employment or to balance childcare duties during the lockdown. The cost of the interventions added up to about 13% of GDP and around 60 legal acts were created or changed. Despite several shortcomings, the measures were mostly effective. Since Poland started with favorable economic conditions due to its diversified industrial structure, a relative economic recovery is expected. Nevertheless, support for schools and universities to provide online learning was not so strong, and local municipalities continue to be underfunded. Moreover, the government did not use the break during the summer to improve the health care system substantially, adapt its crisis management or further professionalize health care departments.

## History and Characteristics of Transformation

The year 1989 was the turning point in Poland's transition from communism to democracy. The communist leadership and the Solidarity-led opposition met at a roundtable conference to initiate political and economic reforms. In June 1989, a semi-free parliamentary election took place in which 35% of seats were freely contested and won by Solidarity. One of its activists, Tadeusz Mazowiecki, was able to draw on this momentum to form a coalition government committed to further democratic change. Constitutional amendments were subsequently introduced, including a new electoral law and the removal of the communist party's leading role. The Polish People's Republic was renamed the Republic of Poland. The breakup of both political camps gave rise to a multiplicity of political parties in the early 1990s. The first direct presidential elections, in December 1990, saw the victory of Solidarity leader, Lech Wałęsa.

Democratization was accompanied by an economic transformation from a centralized command to market economy. This transformation was initiated by then Finance Minister Leszek Balcerowicz, and was based on stabilization, privatization and price liberalization. His form of “shock therapy” led to a decrease in the country’s high foreign debt, budget deficit and inflation, and fostered economic growth.

Democratic consolidation finally began to take hold after 1997. In other words, after the party landscape had reorganized itself, conflicts over the new democratic constitution were finally resolved and the socioeconomic situation had begun to improve. Poland started accession negotiations to the European Union in 1998 and the following years were marked by intense efforts to implement the *acquis communautaire* into Polish law. Despite general support for EU accession, some critical voices demanded greater consideration of Poland’s national interests and small farms. The accession treaty was signed in April 2003 and in the following referendum 77.45% of participants voted in favor of EU membership. Poland joined the European Union on May 1, 2004. Over the years, support for EU membership has remained stable at 70–80%. Poland profits from EU structural funds and several Polish politicians have been very engaged in EU politics. In 2009, Jerzy Buzek was elected president of the European Parliament and Donald Tusk president of the European Council from 2014 to 2019.

Since the early 2000s, Poland’s party system has begun to institutionalize after several transformations and realignments. Cleavages are no longer found between the former communists and the heirs of the Solidarity movement. Instead, the latter camp has split into two movements that dominate political debates today. The nationalist-conservative Law and Justice (PiS) continues to compete with the liberal-conservative Citizens’ Platform (PO), and both parties have led governments since 2005, forming coalitions with smaller leftist or rightist parties and the conservative Polish Peasant Party (PSL). The PO-PSL government between 2007 and 2015 was characterized by its pro-European stance and liberal-conservative politics. In 2015, quite unexpectedly, PiS and its candidate Andrzej Duda won the presidential elections in May and then the parliamentary elections in October. Following the Hungarian example, PiS started to support a redistributive economic policy, but most notably it contested liberalism and pluralism, and curtailed mechanisms for checks and balances, especially in the judiciary, the media and the cultural sphere. The PiS-led government is now confronted by strong opposition inside and outside the parliament, and criticism from the European Union. Because the government has continued to violate the rule of law, the country is undergoing a procedure according to Article 7 of the Treaty of the European Union. Despite these conflicts, PiS and its two allied parties forming the United Right again won the parliamentary elections in 2019 and Duda was very narrowly re-elected in July 2020.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

There is no competition to the state's monopoly on the use of force. Public order and security are fully guaranteed throughout the whole country.

Question  
Score

Monopoly on the  
use of force

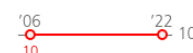
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The nation-state is fully accepted by all citizens as legitimate. However, there are cleavages between political parties and citizens about the extent to which Poland should consider itself a member of a multilevel and supranational political order. The current members of government, led by Prime Minister Mateusz Morawiecki (Law and Justice, PiS), and most PiS voters prefer a Europe of fatherlands to a Europeanized Poland.

State identity

10

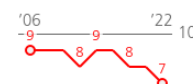


No political actors argue that certain groups of people or individuals should not be allowed to acquire Polish citizenship. The naturalization of non-citizens is not a contested political issue because Poland does not face intensive immigration. The reforms to the citizenship law, which were implemented in 2012 and facilitated naturalization, are still in place.

According to Article 25.2 of the 1997 constitution, the Polish state is secular. Nevertheless, Poland remains a religious country with around 91.9% of the population in 2020 declaring themselves to be Catholic. The Catholic Church has a long history of seeing itself as a supporter in the fight for independence over the late 18th to early 20th centuries, and from Nazi and communist rule. Nowadays, sociologists observe a creeping secularization with a decline in religious commitment. Following the pedophilia-related scandals that shock the Polish Catholic Church (the film "Don't tell Anyone" led to widespread debates in 2019) and the changing lifestyles of young Poles, the number of churchgoers has

No interference of  
religious dogmas

7



decreased: only 47% in 2020 attended services regularly, while 38% go from time to time and 15% do not practice at all. The latter two percentages have risen slightly over the years. In general, the southeast of the country is more religious than the northwest.

Due to its history, the Catholic Church was always actively involved in the mobilization of the electorate and mostly in favor of conservative parties, such as Law and Justice. In response, the PiS government frequently seeks to legitimize political decisions by using religious values or by referring directly to the Catholic Church. Appeals to conservative voters are made by connecting Polish national and Catholic values. One example that caused public outrage among proponents of liberal values was the attempt, with the help of the Catholic Church and the pro-life initiative *Ordo Iuris*, to introduce stricter abortion laws. After failed attempts in 2016 and 2018, the Constitutional Tribunal issued a ruling on October 22, 2020, that abortion should no longer be possible when fetal abnormalities are detected (which amounts to 95% of all abortions). The ruling set off a wave of large street protests coordinated by the All-Poland Women's Strike movement. The Constitutional Tribunal only published the justification on January 27, 2021, and the government announced that it would come into effect on the same day.

Poland's administration has a differentiated structure and local self-government is well-developed. While the distribution of tasks and money between the national, regional and local levels of administration has always been an issue of political debate, this has become even more pronounced during the pandemic.

The government announced that it would divide the money for projects (e.g., infrastructure, education or digitalization) that had become even more urgent during the COVID-19 pandemic also with the regional level, but this process was not public and transparent. Cities governed by the opposition received less money and mayors have complained about their limited ability to perform their public tasks. Since communes' direct income through taxes also declined, it has become increasingly difficult for communes to continue to provide necessary education and health care services.

Therefore, many mayors urged the national government to withdraw the veto on the European Union's multiannual financial framework (MFF) and wrote a letter to the European Commission President Ursula von der Leyen in December 2020 that means should be made directly available for subnational administrations.

Basic  
administration

9



1

## 2 | Political Participation

Elections have been free and fair since 1990. However, the 2019 elections to the national and the European parliaments, and the 2020 presidential elections fell short of the expected standards. Because of the government's grip on the media and abuse of the COVID-19 pandemic, the Organization for Security and Cooperation in Europe (OSCE) Election Assessment Mission noted that the elections were technically competitive and pluralistic, but the campaign and treatment of candidates were not always fair. PiS candidates and supporters frequently resorted to hate speech and defamation.

The legality of the presidential election initially scheduled for May 10, 2020, was questioned. The ruling PiS party wanted to stick to that date despite the pandemic, because of the favorable polling of its candidate, the incumbent Andrzej Duda. The government delayed declaring a state of emergency (a "state of epidemic threat" was declared instead), which would have postponed the election, allegedly for political reasons. The government introduced a bill on remote voting, a tool it had abolished just a few years earlier. However, according to the constitution, it was not possible to change the format of an election at such short notice. After a lot of squabbling between several institutions, the election was postponed to June. The unsuccessful attempt to hold the election in May cost about PLN 70 million (€15.5 million). People could vote by mail or in person, which generally worked quite well, but voters abroad reported lost postal ballots. Moreover, the campaign was unfair and unequal for opposition politicians. Despite complaints, the Supreme Court declared the election legitimate and Duda returned to office with a margin of less than 500,000 votes over his liberal challenger Rafal Trzaskowski.

Democratically elected political representatives have the effective power to govern. The military, business elites and other groups do not hold any veto power. The Catholic Church has no formal political power, but priests do make political recommendations and have quite a close relationship with the PiS party in power.

Since 2015, for the first time since the regime change in 1989, the government has been formed by a single party or rather an electoral alliance between PiS and two small parties. This formation was re-elected in October 2019.

Since then, due to several legislative and institutional changes, the problem is not the effective power to govern but the reduced power to control the government. PiS has become too dominant over the executive, legislative and judicial branches, and democratic accountability is limited since the government has tightened its grip on the court system. One could also argue that PiS leader Jarosław Kaczyński has a veto power over key decisions and policies in Poland. This was the case even before he officially entered the government as vice-prime minister in October 2020.

Free and fair elections

7



1

Effective power to govern

10



1



The freedom of association and assembly is unrestricted and constitutionally guaranteed, and the government generally respects the right to form and join associations. Politically motivated limitations on gay pride parades were lifted in the past, but discrimination against the LGBTQ+ community increased again, especially during the recent election campaigns.

The measures to combat the COVID-19 pandemic also included a ban on demonstrations. Several groups did not obey the ban on demonstrations and subsequently faced disproportionately severe responses from the police, which included violence, and the arrest of journalists and politicians. Among these groups were entrepreneurs who every Saturday met since May in Warsaw to protest against restrictions on civil liberties and demand more freedom for the economy and less social programs. Demonstrations against the emergency measures were held by far-right organizations at which some members of parliament, such as Grzegorz Braun of the nationalist Confederation party, stated that the “hygiene regime” was unlawfully introduced. The restrictions placed on such demonstrations were less severe than those enforced by the police on demonstrations held by entrepreneurs, and leftist and feminist protesters.

In October 2020, country-wide protests started following the Constitutional Tribunal’s ruling in favor of a near total-ban on abortion. The protests were met with disproportionate police responses. With protests peaking on December 13, the anniversary of the 1981 imposition of martial law, several politicians and previous senior law enforcement functionaries called on the prime minister not to publish the controversial ruling but it was published in late January 2021.

