



# 2018 OECD ECONOMIC SURVEY OF POLAND

Towards an innovative and inclusive economy

Warsaw, 19 March 2018

<http://www.oecd.org/eco/surveys/economic-survey-poland.htm>



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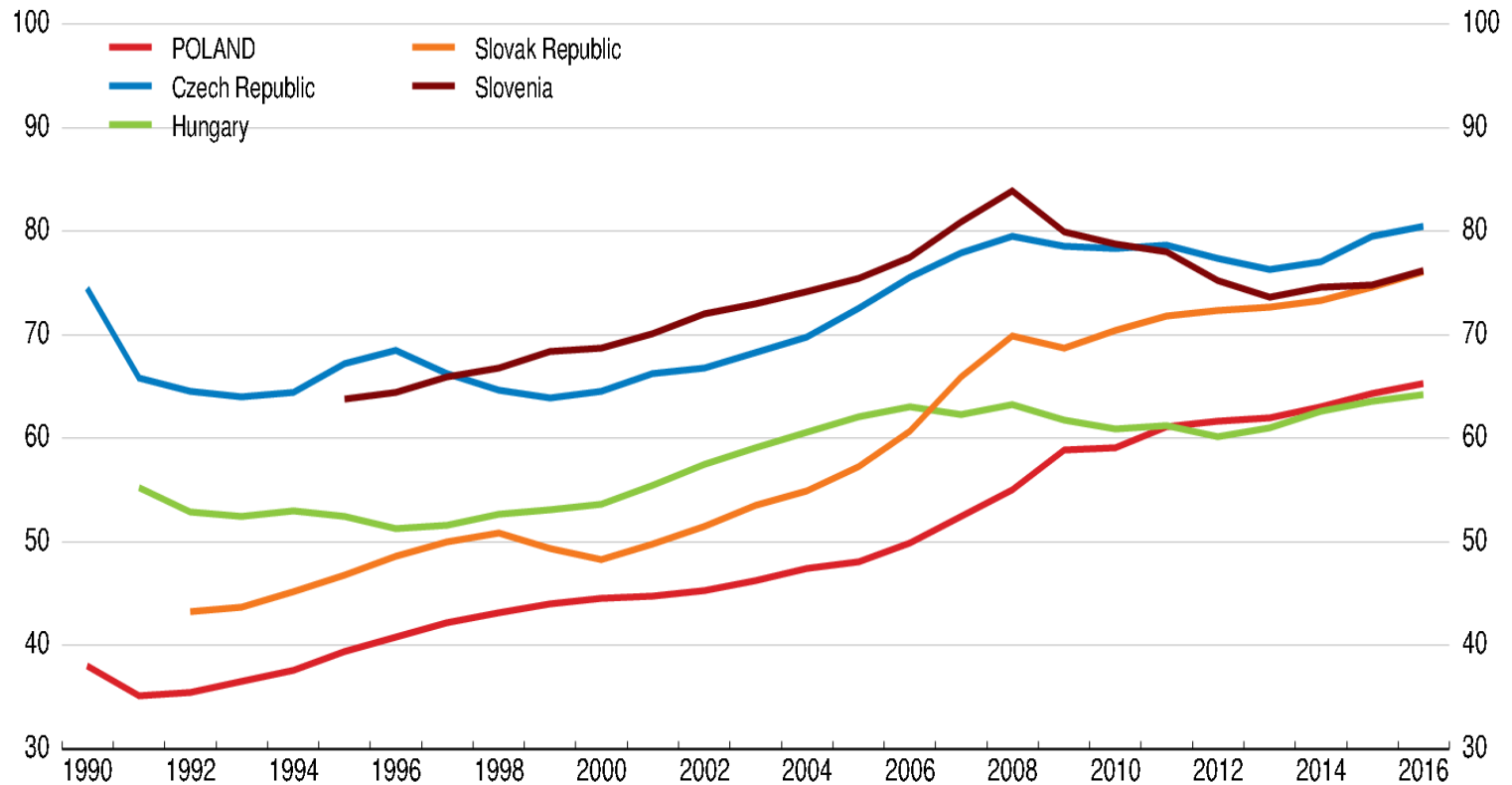
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# **Strengthening innovation, research and skills**



# Living standards are rising

## Convergence in GDP per capita continues Constant PPPs, Index OECD=100

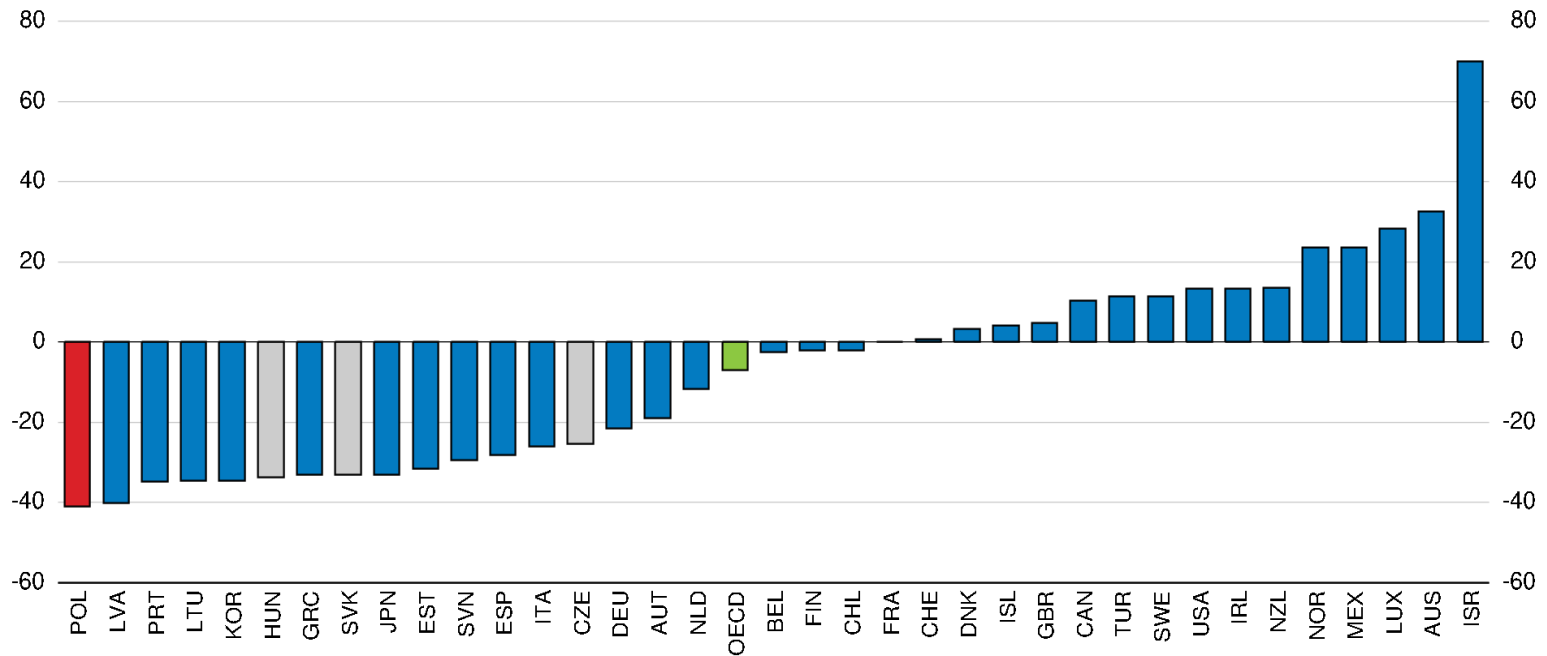


Source: OECD (2017), *OECD Economic Outlook: Statistics and Projections* (database).



# Demographic challenges are rising rapidly

The working-age population will decline sharply  
Percentage change, 2015-2060

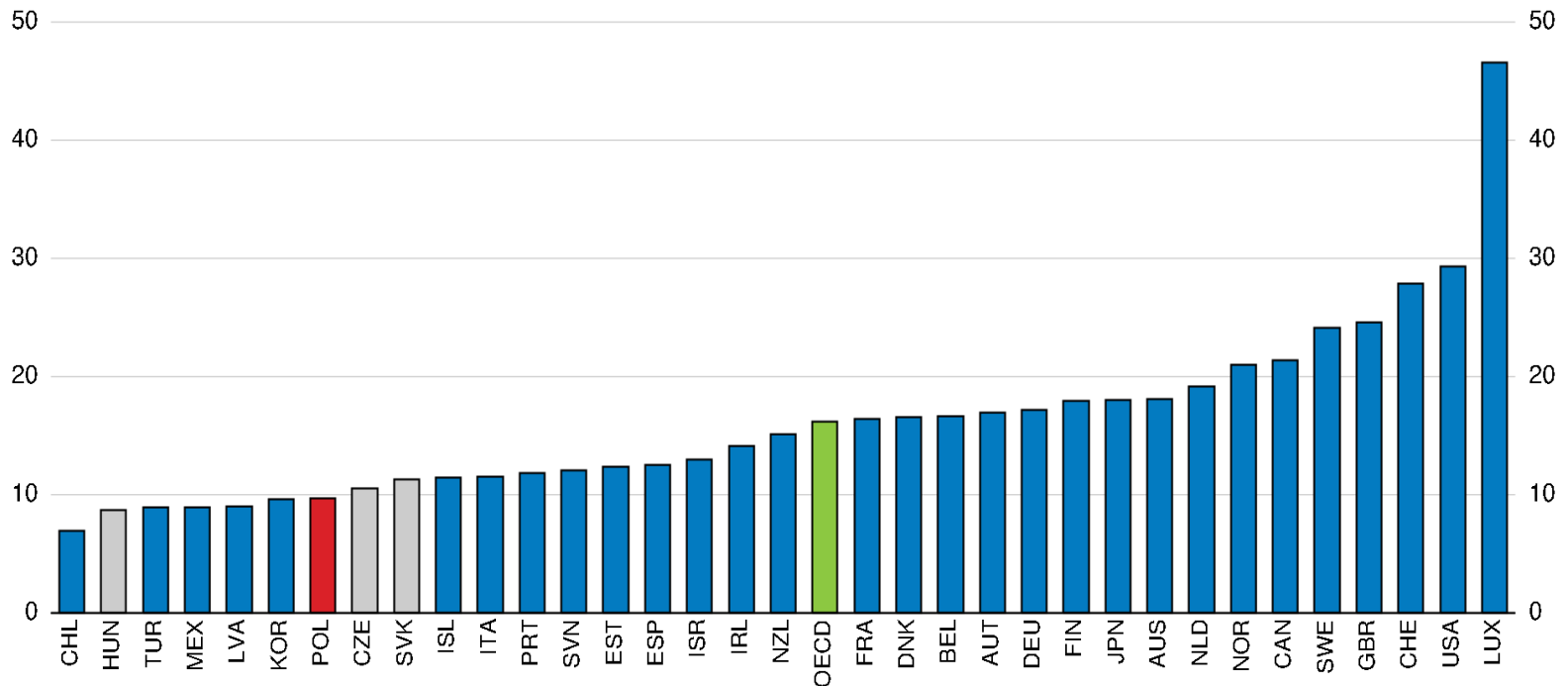


Source: United Nations (2017), "World Population Prospects: The 2017 Revision", Department of Economic and Social Affairs, United Nations, New York.



# Investment in research excellence is needed

Tertiary education spending per student is relatively low  
Thousand USD in PPPs, 2014

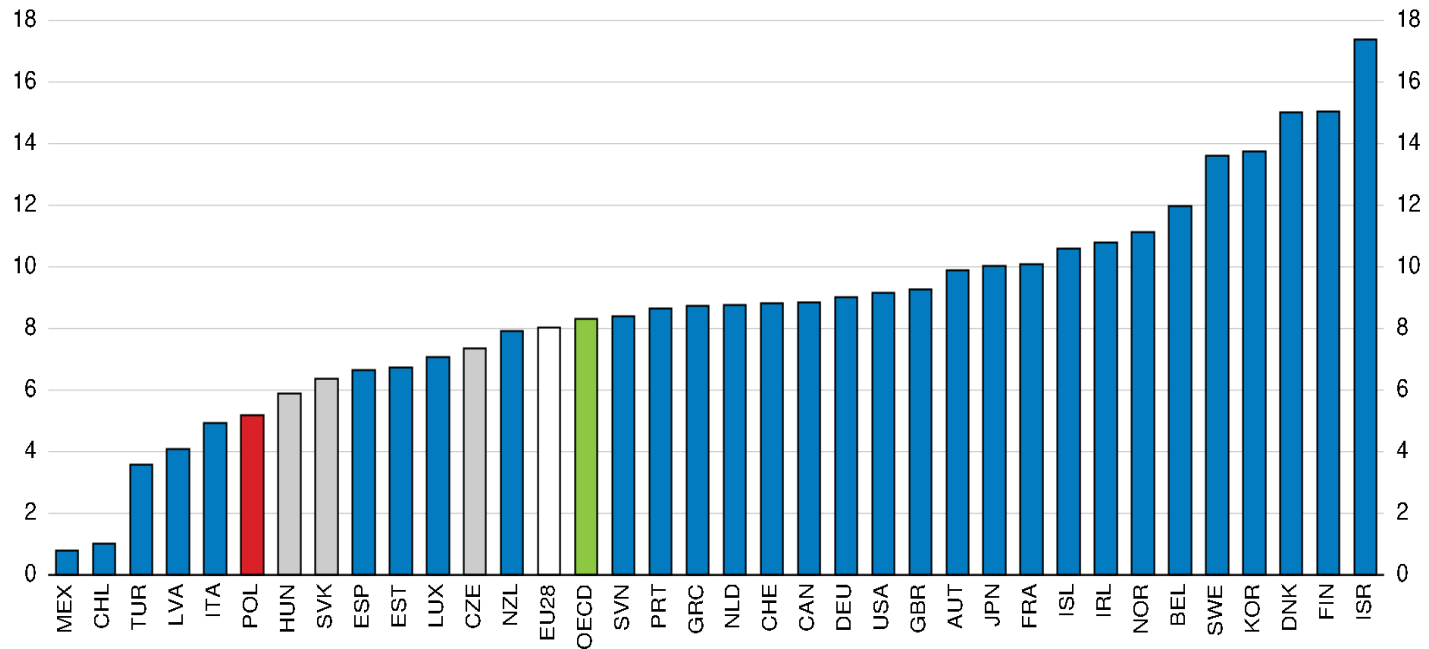


Source: OECD (2017), *OECD Education at a Glance 2017*, (database).