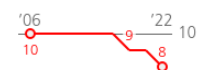
The Independence Day demonstrations on November 11 resulted in widespread rioting, with around 300 people arrested and 35 police officers injured. The march is organized annually by the right-wing extremist Association March of Independence (Stowarzyszenie Marsz Niepodległości). Here, the government did not officially condemn the violence or nationalistic slogans.

The ban on public gatherings of more than five people and on demonstrations due to the COVID-19 pandemic were still in place at the end of January 2021.

Freedom of expression is constitutionally guaranteed in Poland (Article 54 of the 1997 constitution), and it is mostly realized in practice. However, public TV and radio are under almost complete government control. While all Polish governments have aimed to influence public media, since 2015 the split between public (pro-government) and private (pluralistic orientations) media has become more distinct. The National Broadcasting Council (KRRiTV), which supervises public media and is supposed to guarantee freedom of speech, has been particularly exploited for political purposes and has imposed fines on journalists for alleged partisan reporting. The latest ranking of the World Press Freedom Index shows that Poland fell three places to rank 62 in 2020, having dropped from rank 18 in 2015.

Association /  
assembly rights

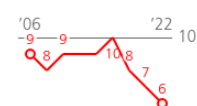
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Freedom of  
expression

6



1

Whereas private media receive no financial support from the government, the government agreed on an increase of PLN 1.95 billion for the public Polish Television (TVP) and Polish Radio (Polskie Radio) in March 2020.

In addition to promotion of partisan, pro-government discourse and hate speech in public media, the government's grip on the judiciary and increasing tendency to criminalize defamation has started to have an effect on private media as well. During its election campaign in 2019, the PiS announced further changes to the public media.

In December 2020, the government repeated its intention to “repolonize” the media. The state-owned oil company Orlen, led by Daniel Obajtek, a close ally of Jarosław Kaczyński, bought Polska Press for €27 million from the German Verlagsgruppe Passau. The deal included 140 local and regional newspapers, and 500 internet portals with 17.4 million users. In November, the month before, Orlen had bought the newsagent firm Ruch, which controlled one-fifth of the market with a nationwide network of kiosks.

In terms of its international coverage, the government was more worried. Following the presidential elections, Deputy Foreign Minister Szyrkowski vel Sęk summoned Germany's Chargé d'Affaires to the ministry to protest against a series of articles in German media. These, he said, were manipulative and gave the impression that they wanted to influence the elections in Poland. The German diplomat referred to the freedom of the press and replied that the German government had no influence on the media.

Hence, the increase in hate speech in the media and the purchase of Polska Press by the state-owned oil company Orlen has further reduced freedom of expression.

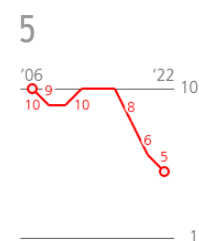
### 3 | Rule of Law

Formally a clear separation of powers, with mutual checks and balances guaranteed by the 1997 constitution. Governments are accountable to the Sejm and members of parliament have the rights and resources to monitor and supervise the executive. Recently, checks and balances have become largely ineffective, and institutional accountability increasingly limited.

Law and Justice (PiS) won a majority in the 2019 parliamentary election, though there was a slight discrepancy between vote share and seats won, as PiS together with its allies Porozumienie (Agreement) and Solidarna Polska (United Poland) won 43.6% of votes but 51.1% of seats. As in the last legislative term, the opposition's rights in parliament are often ignored and parliamentary procedures are used to circumvent them in practice.

The separation of powers has been severely limited because the judicial system has come under almost complete political control. For example, the new president of the Supreme Court, who was appointed in 2020, is a close ally of the ruling party.

Separation of powers



Civil society organizes numerous demonstrations and protests against the dismantling of the democratic state by PiS, and independent private media reports on it as well. Due to severe political interference, the European Commission's Article 7 procedure against Poland is still open, with the commission having initiated several infringement procedures against Poland regarding the changes in the judiciary.

At the beginning of the pandemic, the government did not declare a state of emergency but a “state of epidemic threat,” which grants the executive more leeway. The parliament passed a law in late March 2020 that allows members of parliament to use electronic communication in the event of the introduction of a state of emergency, war, disaster or epidemic. The amount of speaking time afforded to members of parliament may be limited, as members may speak only once on a given issue. Initially, the rules were supposed to remain in place only until June 2020, but the “state of epidemic threat” has yet to be lifted. There has been no judicial review of emergency measures to date.

The independence of the judiciary is impaired by the political authorities. The Constitutional Court lost its autonomy in 2016. Meanwhile, ordinary courts and the Supreme Court were further politicized by legislation passed since 2016, and by the appointment of PiS-ally Małgorzata Manowska as president of the Supreme Court in 2020.

As the whole judiciary is now under near-complete political control, judicial oversight of the government during the pandemic was very limited. The anti-crisis shield that was introduced to support the economy also included measures that affected the courts. It allowed for procedural reactions to the pandemic, such as online meetings, but this also limited the operational capacity of the judiciary.

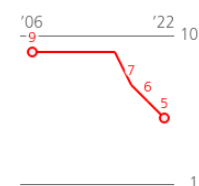
At the end of January 2021, two of the four infringement procedures launched by the European Commission were still pending. The commission was especially critical of the Disciplinary Chamber of the Supreme Court, which was established in 2018, and the so-called muzzle-law, which was introduced in January 2020. This law was passed in response to a previous judgment by the Court of Justice of the European Union (CJEU), which ignored its interim measures and implemented further sanctions on judges instead. It aims to punish judges who question the judicial changes made by the government.

In response, the commission opened a fourth infringement procedure in April 2020.

In protest against this curtailment of the judiciary, on January 11, 2020, 30,000 people participated in the March of 1,000 Robes from the Supreme Court building to the Sejm building. The march was organized by the Polish judiciary through their associations, Iustitia and Themis. At this time, the former president of the Supreme Court, Małgorzata Gersdorf, was still in office, although her term ended in April

Independent  
judiciary

5



2020. After the presidential elections, the Supreme Court quickly declared the elections valid, despite the submission of around 6,000 complaints regarding difficulties in voter registration, on-time ballot deliveries and voting abroad.

The last remaining independent institution is the Office of the Ombudsman, which was headed by Adam Bodnar. However, Bodnar's term in office ran out in September 2020, with the Sejm having repeatedly denied a confirmatory vote on his proposed successor, Zuzanna Rudzińska-Bluszcz. Instead, the Sejm attempted to make a political appointment.

Corrupt officeholders are supposed to be prosecuted according to Polish laws. Politicians who misuse their public mandate or office can be accused at the State Tribunal. Members of parliament are obliged to publish their income on the website of the parliament since November 2001. They are also required to disclose any benefits that they or their spouses receive in a public register of interests kept by the speakers of Sejm and Senate.

In practice, the Central Anti-Corruption Bureau (CBA) is closely linked to the government and lacks independence. But the Supreme Audit Office and the Ombudsman are more independent institutions that are relevant in the fight against corruption.

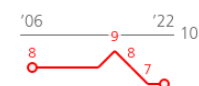
During the review period, no government members were reported to have been held accountable for misconduct. However, accusing politicians of corruption is often used as a political tool by government members (see Anti-corruption policy). The general tendency of the PiS government toward political clientelism, and the curtailment of checks and balances does impede the impartial functioning of the rule of law.

Civil rights are codified in the constitution and used to be respected by all state institutions. Currently, the government does not engage in fighting certain violations of civil rights and even engages in actions that demonstrate that it does not consider all segments of the population to be citizens with equal rights.

LGBTQ+ people face discrimination from the Catholic Church, and politicians belonging to the government parties and some local authorities. In 2019, several voivodships, such as Podkarpackie, with the help of Ordo Iuris, a group of ultra-conservative lawyers, declared themselves LGBTQ+ free zones and stopped funding for NGOs working on related issues. After a Europe-wide debate, the European Commission decided in July 2020 not to support town-twinning applications from such cities. Defamatory language against LGBTQ+ people was also common in PiS's presidential election campaign, including President Duda himself. The NGO Never Again (Nigdy Więcej) documented several incidents of xenophobia, violence, harassment and discrimination due to people's origin or nationality.

#### Prosecution of office abuse

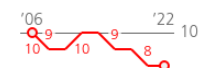
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#### Civil rights

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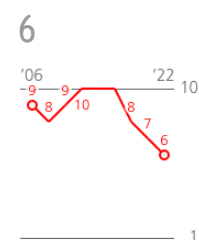
In 2020, the government often used the COVID-19 pandemic as a pretense to justify harsh measures to protect society's health or, on the contrary, downplayed health risks if it fitted its purposes. Demonstrations were forbidden, and fines for breaking COVID-19 rules were strict and high (PLN 5,000–30,000), although some sources report that they were imposed only in 20% of the cases. As judicial independence has been curtailed, legal recourse in cases of enforcement authorities acting unjustly has been restricted. People rather address the Ombudsman Adam Bodnar. Bodnar, among others, defended the right of doctors to speak out in public about the effects of the pandemic – something that the Health Ministry tried to suppress. The strict quarantine measures, which at least by law required people to respond to an app several times a day and upload photos to prove that they are at home, were also questionable from the perspective of data privacy and protection.

#### 4 | Stability of Democratic Institutions

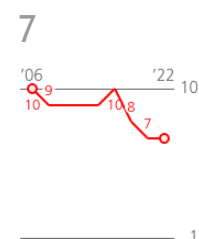
In general, democratic institutions can perform their functions, and political decisions are made according to legitimate procedures by the relevant authorities. However, since the PiS took power in 2015, there have been deficiencies in democratic practices. The Constitutional Court's decisions were only implemented after the institution had been fully taken under the government's control and the executive's accountability has been limited. Furthermore, over the past few years, the Supreme Court has been brought under government control and in the parliament the rights of the opposition have been curtailed. In addition, although public administration and the civil service have been professionalized, PiS has replaced senior administrative staff on an unprecedented scale. As a result, the politicization of the bureaucracy has increased. Regional and local governments, and often those that are governed by the opposition, receive less funding from the national government, while at the same time local government tax revenue has decreased due to reduced economic activity during the pandemic. This has severely impacted the effectiveness of democratic institutions.