# The supply of researchers is insufficient

Share of researchers in total employment  
Per thousand employed workers, 2015

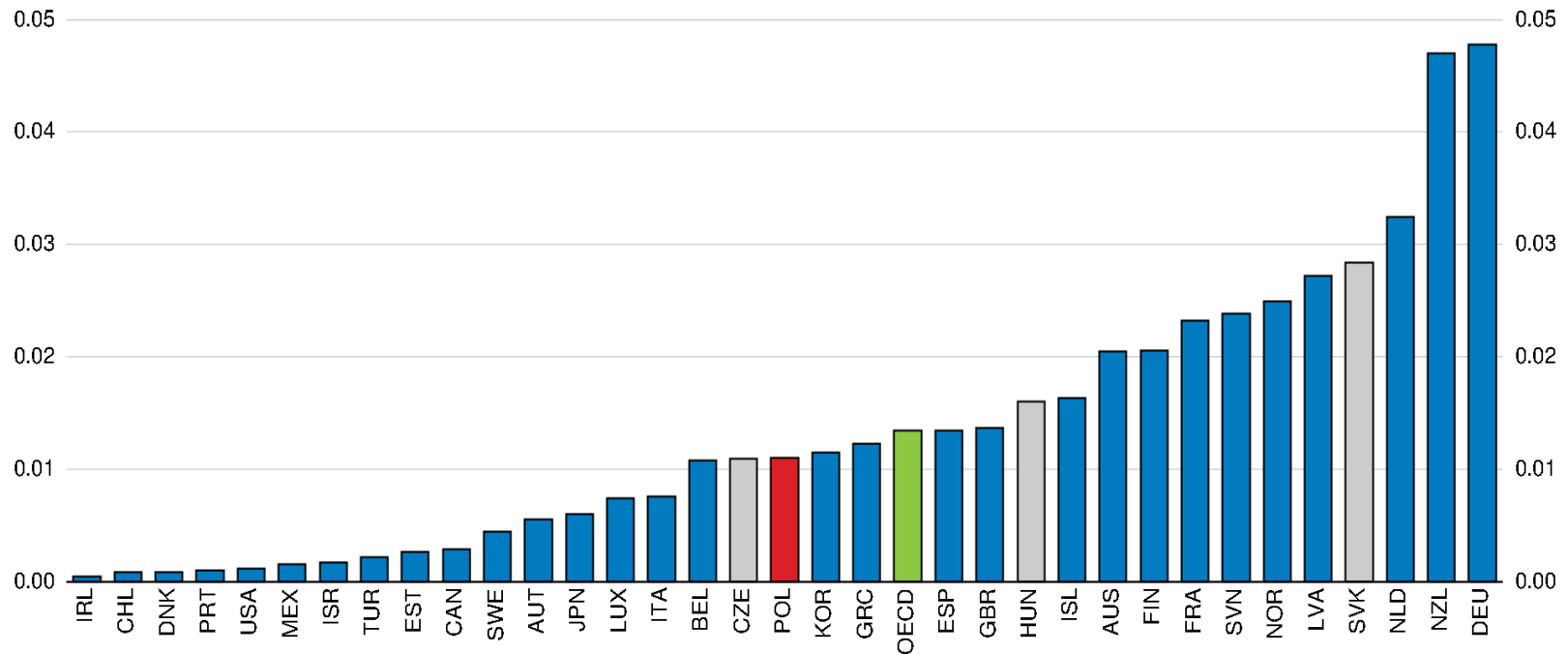


Source: OECD (2017), OECD Research and Development Statistics (database).



# Industry-science cooperation is limited

Industry-financed public R&D  
Per cent of GDP, 2015



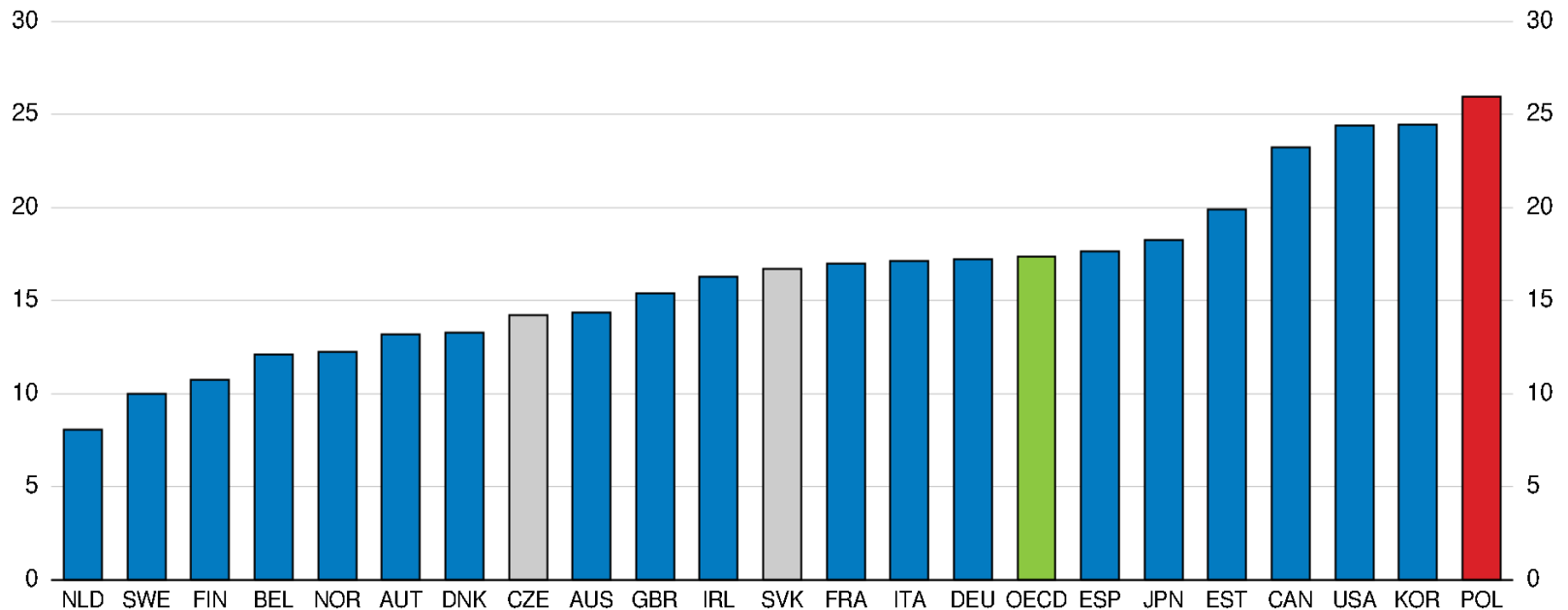
Source: OECD (2017), *OECD Research and Development Statistics* (database).



# Adult learning and vocational training need strengthening

## Low skills are pervasive among Polish managers<sup>1</sup>, 2012

Share of low-skilled managers aged 20-65 with at least upper secondary education



1. Share of managers with at least upper secondary education scoring below level 2 in at least one of the PIAAC proficiency scales, i.e. literacy, numeracy and problem-solving in technology-rich environments.

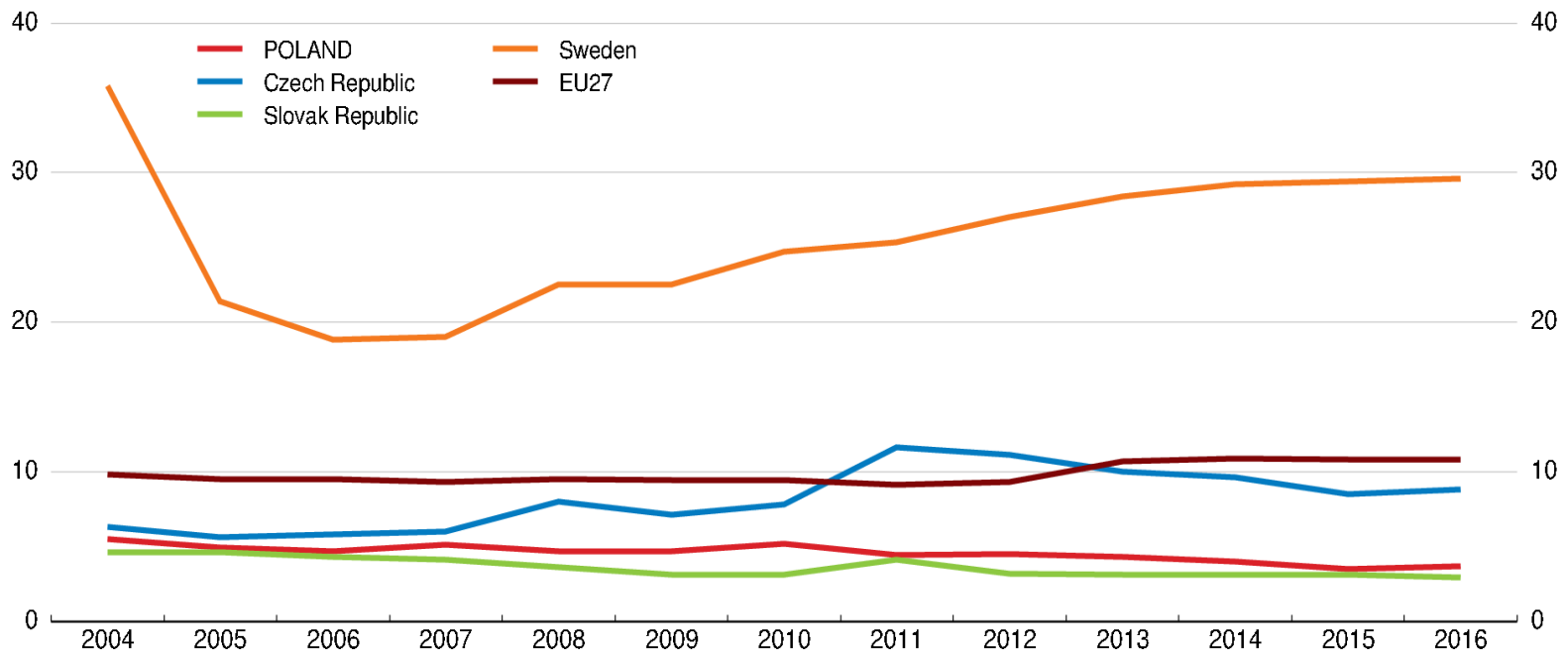
Source: OECD (2013), *OECD Skills Outlook 2013* (database).





# Participation in adult learning is weak

Adult participation in lifelong learning  
25-64 year-olds, % of population



Source: OECD (2016), *Skills Matter: Further Results from the Survey of Adult Skills*, OECD Publishing, Paris.



# Main recommendations to strengthen research and skills

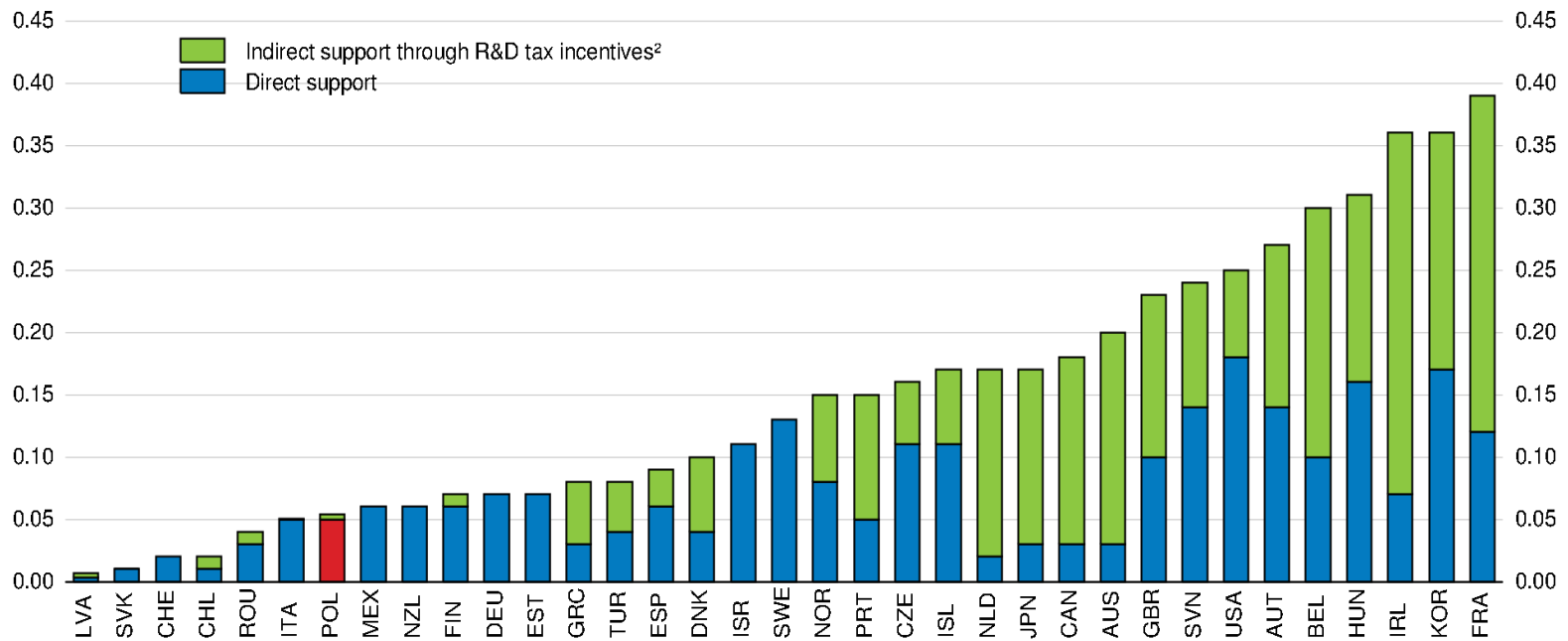
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- ✓ Continue to increase funding for higher education and research over time, to merge small universities and independent research institutes to build strong research universities, and to allow underperforming institutions that do not improve over time to shut down.
- ✓ Improve the quality of doctoral training by structuring it through coursework and tutoring and tightening entry criteria.
- ✓ Offer well-remunerated academic positions, and base career progression on an evaluation of research and teaching quality by faculty and external experts.
- ✓ Develop a national skills strategy with a strong basic skills component.
- ✓ Give employers incentives to develop workplace-based vocational education and adult training.