All relevant political players used to be committed to democratic institutions, even if they held different views on how democracy should be organized and managed. Nowadays, there are serious doubts that this holds true for all political actors, especially those within the PiS government, considering the legal changes that have impeded the independence of the court system, the media (e.g., the government's attempts to restrict journalists' access to parliament, and the biased reporting about judges and opposition politicians in the public media) and the rights of the political opposition. Most interest groups and associations do respect democratic institutions, but the governing PiS seems to favor illiberalism over a pluralistic democracy. PiS actions related to the 2020 presidential election were problematic from a democratic perspective. Executive dominance over the state of emergency during the pandemic has been questioned by some. In addition, the curtailing of parliamentary rights,

Performance of democratic institutions



Commitment to democratic institutions



such as the reduced time allowed for parliamentary discussions and granted to members of parliament to speak, during the pandemic also demonstrates the government's lack of commitment to democratic norms.

## 5 | Political and Social Integration

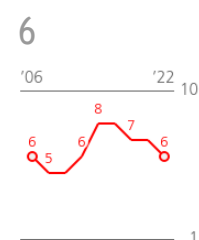
The party system is highly polarized with the main cleavage running between PiS and PO (or KO, Civic Coalition as its electoral alliance is called), which has manifested in the sociodemographic features of their respective electorates. Following the 2019 parliamentary elections, five parties are represented in the Sejm: PiS, PO, a leftist coalition, the Left (Lewica), the Polish Peasant Party and the far-right Confederation (Konfederacja). For the Senate election, an agreement between the opposition parties was successful and a narrow majority of one seat was won in the upper chamber of parliament.

Polarization further increased during the presidential elections due to the unfair treatment of the political opposition by the government and public media. Moreover, to discredit PO and stir divisions, PiS used cultural issues (gender, religion) and false allegations that PO would abolish the childcare benefit 500+. President Duda's margin of victory over his challenger, Trzaskowski, was very narrow (51% to 49%), and a gap between younger, urban, well-educated segments of the electorate and more rural, older, less well-educated segments deepened. This divide was also visible during several votes on anti-crisis measures, which passed without much support from the opposition because of the non-cooperative working environment in parliament.

Party membership remains low (around 1%), which indicates that parties serve mainly to bring people into political office and less as networks to interact with society. Voter turnout used to be traditionally low (50.9% in 2015) but increased due to polarization in the 2018 local elections. In the May 2019 European Parliament elections, voter turnout nearly doubled compared to the 2014 European Parliament. Meanwhile, national parliamentary elections of October 2019, as well as both the first and second round of 2020 presidential elections saw high levels of turnout (61.7%, 64.5% and 68.2%, respectively).

All in all, the party system is variable, with other, smaller parties than PiS and PO appearing and vanishing from time to time on the left and right, and in the center of the political spectrum. For PiS and its allies in power, clientelism has become a means of capturing voter support via the party's generous social policies and the support of individual politicians by offering access to relevant political positions.

Party system



Poland has a large number of interest groups, including business associations and trade unions. Environmental groups are less prominent but are growing and the Polish branch of Fridays for Future also organized several protests prior to the outbreak of the pandemic. Most non-governmental organizations are relatively small, and there are only a few interest groups that focus on and are capable of developing policy proposals. The Catholic Church, which is still the most influential interest group in Poland, pursues relatively narrow interests, and is largely preoccupied with stabilizing its decreasing influence in a society that is becoming increasingly more secular and critical of the church.

The All-Polish Women's Strike (Ogólnopolski Strajk Kobiet) is concerned with women's rights (including reproductive rights), LGBT+ and minority rights, and is a vocal critic of PiS illiberalism.

The legal associations Iustitia and Themis have become active and prominent critics of PiS actions. Farmers' associations began to protest against the government too because of its lack of support during the pandemic. Members of the AGROunia association dropped vegetables, eggs and meat in front of the residence of PiS-leader Jarosław Kaczyński.

The government does not tend to consult interest groups and largely ignored the Council for Social Dialog. The trade union NSZZ Solidarność even resigned in October 2020 in protest. In addition, the employers' associations criticized the lack of real dialog, especially during the pandemic. The government not only disregards civil society but also proposed a new register of foreign-funded NGOs, while more loyal NGOs received public funding.

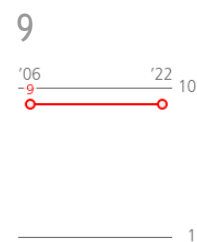
Approval of democratic norms and procedures is consistently high among the Polish population, usually oscillating between 60% and 70%. In July 2020, about 73% agreed that democracy is the best of all political systems. In the same survey conducted by the Polish Center for Public Opinion (CBOS), 64% of respondents said it would make a difference if the political system were not democratic, which is one of the highest percentages since 1992.

This general support is to an extent dependent on party affiliation. Asked whether it would be acceptable if a government would turn more autocratic, 70% of PO and 69% of Lewica voters opposed the idea, but only 47% of PSL, 47% of Kukiz'15 voters, 40% of KON and 50% of PiS voters.

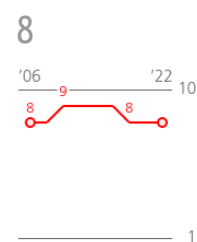
However, specific support for democracy is lower. According to the survey, the number of Poles who are satisfied with the way democracy works in their country is about 49%, while 44% are dissatisfied. Unsurprisingly, PiS supporters are most satisfied (85%), while KO and Lewica supporters are least satisfied (with 12% and 13%, respectively).

Specific institutions are viewed less positively. In September 2020, only 36% of respondents trusted the Sejm and Senate (50% and 44%, respectively, did not), with an even stronger difference between PiS and KO (70% vs 11% and 30% vs 60%)

#### Interest groups



#### Approval of democracy





regarding the Sejm and the Senate, which reflects the political majorities in both chambers. Trust in the president was also shaped by party affiliation: 97% of PiS supporters said they trusted him but only 13% of KO supporters.

The government's COVID-19 measures did not change this relation but the general satisfaction with the government's measures and its handling of the situation decreased between the spring and autumn, from 70% to 38%. Furthermore, 54% of respondents considered the government's support for employees and enterprises insufficient, compared to 43% in the spring.

There are many autonomous groups, associations and organizations, among which charitable institutions (e.g., the Great Orchestra of Christmas Charity, the Polish Red Cross and Caritas) are generally well-trusted. The level of civic participation in Poland is constantly increasing. Some 80% of Poles devote free time to voluntary social activities, mainly with family and friends, but 43% (an increasing figure) also engage in civil society organizations (CBOS March 2020).

While the level of trust varies, it also shows some positive trends. In 2020, 98% of Poles said they trust mainly family members, with high percentages also recorded for friends (95%) and colleagues (88%), as well as for neighbors and volunteers in their place of residence. Overall, people remain cautious of persons unknown to them, although this is changing, as trust in strangers has risen from 29% in 2018 to 40% in 2020. Meanwhile, social ties have become stronger: 88% of respondents to a 2017 survey indicating that had someone to rely on in a difficult situation, an increase of 10 percentage points over 1999.

This trend was especially beneficial during the pandemic, as neighborhood solidarity and community support groups organized to compensate for the weak health care system and lack of childcare.

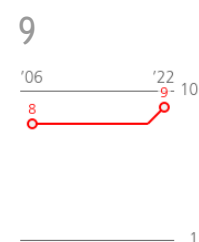
## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Absolute poverty has decreased in Poland but not exclusively because of the government's welfare policies. The positive developments in the labor market and access to education, and the measures taken by the previous government prior to 2015 that reduced the high number of temporary contracts and included contract-workers into the social security system mitigated social disparities. Poland now ranks among the better performing 50% of EU member states for social exclusion.

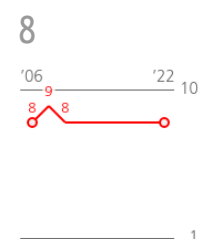
The Gini coefficient of 28.5 (2019) indicates a relatively high level of equality. With 14.8% of population at risk of poverty or social exclusion (Eurostat 2018), which is a reduction of 2.5 percentage points compared to 2016. In addition, the

#### Social capital



#### Question Score

#### Socioeconomic barriers





HDI index (0.880 in 2019) has again slightly improved in comparison with previous years, while for children below the age of 17 the risk of poverty has declined from 24.2% in 2016 to 17.2% in 2018. Poland's Gender Inequality Index (GII) score of 0.115 (2019) demonstrates further improvements for women in society, especially the maternal mortality ratio and representation in parliament.

Yet, unemployed young people, single mothers and people with special needs are still disproportionately threatened by poverty. Financial transfers to families cushioned social inequality, as the transfers lifted family incomes, although relative poverty (people living on less 50% of the average household expenditure) remains a problem. The relative poverty rate even increased from 13.4% in 2017 to 14.2% in 2018. This was due to underdeveloped social assistance measures and increasing inflation.

The government's anti-pandemic response included measures to prevent poverty, such as short-term work, postponement schemes for housing credits and assistance to the elderly. However, the government was slow to respond to the many cases of domestic violence reported during the pandemic, although the "isolation law" came into force in November 2020, which allows the police to order the perpetrator of domestic violence to immediately leave the property.

Economic indicators		2017	2018	2019	2020
GDP	\$ M	526508.9	587409.0	595862.1	<b>594164.7</b>
GDP growth	%	4.8	5.4	4.5	<b>-2.7</b>
Inflation (CPI)	%	2.1	1.8	2.2	<b>3.4</b>
Unemployment	%	4.9	3.9	3.3	<b>3.6</b>
Foreign direct investment	% of GDP	2.2	3.0	2.4	-
Export growth	%	9.6	6.9	5.1	<b>-0.5</b>
Import growth	%	10.2	7.4	3.3	<b>-2.6</b>
Current account balance	\$ M	-1960.0	-7530.0	2931.0	<b>21067.0</b>
Public debt	% of GDP	50.6	48.8	45.6	<b>57.5</b>
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-

Economic indicators		2017	2018	2019	2020
Net lending/borrowing	% of GDP	-1.6	0.1	-0.5	-
Tax revenue	% of GDP	16.8	17.4	17.3	-
Government consumption	% of GDP	17.7	17.7	18.0	<b>19.0</b>
Public education spending	% of GDP	4.6	4.6	-	-
Public health spending	% of GDP	4.5	4.5	-	-
R&D expenditure	% of GDP	1.0	1.2	-	-
Military expenditure	% of GDP	1.9	2.0	2.0	<b>2.2</b>

Sources (as of December 2021): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

## 7 | Organization of the Market and Competition

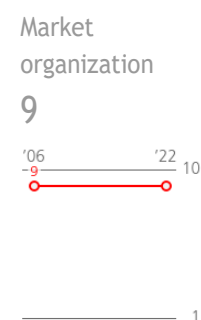
Market competition is clearly defined and implemented at both the macroeconomic and microeconomic levels. Prices are fully liberalized, and the currency is fully convertible. The state fully guarantees the rules of the game for market competition. All market participants, whether domestic or foreign, have equal opportunities.