# A much needed increase in public support for business R&D lies ahead

Public support for business R&D  
As a percentage of GDP, 2014<sup>1</sup>



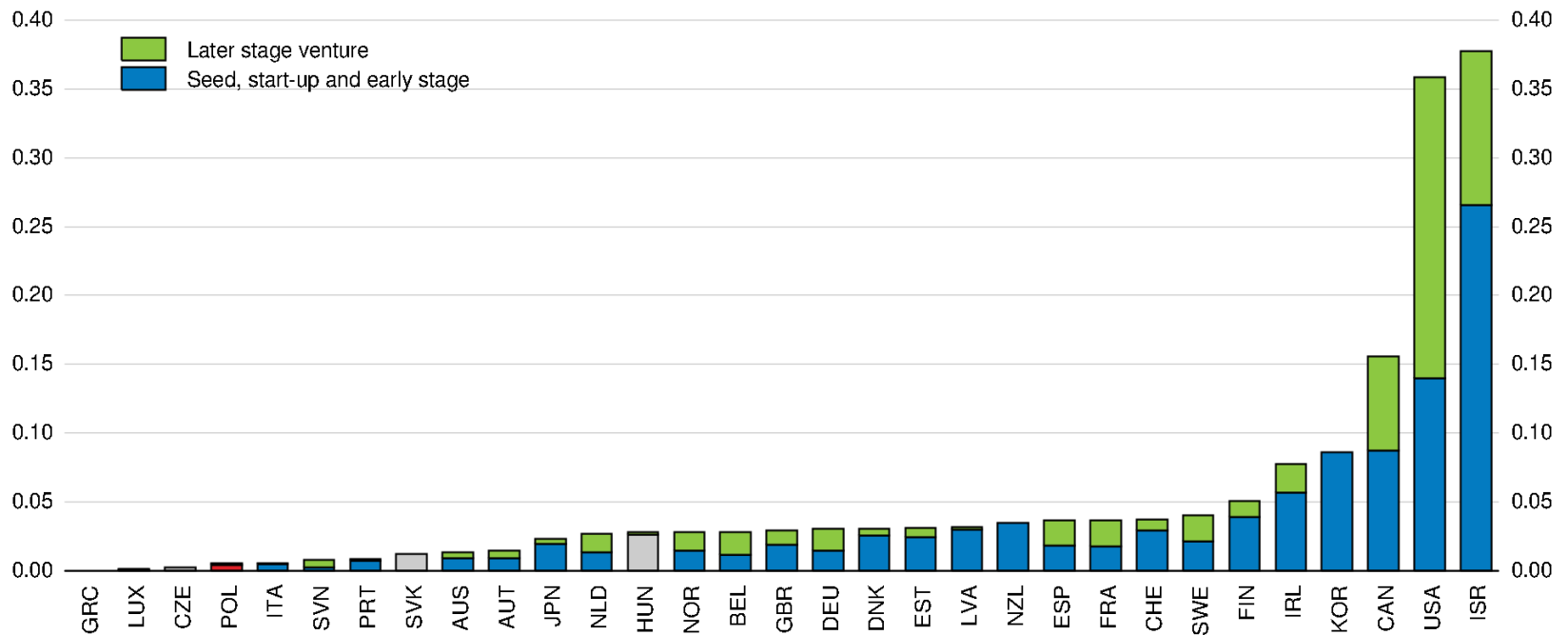
1. Or latest year available.

2. In Poland, indirect support refers to PLN 284 million CIT tax exemptions granted for innovation activities in 2014.

Source: OECD (2017), *OECD Science, Technology and Industry Scoreboard 2015*.

# Financing for innovative start-ups is increasing

## Venture capital investment As a percentage of GDP<sup>1</sup>, 2016<sup>2</sup>



1. Only the value of total venture capital investments is available for Korea and New Zealand.
2. Or latest year available.

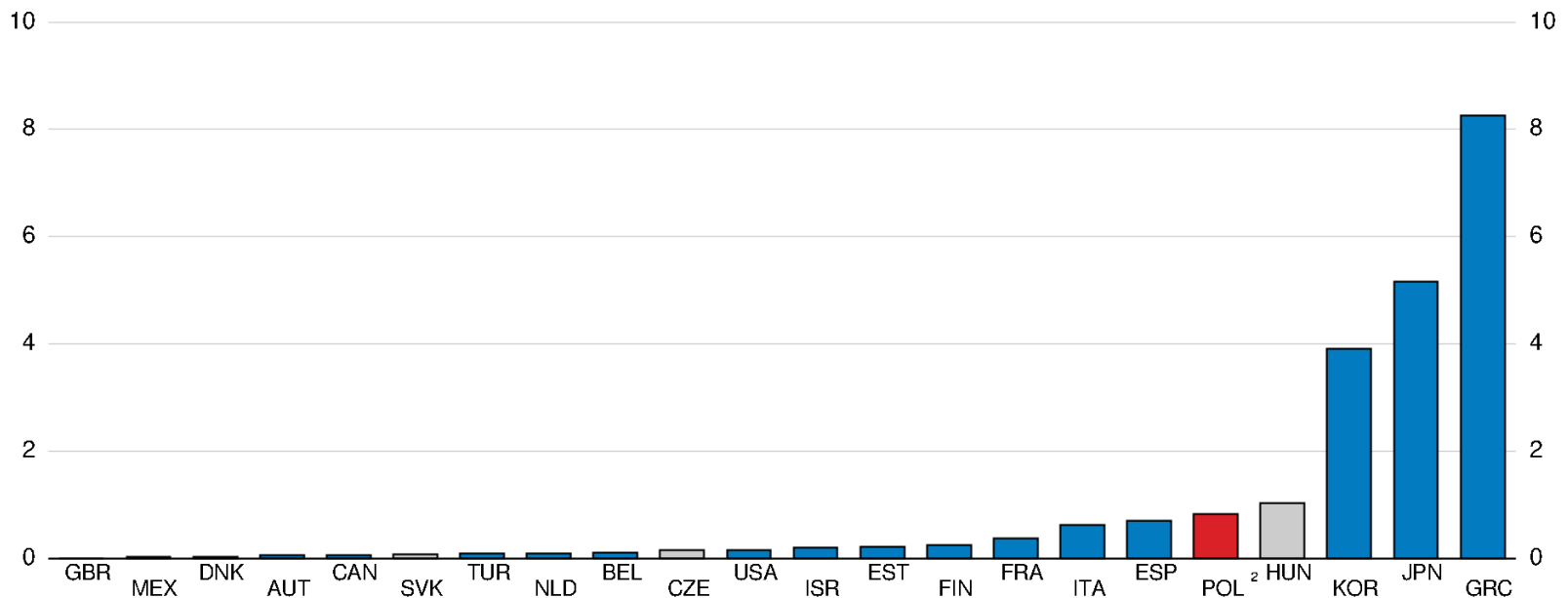
Source: OECD (2017), *OECD Entrepreneurship at a Glance 2017*, OECD Publishing, Paris.