Yet, the informal sector is quite large, accounting for 20.1% of all forms of employment, according to the International Labour Organisation (ILO). In the agricultural sector alone, about 50% of all workers are engaged in informal arrangements. The Polish Institute of Economic Forecasts and Analyses estimated that, in 2019, about 17.2% of GDP was generated in the shadow economy.

Measures have been introduced to facilitate the process of setting up a business, reduce bureaucracy and costs, ease tax-related issues and resolve insolvency. However, the World Bank's 2020 Doing Business report indicates that establishing a business is relatively complicated, Poland is ranked 25 out of 34 OECD countries (128 out of 190 countries in the report's "starting a business" subindex). While it only takes five procedures and costs 11.8% of the average income per capita to start a business, the time required to establish a business is lengthy (37 days).

Regarding foreign investments, two problems have arisen in the last two years: uncertainty regarding legal enforcement due to the changes in the judiciary, and the complicated and frequently changing tax system. An amendment in January 2019 made it more complicated for foreign actors to invest.

Market intervention was made easier during the coronavirus pandemic, with the Office of Competition and Consumer Protection (UOKiK) empowered by a change in legislation to object to investments in companies that have key importance for



public order, safety and health since July 2020.

Comprehensive competition laws to prevent monopolistic practices are enforced. The Office of Competition and Consumer Protection (UOKiK) – the main anti-monopoly office – has been working well. It intervenes in cases of concentration or market dominance. In addition to enforcement of competition laws it is also consulted during lawmaking processes. There is full compliance with EU requirements and further adaptation took place by amending an act on private enforcement of competition law in June 2017. With this act, a new private law route of enforcement became available, allowing aggrieved parties to enforce their claims in an effective manner. Anyone who suffered a loss as a result of unlawful practices is able to file a complaint, including both consumers and the counterparties or competitors of enterprises that have infringed the provisions of competition law. The claims are examined by regional courts, regardless of the value of the claim.

Tomasz Chróstny, the new director of UOKiK appointed in January 2020 was actively involved in establishing the anti-crisis shield to protect the economy during the COVID-19 pandemic. This included new deadlines and decisions on approvals of concentrations by the UOKiK and other measures to help households and businesses. The new president also wanted to focus more strictly on violations of competition law and use fines more actively.

In August 2020, UOKiK fined Gazprom PLN 29 billion (€6.5 billion), and fined the French Engie Energy, German Uniper, Austrian OMV, Dutch-British Shell and German Wintershall PLN 294 million (€65.4 million) because they were found to have continued financing the Nord Stream 2 gas pipeline without the required UOKiK approval, which would have had a negative impact on competition in the gas market in Poland. But, as the Polish government strongly opposes the pipeline project and this huge fine (possibly the highest ever imposed by a national competition authority) was not discussed in advance with the respective European commissioner, the UOKiK decision has a political dimension.

Foreign trade is liberalized, with uniform low tariffs. Poland joined the WTO in 1995 and the European Union in 2004. Most trade is with EU member states (80% of exports and 69% of imports), among which Germany is the most important trading partner (27.5% of exports and 21.4% of imports in 2019). Recently, Poland has diversified its exports toward new, more dynamic markets and has reduced its current account deficit as a result. Trade relations with the countries to the east have deteriorated due to the conflict between Russia (imports down to 6%) and Ukraine, which started in 2014. China is now Poland's second most important import partner (12.2%) after Germany. Since Poland's export structure is highly diversified and no sector accounts for more than 12%, Poland's economy is relatively less dependent on economic changes elsewhere. The impact of Brexit on Poland's economy is still uncertain.

## Competition policy

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## Liberalization of foreign trade

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The overall trade balance (goods and services) is slightly positive (exports constituted 55.5% of GDP compared to imports 52.0% in 2018). The European Union predicted little change for 2019 and 2020 due to a stronger decline in imports (-10.6%) than in exports (-9.8%).

The banking system contributed positively to Poland's good economic development due to the central bank's conservative, risk-averse investment policies. The banking sector has remained profitable, well capitalized and liquid, and has become one of Europe's top performers. According to World Bank data, the share of non-performing loans has been decreasing, reaching 3.8% in 2019 which was slightly above the EU average of 3.7% (in 2017) but EU data indicate 6.1% for 2019. The bank capital-to-assets ratio has been increasing in recent years, reaching 9.6% in 2019, above the euro zone average of 8.1% (in 2017).

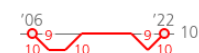
The system is organized according to international standards, with functional supervision, minimum capital requirements and market discipline. Poland is the single-largest banking market in Central and Eastern Europe, and its €427.17 billion of assets constitute about a third of the region's assets (European Commission 2017). At the end of 2019, it was divided into 30 commercial banks, 538 cooperative banks and 32 branches of credit institutions.

Yet, some politically motivated changes have taken place with regard to commercial banks in the past few years. Despite a general openness to foreign capital, the Polish government has launched a campaign dubbed "repolonization" to decrease the proportion of foreign-owned banks in the country. The state now accounts for about 40% of total assets including the two major important banks, PKO BP and Bank Pekao, and the top insurance company, PZU.

During the coronavirus crisis, the Polish National Bank injected PLN 158 billion (approx. €35 billion, 7% of GDP) between March and September 2020 into the Polish banking system through a quantitative easing program. This helped to secure commercial banks' liquidity. It also lowered interest rates three times, with the already low rate of 0.5% further decreased to 0.1% in May, and bought government bonds on the secondary market. Due to other elements of the anti-crisis shield focusing on the financial sector (worth PLN 100 billion), enterprises seem to have performed relatively well through the lockdown, and repayments do not seem to have become a general and fundamental problem.

#### Banking system

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## 8 | Monetary and fiscal stability

The National Bank of Poland (NBP) is an independent body, guaranteed by Article 227 of the 1997 constitution. Its current president, Adam Glapiński, who was appointed in June 2016, was an economic adviser to the deceased president, Lech Kaczyński. He is, therefore, quite close to the incumbent government. However, his management during the coronavirus pandemic, and the fiscal and monetary measures imposed seem to have worked well.

Poland's monetary policy seeks to maintain stability by using a floating exchange rate. Poland does not participate in ERM II and, hence, does not meet the Maastricht criterion on exchange rate stability. Controlling inflation is a recognized goal of economic and monetary policy, but – as inflation increased from 1.8% in 2018 to 2.2% 2019, driven by increasing prices on processed food and services – the country does not the Maastricht criterion on inflation either. For 2021, the European Union forecasts inflation to rise to 2.5%. Hence, in 2020 Poland fulfilled two of the remaining criteria for adopting the euro: long-term convergence of interest rates and public finances.

Another issue is that legislation in Poland is not fully compatible with the Maastricht treaty and regulations on the NBP have to be amended. But since the current Polish government is still not interested in introducing the euro, it has not pursued further efforts to meet all criteria. Its main concerns are price rises and that changing the currency will not be profitable for the economy since Poland survived the financial crisis outside the euro zone quite well. Moreover, the government has no interest in delegating further competencies to the European level. This reluctance, despite the obligations of the Lisbon treaty, will make it difficult to obtain the two-thirds majority necessary to amend the constitution.

During the pandemic, this meant that Poland cannot participate in EU agreements on the so-called coronavirus bonds. Therefore, in response to COVID-19, the NBP intervened in the foreign exchange market in December 2020 when it bought foreign exchange, with the purpose of strengthening the transmission of accommodative monetary policy. The bank stated that it wanted to keep the exchange rate for the zloty at around PLN 4.40–4.50 to €1 and that an excessively strong zloty would not be in Poland's interest. Experts estimated that the NBP used about \$7 billion when it intervened in the foreign exchange market and criticized this as a tool of “cold currency war” to boost its own economy since monetary policy could no longer be used.

Monetary stability

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The government's fiscal and debt policies generally promote macroeconomic stability, but social spending has increased, and populist promises are repeatedly made. The general government deficit declined from -0.2% of GDP in 2018 to -0.7% in 2019 (EBRD data). According to the IMF's October 2020 estimates, it is expected to rise to 10.5% of GDP in 2020, before falling to a deficit of 4.3% in 2021 as the economy rebounds. Prior to and during the pandemic, the government spent more money on generous family allowances and pensions, which were allocated via separate budgets that are not affected by the spending brake. The government debt-to-GDP ratio fell from 49% to 47% of GDP from 2018 to 2019, mainly because of improved tax collection. Despite its fiscal prudence, Poland is still the only EU member state that has not yet established an independent fiscal council.

During the pandemic, government expenses increased significantly. Government measures included financial support for companies and an injection of PLN 70.3 billion in April 2020 to strengthen the financial system, supported by a transfer of €650 million by the European Investment Bank (EIB) to the Polish Ministry of Finance to address the COVID-19 consequences in health care and civil protection. The EIB and the Ministry of Finance agreed that the bank would fully finance eligible expenditure above the usual 50% ceiling.

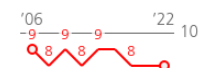
In November, the prime minister announced the Financial Protection Shield 2.0 and made PLN 3 billion available for micro-enterprises (one to nine employees), PLN 7 billion for small and medium-sized enterprises (up to 249 employees), and about PLN 25 billion for large enterprises (250 employees or more). The Protection Shield 1.0 had amounted to about PLN 60 billion.

Hence, the general government debt-to-GDP ratio is expected to rise by around 10 percentage points to 56.5% from 2020 onward (continuing in 2021 and 2022) from 45.7% in 2019.

The budgetary process was not sufficiently transparent, and the implication of the budgetary measures and tax cuts as part of the anti-crisis shield for the future is not an important issue of political debate.

#### Fiscal stability

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## 9 | Private Property

Property rights and the regulation of the acquisition of property are well defined in terms of acquisition, benefits, use and sale. Since Poland's accession to the European Union, foreigners from EU member states and European Economic Area (EEA) countries have also been allowed to purchase land and real estate. Further amendments to the land law that eased restrictions for investors from non-EU member states were introduced in 2011. Obstacles today include the slow and increasingly unpredictable functioning of the judicial system, and the continuing piracy of intellectual property, despite the government efforts to improve protections. The actions taken to “repolonize” Polish banks and media enterprises do not constrain the property rights of nationals from other EU member states but creates a climate that is less open to them.

Private companies are viewed institutionally as the primary engines of economic production, and they enjoy appropriate legal safeguards in principle. The private sector has increased to around 75% of employment and 70% of GDP, and faces only moderate bureaucratic obstacles. However, it still takes a considerable amount of time to set up a company – on average 37 days, which is the longest time in the OECD. The tax system has also become more complicated. Moreover, the current government's actions to “repolonize” the banking and media sectors, and the supervision of state-owned companies raises concerns about the safeguards for private companies. In particular, the purchase of the media company Polska Press by the state-owned oil company Orlen has increased state influence in the sector enormously.

The government set up an anti-crisis shield to prevent Polish firms from collapsing. This included direct assistance to enterprises and their employees. For enterprises, this included, among other things, credit and wage subsidies, the postponement or cancelation of social-security contributions, short-term work, and protection against hostile takeovers by non-European investors for two years. This package was worth PLN 74 billion, with these measures directed only at micro-firms initially but later expanded after protests by entrepreneurs. Of the PLN 100 billion program that provided help to companies that lost more than 25% of their turnover, only 40% of funds have to be repaid on condition that these firms do not lay off employees and maintain their activities. After a number of other support schemes for the private culture, tourism and agricultural sectors were set up in late summer, the next major so-called anti-crisis shield, which was passed on November 4, included another round of measures similar to those implemented in the spring. Nationalization of companies in order to prevent them from going bankrupt did not take place. Only the state-owned airline LOT withdrew from the agreement to buy the German holiday airline Condor in March 2020. Due to legal issues regarding this decision, the case ended up in court in late 2020 and in October LOT itself put in a request for PLN 4.5 billion (€1 billion) in state aid to help cover its losses due to the substantial decline in flights.

### Property rights

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### Private enterprise

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## 10 | Welfare Regime

Poland has a public, contribution-based welfare regime and the PiS government is very eager to expand it. Since 2015, the government has increased pension benefits and family allowances, and stretched the government budget to compensate for the expenses. These new additional payments increase individual household incomes and helped to reduce absolute poverty. Social inequality has been shrinking as well. However, the increase in state benefits for certain groups of the population have not been accompanied by structural reforms or investments in better infrastructure for nurseries, schools or institutions for the elderly.

The PiS government's bestseller is the Family 500+ Program, which provides childcare benefits and has been in effect since April 2016. Although initially the benefit was paid to parents with two or more children, the program has been extended to cover the first-born child since May 2019. The program costs PLN 23 billion or 1.7% of GDP but is very popular with Poles. While similar payments exist in other EU member states, PLN 500 per month is very high compared to the Polish average net disposable income per capita in households (PLN 1, 843 per month in 2019). In addition, families with low incomes (less than PLN 674 per person per month) receive a family allowance between PLN 95 and PLN per month 135 for raising children, and PLN 300 per year for school expenses.

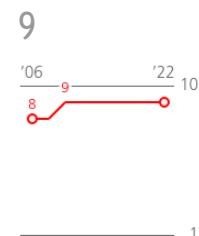
The government also increased spending on pensions. Prior to the European Parliament elections in 2019, President Andrzej Duda signed a bill on a 13th pension payment of PLN 1,200 per month per person. Furthermore, during the campaign for the parliamentary election in autumn 2019, PiS promised to introduce a 14th pension payment from 2021 onward for everyone except for the 10% who receive the highest pensions.

In contrast to families and pensioners, unemployment benefits were not adapted but the government responded to the pandemic with several measures to maintain employment contracts, such as short labor and state support for companies.

The health care system is inefficient and fundamental reforms are constantly debated without substantial actions being taken. Health insurance covers 98% of the population, but this provides for only a limited range of services. Additional out-of-pocket payments account for 23% of health care spending (the EU average is 16%). Poland has a low patient-doctor ratio and access to health care is not evenly distributed throughout the country. The government has not increased public spending on health care, it remains 4.7% of GDP, despite promises to lift it to 6%, which is one of the lowest rates in the European Union.

In response to the pandemic, the government increased its spending. The government prioritized the elderly through special shopping hours and PLN 1 billion from May 2020 was used to staff old people's homes. Through the Support the Senior (Wspieraj Seniora) program, the Ministry of Family and Social Policy offered a helpline and volunteer assistance.

### Social safety nets





Despite efforts to promote e-health and remote consulting, and PLN 1.6 billion in extra funding for hospitals to improve intensive-care units, shortages persisted, and testing and tracking was not widely practiced. In August 2020, the minister of health stepped down due to his mishandling of personal protective equipment (PPE) procurement.

Families received childcare support and a “holiday voucher” of PLN 500 per child, other vulnerable groups, such as migrants and single parents, did not. A survey from May and June 2020 in social assistance institutions showed that the unemployed, dependent elderly, victims of domestic violence and people using food aid applied for help more frequently than before the pandemic.

Coordination between social and health care services remains limited. Regional differences were not balanced and the social housing program Mieszkanie+ was a complete failure.

Due to Poland’s strong economic performance, unemployment and regional disparities are decreasing. The increase in family allowances, the child support benefit and the minimum wage have helped to improve families’ finances. Yet, childcare and other institutions that enable women to combine work and family life have not been improved by the government.

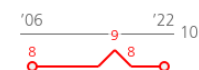
Discrimination against women in the labor market is still an issue, despite equal access to education. The ratio of female-to-male enrollment is 1 for primary and secondary education but women constitute the majority of university students, with an enrollment ratio of 1.3 according to World Development Indicators 2020. However, this does not secure equal levels of employment for men and women. In 2020, the female labor force was 44.6%, having not changed much over the years. The female employment rate increased to 65.4% but remains low compared to other EU member states and the gender employment gap is 15.1, mainly due to a lack of nurseries.

Nevertheless, the Gender Inequality Index indicates some improvements for women (including the maternal mortality rate and representation in parliament) with Poland’s score increasing to 0.115 in 2019. Despite the slight increase in female members of parliament (29%, an increase of two percentage points from the 2015 election result), women remain under-represented in politics. Although legislative gender quotas are used for Sejm elections, some political parties do not promote gender equality in politics, and do not actively support women’s enhanced political representation and participation.

Anti-discrimination policy has not featured prominently on the agenda of the PiS government. To the contrary, the government continues to promote a strong anti-LGBTQ+ discourse, although there is no systematic legal discrimination. Same-sex marriages are not legally recognized.

Equal opportunity

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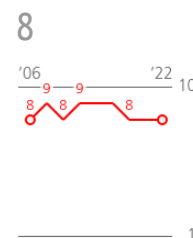


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## 11 | Economic Performance

The performance of the Polish economy has been good. Growth rates were stable over the last few years. From 2018 to 2019, there was a slight decline in the economic growth rate from 5.3% to 4.5%, but the overall trend continued to be positive and above the EU average. This development is relatively sustainable insofar as it rests on solid domestic consumption, high consumer confidence and relatively low unemployment (3.5% in 2019), as well as improved tax collection. However, the inflation rate rose from 1.2% in 2018 to 2.1% in 2019 and remains a major problem at the time of writing. Poland also caught up with other more developed EU member states regarding productivity, although it is still at 63% of the EU average. The diversified export structure of the manufacturing sector helps to balance developments in trading partner countries. While these are all favorable conditions for foreign investment (notably, Microsoft will invest PLN 1 billion in a company to expand data processing in Poland), Poland's competitive position has some shortcomings. Poland's regulatory framework is quite complicated, and the decline in legal security and the government's attempts to "repolonize" ownership of the economy or engage, at times, in erratic interventions makes the country somewhat unpredictable for investors. Nevertheless, Poland is expected to manage the economic impact of the COVID-19 lockdowns and related measures (e.g., a slowdown in trade and mobility) relatively well. According to the European Commission, GDP growth is expected to increase to 3.3% in 2021 from -3.6% in 2020, gross public debt from 56.6% to 57.3%, inflation from 3.6% to 2.0% and unemployment to rise from 4.0% to 5.3%. The current account balance for 2019 was 0.5% of GDP or \$2,931 million.

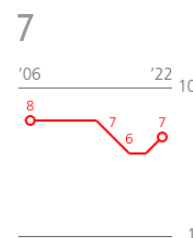
### Output strength



## 12 | Sustainability

Poland has enshrined the principle of sustainable development in Article 5 of its constitution, and it has broadly adopted EU environmental standards. Yet, the government has demonstrated on numerous occasions that it prioritizes economic growth over protection of the environment and has been especially protective of the domestic coal industry. Between 2016 and 2018, the four state-owned coal companies received around PLN 4 billion (€1 billion) in subsidies. The coal sector is a large employer and reduces the country's dependence on Russia's energy, an issue that has taken on even greater prominence since the Ukrainian crisis and is followed firmly at the EU level. But the government has started to recognize the costs of the coal industry.

### Environmental policy



Air pollution is a severe problem in Poland, as shown by the European Air Quality Index. The country is home to 33 out of the 50 most polluted cities in Europe, according to the World Bank. Over half of the air pollution in Poland comes from

domestic boilers and furnaces, and industrial exhaust gases. Of the PLN 103 billion governmental program to retrofit houses and replace heat sources, only 3% of the funds have so far been allocated.

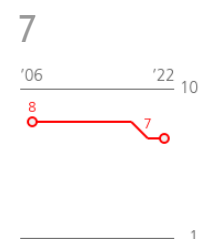
However, the government realizes it has to engage more in order to fulfill European requirements. After its re-election in October 2019, the government created a ministry for climate and has begun to invest more in the promotion of renewable energy. With the help of an EU stimulus program, the government plans to increase its renewable power capacity by 65% between 2019 and 2024, mostly from onshore wind farms. So far, the share of renewables in Poland has already increased to 10%. In November 2020, the government reached an agreement with trade unions to phase out coal power by 2049.

Despite these commitments, there is still some resistance. The government did not combine economic and financial aid to combat the pandemic with any instruments for sustainable infrastructure, cities or energy transition. The previous minister for development, Jadwiga Emiliewicz, supported the European Commission's New Green Deal but lost her office in a government reshuffle in September 2020 and Poland rejected the goal of becoming climate neutral by 2050 at an EU summit in December 2020.