# Government loan guarantees are extensive

## Government loan guarantees for SMEs

As a percentage of GDP, 2015<sup>1</sup>



1. Or latest year available.

2. 2016 data for Poland. They refer to PLN 13.9 billion of outstanding De Minimis guarantees at end-2016 and PLN 1.59 billion of guarantees from local and regional funds.

Source: OECD (2017), *OECD Entrepreneurship at a Glance 2017*, OECD Publishing, Paris.



# Main recommendations to foster innovative business investment

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- ✓ Plan for the national financing of business R&D and innovation programmes beyond the current EU budgetary cycle, if necessary.
- ✓ If the take-up of the new R&D tax allowance is low among small innovative firms, adjust its provisions.
- ✓ Rigorously evaluate the general loan-guarantee programme for SMEs and adjust its provisions if needed as it can lock in resources in low-productivity firms and crowd-out alternative financing sources.
- ✓ Improve transparency, stability and impact assessment of public support by involving the private sector in the Innovation Council.
- ✓ Include a simplification component for SMEs to the government's tax compliance strategy.



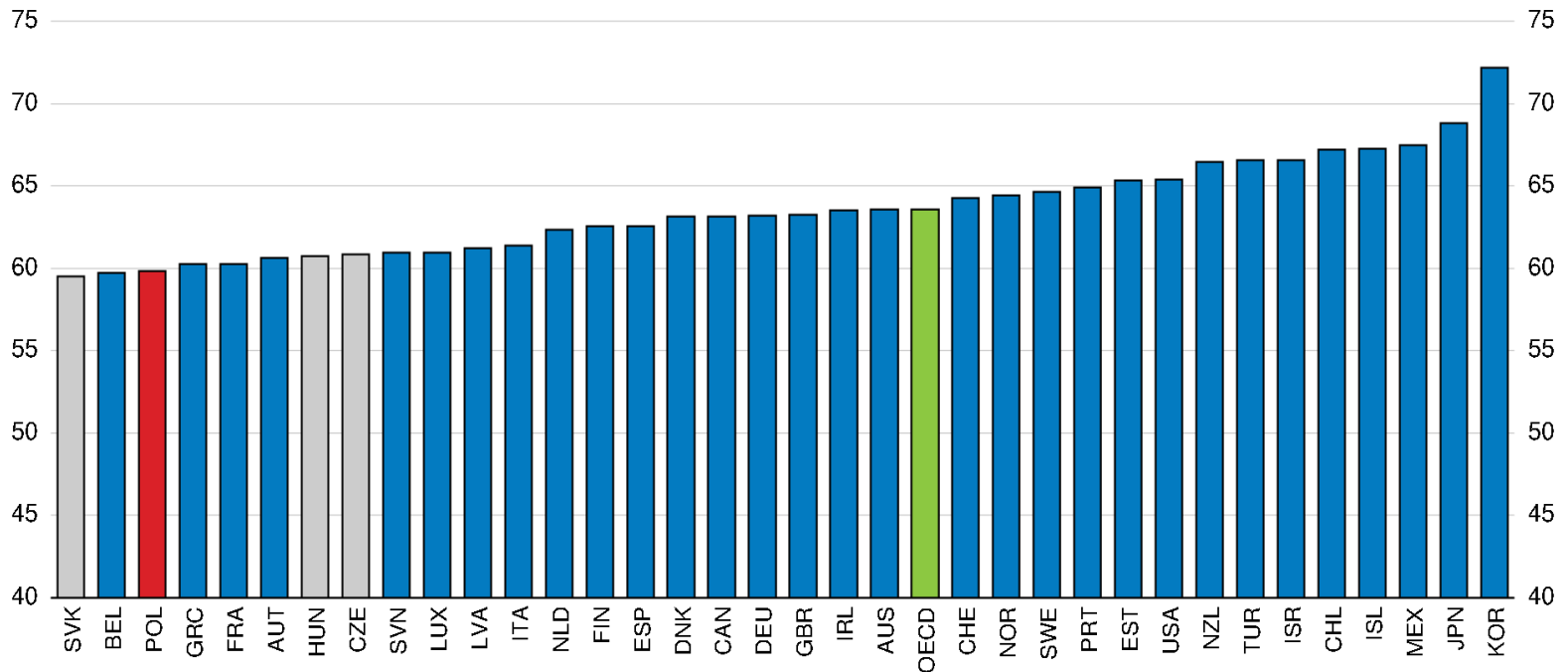
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# **Strengthening employment to confront demographic challenges**



# Women's retirement age is set to remain low

Women's average effective retirement age is low  
2016



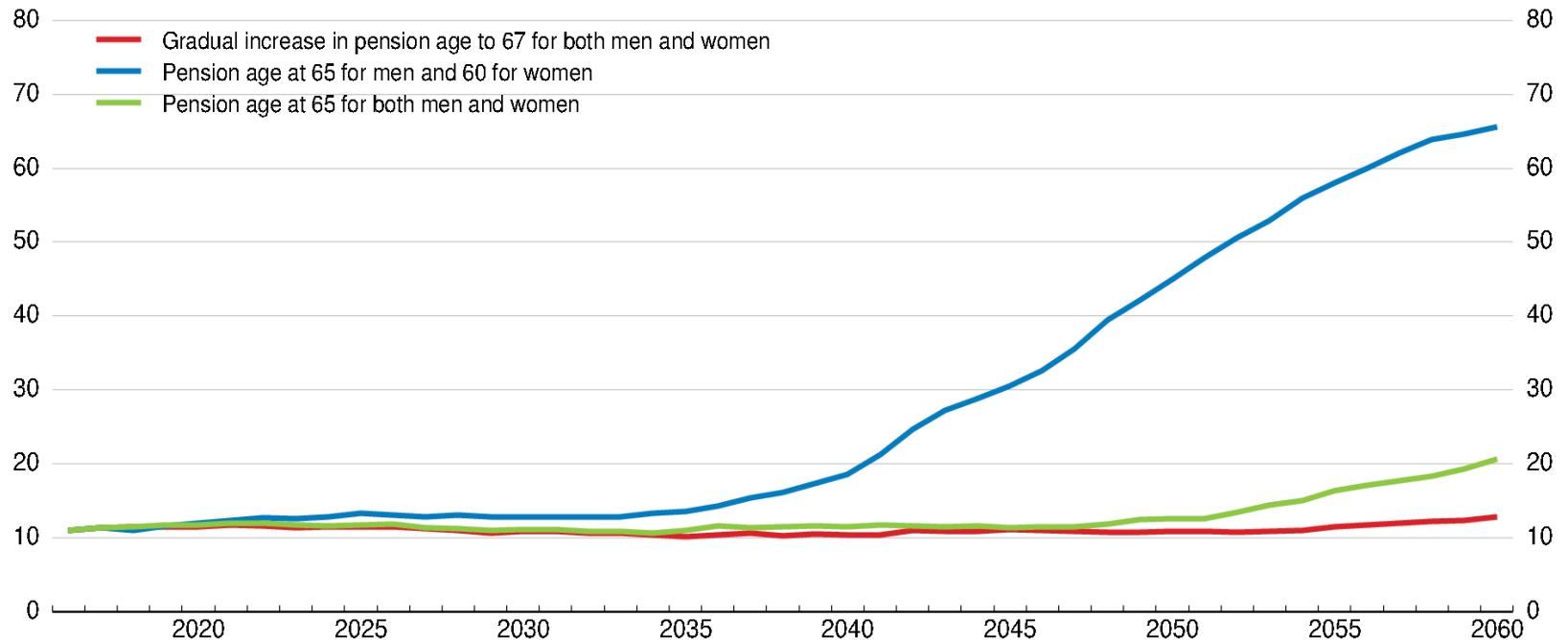
Source: OECD (2017), *OECD Science, Technology and Industry Scoreboard 2017* (database).