Education policy has begun to produce good results in education and training. This is especially visible in Poland's PISA results, which improved above the OECD average prior to 2018. In the U.N. Education Index, Poland ranked near the top of the region in 2019, with a score of 0.869. Nevertheless, in 2019, Poland returned to the traditional two-tier school system, which combines eight years of primary schooling and four years of upper-secondary schooling or vocational education. This reform was poorly prepared, and insufficiently discussed with teachers, teachers' unions, parents and students. Hence, it received a lot of criticism and was widely questioned. The key complaint was that the reform simply helped the government to change the content of textbooks and curricula, with national ideology becoming more visible, a project that the new education minister strongly promotes, while project-based learning ceased to be mandatory. In addition, the entry exams for secondary schools put a lot of unnecessary stress on students. There is therefore less equity in access and equality is also affected by the fact that wealthier parents can afford to pay for extra tuition or private school education.

Due to their low salaries and poor working conditions, teachers frequently go on strike. In April 2019, the last large-scale strike in which 80% of teachers participated only ended after the government promised to increase salaries. However, no further structural reforms or increased recruitment of qualified teachers took place. The government also left local communes to finance the school reform alone. The central government's expenditure on education amounts to 4.6% of GDP.

Education policy /  
R&D



A similar half-hearted approach is visible in R&D policymaking. The European Innovation Scoreboard lists Poland as a “moderate innovator” in its 2020 report. GDP growth and the rate of newly founded enterprises are higher than the EU average, but the government spends less on R&D (1.3% of GDP in 2019, only 1.21% in 2018) than the European Union’s 2020 target of 3%. The proposed National Institute of Technology (NIT) has yet to be established. In 2019, then-Minister of Science and Higher Education Jarosław Gowin started an initiative to strengthen university-led research. With the Constitution for Science, 10 universities were selected in a competition to be research universities and now receive 10% more funding until 2026. In addition, the Łukasiewicz Research Network has brought together 39 existing institutes that lead research in the field of applied industrial development. Tax reliefs in the form of higher deductible amounts for investments should stimulate private activities and new simplified types of joint-stock companies were introduced.

Following the closure of schools and universities for face-to-face instruction during the pandemic, shortcomings in digitalization made the switch to home teaching difficult. The government launched programs to meet demand for hardware and broadband but did not sufficiently enable local governments to meet the challenges to education on the ground.

## Governance

### I. Level of Difficulty

The structural constraints on governance are low, although governance has been challenged by the pandemic. The relatively high level of economic development, well-educated workforce and well-developed infrastructure produce favorable conditions for the government. Regional imbalances persist but have been mitigated by EU structural funds. Unemployment has further decreased. However, there are concerns about the effectiveness of public administration. Due to the government's changes to the judicial system, and its pressures on the media and the educational system, the previously high levels of trust in institutional stability and in the functioning of the rule of law have decreased since November 2015.

Regarding the pandemic, the weak health care system is a structural problem for the containment of infections, especially since access to health care is not evenly distributed across the country. Nevertheless, Poland coped relatively well with the first wave of infections in the spring but struggled in the second and third waves. The economic implications were not too severe thanks to the implementation of several anti-crisis shields. Infection rates were moderate until early September, although the low rate of testing may have skewed the picture. In late summer, infection numbers started to climb again with a peak in late November. The excess death rate began to rise moderately in August and September (10–20%) but was 40% above the 2016–2019 average for October and November (Eurostat). As of January 31, Poland had experienced 40,000 infections and nearly 1,000 COVID-19-related deaths per million inhabitants (both below the EU average).

Traditions of civil society are very strong in Poland. The emergence of civil society reaches back to the late 1970s, with the events surrounding the recognition of the Solidarity trade union by the communists, and its unique activities during 1980–81 and after. Groups linked to the Catholic Church also acted as forums for critical discussions that allowed the promotion of democratic values during communism. The democratic transition provided an impetus for the development and mushrooming of civil society organizations over the last 30 years in Poland. Today, there are more than 8,600 non-profit organizations in Poland, according to the portal ngo.pl, which lists an overall number of 143,000 social organizations of different kinds. The level of civil society participation has further increased compared to 2018 and 43% of Poles devote unpaid time to volunteering in civil society organizations.

Structural constraints

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Civil society traditions

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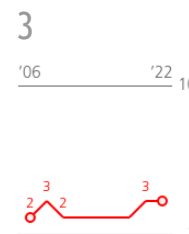
Electoral participation has increased since 2018 reaching a historic high of 55% in the local and regional elections, and for the 2019 parliamentary and European elections, and in the 2020 presidential elections turnout even increased to 68.18% in the run-off. Many people of different ages and professions have participated in demonstrations against the Constitutional Court's abortion ruling and the politicization of the judiciary. The Committee in Defense of Democracy (KOD), a movement that used to unite Poles protesting against Law and Justice's actions to dismantle the liberal democratic foundations of the Polish state, has lost some momentum, although the Women's Strike movement has now called for broader political changes.

In addition to the National Freedom Institute – Center for the Development of Civil Society, which many activists regard as a means for the government to control NGOs, the government proposed a register of foreign-funded NGOs in 2020. This dual strategy of financial support for government-friendly NGOs and pressure on NGOs that are perceived as hostile has become highly visible in recent years. The most trusted social organization in Poland, the Great Orchestra of Christmas Charity, which fundraises for children's hospitals, became a victim of a government campaign. In 2017, public TV stopped broadcasting the Great Orchestra's fundraising TV show, which the NGO then took to the private TVN24. Despite continued pressure from PiS, the Great Orchestra managed to collect the highest amount of donations since 2015.

Violent incidents based on social, ethnic or religious differences are very rare because Poland is an ethnically and religiously homogeneous country, but political cleavages exist. Although around 90% of Poles are Catholics, about half of the population contests the public interference of the Church. However, the main divide is between supporters of Law and Justice (PiS), and the main opposition party, Civic Platform (PO), which is now part of Civic Coalition (KO). The parliamentary opposition is supported by several grassroots civil society organizations, which often call for demonstrations against the incumbent government.

The polarization of society is still tangible. The hostile climate created and hate speech expressed by right-wing and far-right platforms and groups has not stopped, even following the assassination of the mayor of Gdansk, Paweł Adamowicz, despite calls to overcome the polarization. Hate speech, especially against LGBTQ+ people, in the course of the recent elections was a prominent element of PiS's public discourse. In addition, demonstrations against the abortion ruling in autumn 2020 and other demonstrations directed against the government were met with excessive police responses and often police violence. This violence was not condemned by the government.

Conflict intensity



## II. Governance Performance

### 14 | Steering Capability

The PiS government led by Mateusz Morawiecki prioritizes certain policy plans and announced several initiatives in their 2019 election campaign. However, these topics mainly focus on issues that benefit the government's target electoral groups and, therefore, protect PiS's political support: families, pensioners and rural populations. Hence, these priorities implied a continued focus on state intervention in economic and social policies, especially increases in family allowances and pensions. Measures that marginalize certain social actors, pluralistic worldviews and independent institutions remained in place. The same is true for the government's vision of national sovereignty within the European Union, which fundamentally differs from the more integration-friendly ideas of the opposition parties. While the government did not explicitly announce its intention to amend democratic institutions in the 2015 election, this intention became obvious in 2019 when the government introduced further measures against private media.

For the current term in office, the government listed several priorities on the website of the Office of the Prime Minister, including the expansion of social benefits, modernization of schools and promotion of clean air. Reduced bureaucracy and administrative reforms appear to be euphemisms for greater state control, and do not reflect a desire to improve state structures. During the pandemic, the problem of understaffed and inefficient public administration, especially in public health care departments, became increasingly visible.

Available instruments that could be used to plan and organize policy measures, such as regulatory impact assessments, strategic planning units, and stakeholder and expert consultation, are either not applied or only used to foster the ideological purposes of the government. Social dialogs and evidence-based policymaking hardly take place.

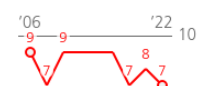
The PiS government launched several measures to combat the economic consequences of the COVID-19 pandemic, but these were not connected with structural or strategic reforms. In addition, the government was occupied with a ministerial reshuffle in the autumn and winter of 2020/21. Hence, prioritization was less policy-driven but reflected a need to calm PiS's two coalition partners.

All in all, the priority of the government continues to lie in social and educational policies, both with nationalist undertones. Support for families remained a priority during the pandemic but – considering general spending increases to help the economy – priorities will either shift or public debt will increase in the future.

Question  
Score

Prioritization

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The government has been able to implement many of its reform proposals because of its parliamentary majority. But since 2019, two delaying factors have emerged. First, PiS's majority depends on the consent of its two allies, Solidarna Polska and Porozumienie. That is important and became apparent when party leader Kaczyński wanted to push through a law on animal protection, which led to a severe crisis within the coalition and Kaczyński facing strong resistance within PiS. The bill only passed with opposition support – with the opposition agreeing out of strategic interest. Second, the opposition has a majority of one seat in the Senate. While the Senate's veto can be over-ruled in most cases of legislation, its veto at least serves to delay legislation.

In the Sejm, the government continues to use the strategy of getting individual members of parliament to introduce bills, which bypasses consultation steps and allows for speedy decision-making. Other attempts to achieve certain political goals, such as the attempt to introduce a near-complete ban on abortion in which the government-friendly Constitutional Court ruled in favor of the government, was met with such large protest that the ruling has yet to be published.

Additional pressure from the European Union and several infringement procedures forced the government to change its plans. However, some judgments by the CJEU were bypassed and met with new legislation, so the power conflict persists.

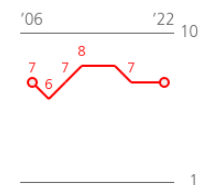
In the context of the pandemic, several anti-crisis shields were adopted in parliament. But a government reshuffle in September delayed the further implementation of coronavirus-related measures rather than the pandemic delaying the implementation of major policy priorities.

Institutional mechanisms for policy learning through regulatory impact assessments are hardly used in Poland. Previous governments had developed these tools, and aimed to professionalize the staff in the chancellery, ministries, the parliament and public administration. However, since 2015, the PiS government either does not use these tools anymore or uses them in a more politicized way. Policy experts provide advice to the government, but they are primarily selected based on partisan criterion. Hence, the government's ability to replace failed policies with innovative ones is limited. In addition, many bills are prepared in a hurry and the rapid speed of lawmaking often leads to poor-quality laws. Recently, the Senate has attempted to amend laws, but these attempts are mostly ignored by the Sejm majority.