# There is a risk of old-age poverty

**The share of female minimum pensioners is expected to increase sharply**  
Simulations based on an overlapping generations model, per cent

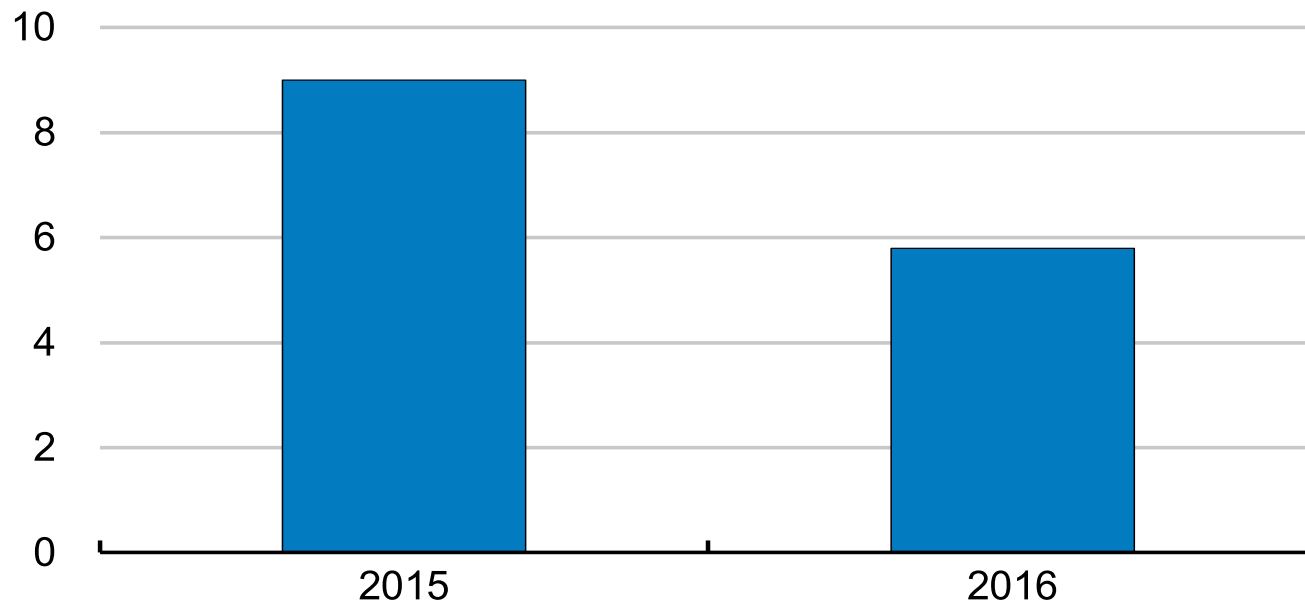


Source: J. Tyrowicz and N. Brandt (2017), "Simulating the effects of pension reforms in Poland in an overlapping generations model", *Technical Background Paper*, OECD, Paris.



# Family benefits helped lower child poverty

Absolute poverty among children has fallen  
0-17 years old, per cent

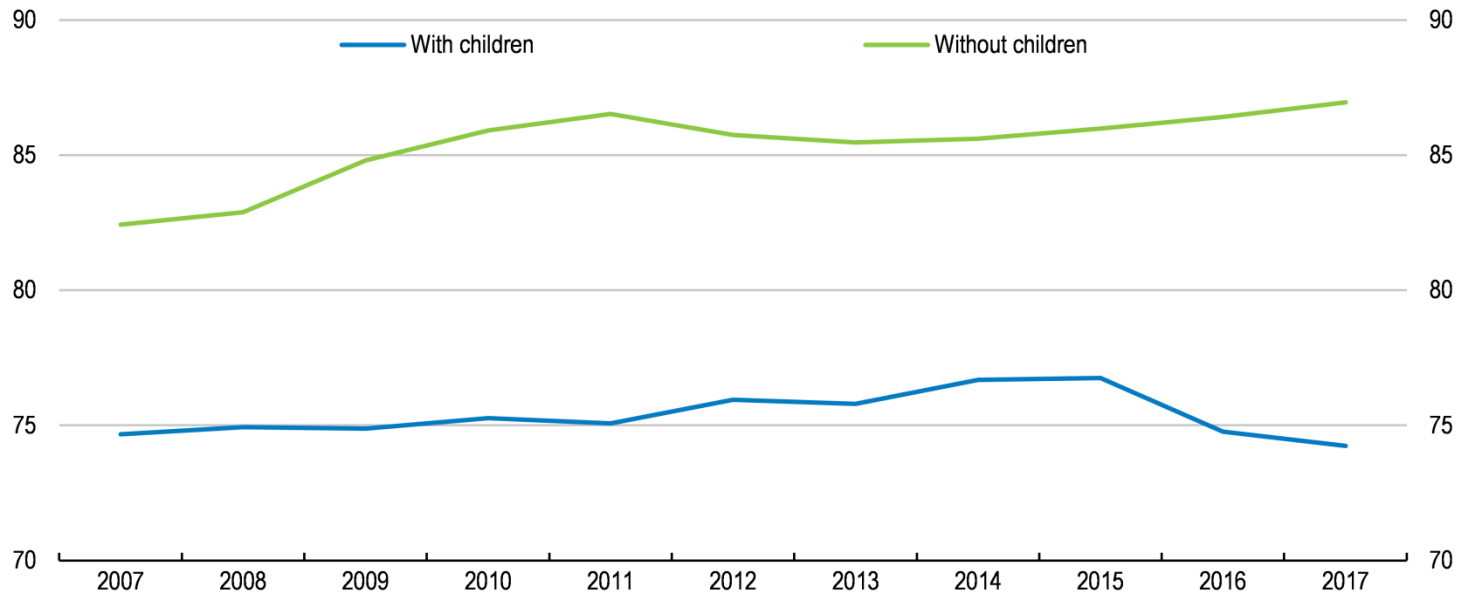


Source: Statistics Poland.