The government does not engage in public hearings with independent experts and social partners. As a result, policy learning and the thorough consultations of bills is rarely possible, which further lowers the quality of laws. In addition, this approach shows that the government disrespects democratic procedures and open deliberation.

## Implementation

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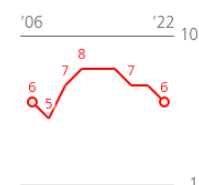


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## Policy learning

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During the coronavirus pandemic, policy learning was visible only to a certain extent. Following protests from entrepreneurs, the government did amend parts of its anti-crisis shield and broadened the group of recipients from initially micro-companies to middle-sized and larger firms. However, the government did not consult with experts, so there has been a lot of criticism from medical staff and local administrations. Even though the government amended its strategy for hospitals that specialized on COVID-19 patients, it did not address the lack of specialized staff, respirators or medical equipment. Only regarding the vaccination program was there a consultation with experts which fed into the preparation and implementation of the program.

## 15 | Resource Efficiency

The government is legally obliged to make efficient use of available human, financial and organizational resources. The constitution also requires the government to maintain a sound state budget and improve local administration. Current increases in social spending on families and pensioners combined with a shrinking workforce will result in higher expenditures from the state budget. The state budget deficit declined between 2018 and 2019, when the government debt-to-GDP ratio fell from 49% to 47% mainly due to favorable tax collection. In addition, the government financed some social benefits (e.g., the additional pension payments) through newly created funds that do not fall under the expenditure rule.

The rescue package for the economy impacted by the coronavirus pandemic amounted to about 13% of GDP by the end of the review period, which will affect public debt. The anti-crisis shields were all passed quickly and targeted specific professional groups, but the process was not very transparent. The anti-crisis shields were approved by the parliament rather than passed as government decrees. However, there was no real debate on the content of legislation and the opposition often voted against the packages.

While the PiS government is eager to foster digitalization, the professionalization of administrative structures is still hampered by its political grip on bureaucracy. Politically motivated changes of personnel beyond the usual level demonstrate the government's perception of human resources and its intention to restructure public administration according to its political interests. Hence, while the government uses some budget resources quite efficiently, administrative personnel are no longer used as efficiently or professionally.

In addition, burden-sharing between national, regional and local levels has deteriorated further. Larger cities, which are typically governed by opposition politicians, will receive less funding since the PiS government changed the subnational distribution of financial resources, compounding the fact that they will also gain less through their own tax sources due to lower economic activity during the lockdowns.

Efficient use of assets

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Structurally, policy coordination obliges the Chancellery of the Prime Minister to monitor the government's legislative work and to issue opinions on documents that are to be submitted to the Council of Ministers. A standing committee coordinates work in the chancellery and prepares cabinet meetings. The number of cabinet committees and their role under the PiS government has been limited. Instead, informal mechanisms for coordination have played an important role, with PiS leader Jarosław Kaczyński the main decision-maker. Kaczyński has made many important decisions himself and the standing of government ministers has been strongly dependent on their relationships with him. Yet, since the 2019 elections, more conflicts about policy proposals among the members of the cabinet have been reported and there was a greater need to balance the interests of the two small parties involved in government. Another sign that policy coordination through informal and centralized means has become harder to handle for PiS is the return of Jarosław Kaczyński to the government as vice-prime minister. As chair of the Committee for National Security and Defense, Kaczyński controls the Ministry of Justice, Ministry of Foreign Affairs, Ministry of National Defense, and Ministry of Interior and Administration.

The structure of policy coordination during the pandemic did not change and it was not very transparent. Yet, then Minister for Economic Development Jadwiga Emiliewicz was quite successful with her anti-crisis shields and dominated the policy discourse on political responses to COVID-19 together with Morawiecki, although she lost her job during the government reshuffle in the autumn and was replaced by Jarosław Gowin again.

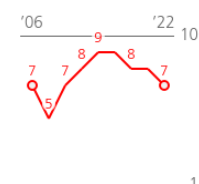
The government claims that it is eager to contain corruption and has, therefore, expanded the tasks of the Central Anti-Corruption Bureau (CBA) in the past. Integrity mechanisms are implemented. Nevertheless, the Council of Europe's Group of States against Corruption (GRECO) group reports many shortcomings and found that public officeholders are not sufficiently confronted by these measures. In essence, the government uses the CBA and the topic of corruption for political purposes.

One example was the promotion of Mariusz Kaminski. In 2015, when PiS was in opposition, he was sentenced for abuse of office while CBA director. After Andrzej Duda was elected president, Duda not only pardoned Kaminski but appointed him the coordinator of special services. In August 2019, Kaminski was further promoted to minister of the interior.

The newly composed National Election Commission, which is responsible for controlling party financing, is no longer politically independent, which may negatively affect the transparency of party funding. The containment of corruption seems to be a shallow statement by the government, considering its control of the media, the judiciary's loss of independence and opaque administrative procedures. GRECO criticized the government's 2018–2020 anti-corruption program for a lack

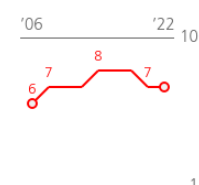
## Policy coordination

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## Anti-corruption policy

7



of transparency in the appointment and promotion of senior managers in the police and border guards, and highlighted that Poland had only implemented eight of 22 suggested reforms. Hence, corruption is primarily a matter of clientelism, and the politically motivated one-sided distribution of money and offices, as the provision of funds to local self-administration based on political partisanship shows.

Several very recent events raised questions about the CBA's political independence. Two former ministers – Sławomir Nowak and Roman Giertych – were accused of money-laundering. Nowak (PO), the former transport minister, was arrested in July 2020. Meanwhile, Giertych, the former leader of the nationalist League of Polish Families (LPR) and education minister in the PiS-led coalition in 2006–2007, later distanced himself from PiS and worked as a lawyer. Tomasz Grodzki (PO), the speaker of the Senate, was a target of a smear campaign about alleged corrupt practices.

## 16 | Consensus-Building

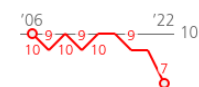
All major political actors agree on the primacy of democracy, but political parties have different ideas about the desired form of democracy (e.g., the level of self-administration, checks and balances, and the degree of integration with the European Union). While the Civic Coalition (KO), Lewica and to a certain extent PSL/Kukiz-15 favor a decentralized mode of governance, the governing PiS and its allies support a highly centralized mode of governance and strive to concentrate political power in the national core executive.

All major political actors agree on the primacy of the market economy, but political parties have different views on the relationship between the state and the market. The opposition parties, such as Lewica, favor less state involvement in the economy or different policies. In contrast, PiS opts for more intensive economic governance of state structures, a demand-oriented economic policy and a paternalistic welfare state.

Relevant political actors follow democratic norms and procedures in principle, but anti-democratic actors are becoming stronger. First, the incumbent government continues to act in ways that are anti-democratic, such as undermining the independence of the judiciary and the public media. In spring 2020, many observers contested the legality of the election of the state president under the conditions of the pandemic. The incumbent party, PiS, had wanted to stick to the original election date because of its lead in the polls and introduced distance only voting, but without meeting the grounds for such a change in procedure so close to these elections. At the same time, the government used the ban on demonstrations to hinder the opposition from running a proper public campaign. Individual politicians who seem to follow a less authoritarian path (e.g., Jarosław Gowin, who stepped down from his office as minister of science because he contested the idea of not postponing the

Consensus on goals

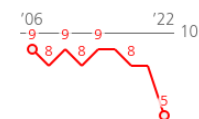
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Anti-democratic actors

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presidential election during the pandemic) are rare. However, Gowin was later reappointed a minister (and maybe silenced) in the autumn in the course of a government reshuffle. The majority of the political opposition sees itself as the defenders of democratic values and principles.

Second, the extreme right, the Confederation of Liberty and Independence (Konfederacja, KON), has been represented in the parliament since 2019. The National Rebirth of Poland Party and the National Movement again organized demonstrations on Polish Independence Day (November 11), although in 2020 the demonstrations were forbidden because of the pandemic, which resulted in a lot of violence.

The current government uses cleavage-based conflicts to appeal to its voters and to demonstrate its commitment to their interests. In fact, government speeches and legal measures have contributed to polarizing public opinion even more. However, on the other hand, the government seeks to minimize social exclusion for segments of society that have not yet profited much from Poland's favorable economic conditions, such as families living in the countryside, pensioners and unemployed young people. Hence, although there is public discontent with certain measures and protests against them, as well as rising dissatisfaction with the management of the coronavirus pandemic, PiS is still leading in public opinion polls, with 32.5% of respondents supporting PiS, while KO is supported by 21.9%, according to a United Surveys poll in January 2021.

Women's rights have been limited. The ruling of the politicized Constitutional Tribunal to impose a near-total ban on abortion instigated nationwide protests and civil society opposition. Women's Strike has become a powerful NGO. However, the government nevertheless implemented the ruling.

For other societal topics of public debate (e.g., LGBTQ+ rights), the government has intensified the level of conflict rather than de-escalated it.

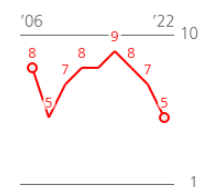
Overall, there is a strong cleavage between the supporters of the PiS government and those who oppose it, mostly from KO and Polska 2050 in addition to civil society organizations. This opposition is frequently discredited by the government in a very offensive way, either in public speeches, on television or through offensive public campaigns, including those against the judiciary.

The political leadership does not promote the participation of civil society in policymaking. By law, the government is obliged to consult all parties affected by proposed legislation. Online consultations with ministries have been introduced as well as the opportunity to follow a bill through the lawmaking process online. In practice, consultations with trade unions and employers' associations, or committee hearings with experts rarely take place.

Members of the Social Dialog Council (Rada Dialogu Społecznego, RDS), an institutionalized form of consultation between trade unions and employers'

Cleavage /  
conflict  
management

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Civil society  
participation

4



associations, have not always collaborated successfully. At the end of March, during the pandemic, a law was passed that empowered the prime minister to dismiss members of the RDS. In October, President Duda appointed several new members from the government and a new employers' association. In protest, the trade union NSZZ Solidarność, which usually maintained good relations with the government, resigned and other members protested against the lack of dialog during the pandemic. Hence, many employers took their protests against the coronavirus measures, which they found to be too slow, too bureaucratic and insufficient, to the streets. They met every Saturday to peacefully demonstrate in the center of Warsaw.

This ignorance of social actors fits with other government practices that demonstrate the government's limited interest in real dialog. This includes the PiS government's practice of getting individual members of parliament to introduce bills in order for the bills to be read quickly in parliament and bypass consultation. Moreover, the government's attempts to control civil society and influence civil society funding opportunities through the new register of foreign-funded NGOs clearly demonstrate that the government has no interest in a dialog or the exchange of opinions. All this hampers consensus-building and the involvement of civil society actors in policymaking.

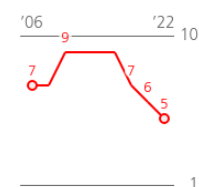
Rules on dealing with Poland's communist past are in force. However, the government uses these rules to fulfil its own agenda regarding national values and not for reconciliation. PiS uses the past as a means of defamation.

The Institute of National Remembrance (Instytut Pamięci Narodowej, IPN), established in 1998, obtained the archives of the communist police, and it has made the files of the secret services accessible to affected persons since 2000. Officials have to declare whether they collaborated with the communist secret police or intelligence services. If they admit such activities, they are not punished. The interest of the public in these files has always been comparatively low. However, PiS has often used the tool of lustration to discredit political opponents. This was very pronounced during PiS's first term in government (2005–2007), although PiS has continued use it to justify the elimination of the judiciary's independence since 2015. Moreover, other examples include the minister of culture's actions to promote a distinct nationalist narrative of Polish history in museums, especially the Museum of the Second World War in Gdansk and the Museum of the History of Polish Jews in Warsaw, and the education minister's revisionist stance on textbooks in schools. The IPN has engaged in the development of video games, apps and other devices to promote a nationalistic and often militaristic image of Polish history.

In June, the PiS group in the Sejm submitted a draft amendment to the Law on the IPN, which provided that so-called communist crimes are not subject to the statute of limitations. According to the law currently in force, crimes committed by the former communist regime became time-barred on August 1, 2020. At present, murders and crimes against humanity and peace are exempt from this statute.

#### Reconciliation

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## 17 | International Cooperation

In terms of international assistance, Poland has an in-between position. On the one hand, Poland is an OECD member and therefore a donor of development assistance. On the other hand, it receives funding for development projects. For example, the World Bank is currently engaged in several flood management improvement, regional development (including health care and other welfare issues) and financial management projects, and has lent \$688 million.

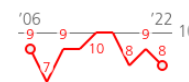
Poland was the largest beneficiary of EU structural funds between 2014 and 2020. In total, Poland received €106 billion (PLN 441 billion) in funding, including €73 billion (PLN 304 billion) from the cohesion policy and €29 billion (PLN 119 billion) from the Common Agricultural Policy (Polish Ministry of the Treasury 2014). According to the Ministry of Finance, a quarter of Poland's growth and 600,000 jobs are attributable to EU aid. Since accession, Poland has received foreign investment totaling over €200 billion (\$240 billion).

In late 2020, Poland and Hungary came into a conflict with the European Union regarding the new budget, the Multiannual Financial Framework (MFF). Since the European Union wanted to insert a rule of law clause, Poland and Hungary vetoed the MFF. The European Council under the German presidency reached a compromise: the European Commission would define guidelines for breaches of the rule of law, which would involve the Court of Justice, and the clause would only be valid for the new MFF. On this basis, the MFF was passed in December 2020. The Polish government is eager to gain a share of the €1.8 trillion budget (which includes the €750 billion COVID-19 recovery fund, Next Generation European Union), with Poland supposed to receive €37.7 billion. But in the debate, the government was divided. While Justice Minister Zbigniew Ziobro (PiS) was opposed to any rule of law clause, Jarosław Gowin (of Agreement, a junior coalition partner) argued in favor of a compromise. Prime Minister Morawiecki sided with Ziobro while also acknowledging the need for funding. This conflict will continue to dominate Poland's stance on international cooperation. Despite these disagreements, corruption related to EU funds was relatively low in Poland.

Hence, the PiS government welcomes international assistance, and has clear aims about how to use it for political and economic development following plans and actions to mitigate the effects of the coronavirus pandemic since Poland's economic growth and development are highly dependent on EU funds. Yet, this does not necessarily mean that the government's policy proposals are developed in collaboration with international partners. For example, despite changes in energy policy, Poland remains skeptical of the European Union's environmental policies and the further harmonization of actions to tackle climate change. In addition, in other policy fields, domestic interests and the need to secure re-election rather than objectively improve policies drive cooperation.

Effective use of support

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The current Polish government is not considered a very reliable partner at the EU level because of its uncompromising stance regarding energy policy and the resettlement of refugees in Europe and its interpretation of national history. Its attacks on media freedom and the rule of law led to Article 7 and related infringement procedures at the European Court of Justice. Poland's veto of the EU budget – because it included a rule of law mechanism – again demonstrated that the government is only interested in financial transfers and not in further political integration. The government has also ignored several aspects of the CJEU's rulings on shortcomings in the rule of law.

Nevertheless, Poland complies with most international agreements, engages in international cooperation and contributes to development assistance. At the beginning of 2018, Poland gained a non-permanent seat at the United Nations Security Council for two years for the sixth time. During the pandemic, the Ministry of Foreign Affairs reported that the country allocated over €90 million to fight the COVID-19 pandemic around the world, including funding for research on the SARS-CoV-2 virus, vaccines, drugs and tests. Yet, Poland does not support international organizations' policies on migration and is against the Council of Europe's Istanbul Convention to combat domestic violence, from which Zbigniew Ziobro, the minister of justice, wants to withdraw.

Poland's government has a clear cost benefit approach to regional and international cooperation. In recent years, relations with the European Union have deteriorated because of Poland's rule of law infringements. The Polish government only considers EU integration relevant for economic relations.

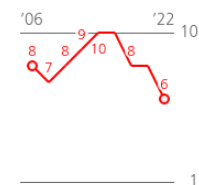
Following Brexit, Poland will need a new close ally within the European Union. Germany would be a natural partner because of the intensive trade between the countries but political relations between the two countries have become complicated. Furthermore, while Poland has always seen itself as a close ally of the United States and sided with Donald Trump before the 2020 elections, this relationship was complicated by Trump's pro-Russian foreign policy, which Poland opposed.

The Polish government maintains a close relationship with Hungary and the other Visegrád countries, and both Poland and Hungary wanted to show their unity in their veto of the European Union's MFF and rule of law framework. However, Hungary and Slovakia's friendly approach toward Russia impedes Poland's idea of strengthening cooperation between Visegrád countries vis-a-vis the European Union.

Polish society has always been very supportive of the European Union and the idea of a "Polexit" – which some PiS politicians have voiced – fails to land on fertile ground. Through the recent very high fines for Gazprom and other West European companies involved in building the Nord Stream 2 pipeline, the government has

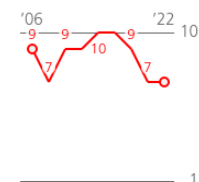
### Credibility

6



### Regional cooperation

7



demonstrated a more self-confident approach. At the same time, the European Commission has also been critical of this project and German insistence on continuing it, so Poland does not act too much on the European Union's line here.

In German-Polish relations, the sudden and unannounced closure of the border in mid-March, when the coronavirus pandemic began, came as a surprise for Germany. With about 122,000 Poles commuting for work to Germany, this caused a lot of problems until quarantine measures were amended and the border reopened in mid-June. Since then, the coordinators on both sides, Dietmar Woidke and Bartosz Grodecki, promised to seek closer cooperation in order to evade irritations in their relation.

With the ongoing demonstrations in Belarus after the elections in August 2020, Poland has become a new home for many Belarussian protesters and established a €11 million Fund for Belarus with the help of the European Commission in order to support the democracy movement.



## Strategic Outlook

One of Poland's advantages is its strong and diversified economy, and stable domestic consumption. New investments fixed in 2020 (e.g., Microsoft creating a new company in Poland for cloud computing) combined with Poland's short delivery routes to other European countries, well-educated labor force and comparatively low wages will attract further investment. The Ministry of Economy developed plans to re-establish a European site for the production of pharmaceuticals in Poland and engage in technological innovations, especially for its small and medium-sized enterprises. If this path is continued, it will definitely help to boost the R&D sector. But more intensive funding of the sector and engagement in adult learning is needed. Other industrial sectors, such as the chemical industry, even grew during the COVID-19 crisis, boosting Poland's economic prospects.

Therefore, a relatively successful economic recovery once the pandemic is over has been projected. The OECD forecasts 2.9% GDP growth for 2021, an increase in unemployment to 5.5% and a fiscal deficit of 6.8%. Due to public payments made via the government's anti-crisis shields, major social imbalances were avoided. The main challenges lie in the health care and education sectors. The government invested in both in 2021, but further efforts are necessary to improve patient-doctor relations, train and employ more staff, and make salaries more attractive. The vaccination program advances quite well but has yet to provide transparent, reliable information publicly since several government members voiced anti-vaccination arguments. Greater decentralized governance of hospitals and other health care providers would make the system more responsive to the needs of local communities. Similar changes are necessary in education in order to promote technological advancement and enable children who fell behind as a result of the switch to online teaching to catch up. The ideologically motivated changes that the new minister for education is planning regarding textbooks, curricula and teaching methods are not appropriate to meeting the requirements of a modern, pluralist society.

Poland's greatest challenge is its illiberal and populist government. Although some quarrels overshadow the coalition's stability, the nomination of new, right-wing ministers, who are close to Jarosław Kaczyński, means that any ideological changes are unlikely. Hence, the dispute between Deputy Prime Minister Jarosław Gowin, chairman of Porozumienie, who appears to be more moderate and was allegedly involved in the agreement with the European Union about the European Union's Multiannual Financial Framework, and Justice Minister Zbigniew Ziobro from Solidarna Polska, who is a hardliner, does not change much regarding the content of politics.

Since it is unlikely that the government will reverse its controversial reforms of the judiciary, the media or civil society, or change its decision-making practices, the only hope for an institutional protection of democratic values and practices lies with the new ombudsperson. Nominee Zuzanna Rudzińska-Bluszcz is backed by more than 1,200 social organizations, and Civic Coalition (KO) and the Left (Lewica). However, Law and Justice (PiS) has repeatedly blocked her election. A return to a properly working and less polarized parliament is important. Therefore, the government must ensure that the "state of epidemic threat" is not overstretched. Last but not least, the opposition parties, especially Citizens' Platform (PO), need to overcome their leadership struggles and to provide substantial policy alternatives.