# Increasing female participation is a challenge

## The new child benefits may weigh on female labour force participation

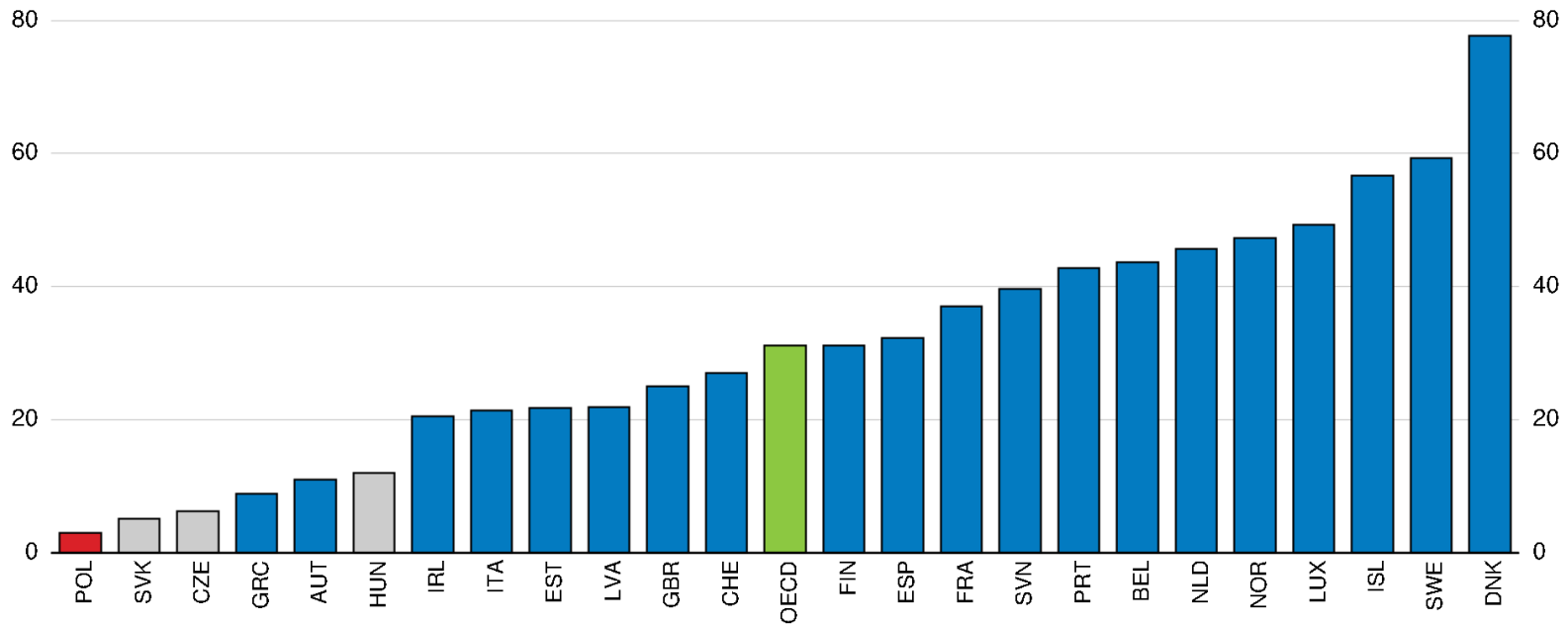


Source: I. Magda, A. Kielczewska and N. Brandt (2017), "The impact of large child benefits on female labour supply – the case of Poland's 500+ programme", *Technical Background Paper*, OECD, Paris.



# Better access to subsidised childcare would help

Participation rates in formal childcare and pre-school services<sup>1</sup>  
0-to-2 year-olds with mothers without tertiary education, 2014<sup>2</sup>



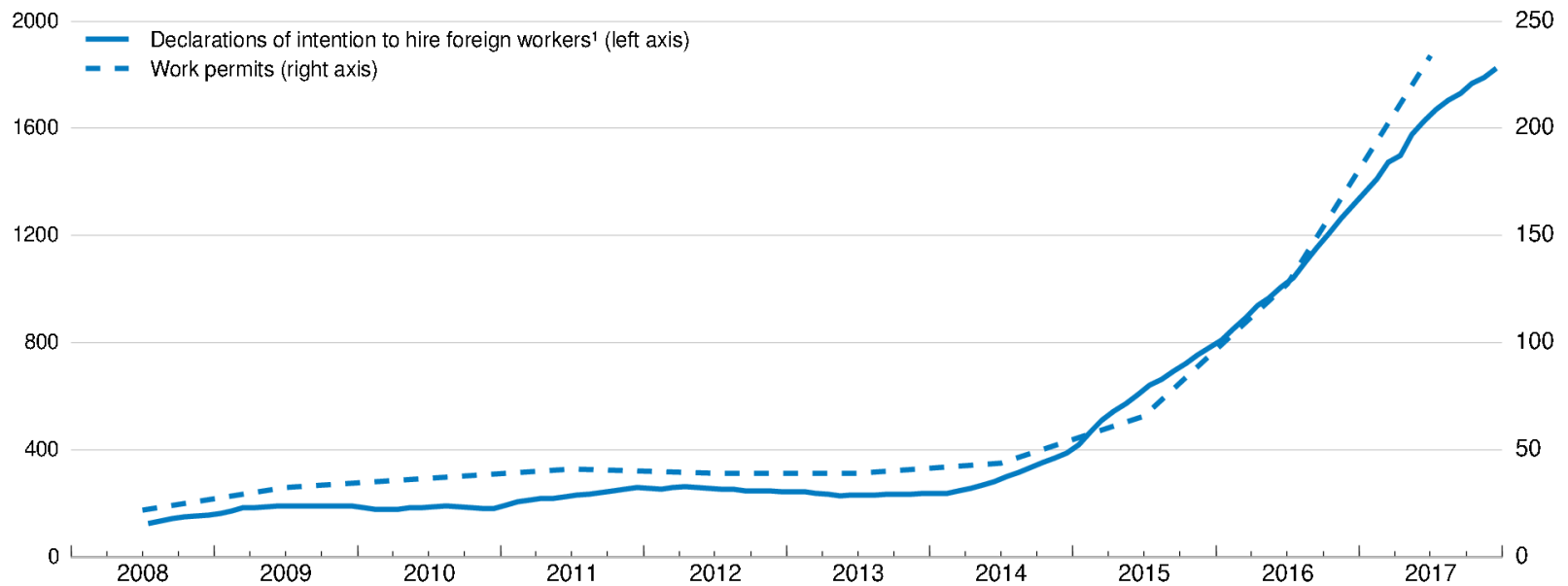
1. Data refer to children using centre-based services (e.g. nurseries or daycare centres and pre-schools, both public and private), organised family daycare, and care services provided by paid professional childminders, excluding those using unpaid informal services provided by relatives, friends or neighbours.
2. Or latest year available.

Source: OECD (2017), *OECD Family Statistics* (database).



# A migration policy is needed

## Hiring of immigrant workers is increasing sharply Thousands



1. 12-month moving sum.

Source: Ministry of Family, Labour and Social Policies (<https://www.mpips.gov.pl/analizy-i-raporty/cudzoziemcy-pracujacy-w-polsce-statystyki/>).



# Main recommendations to strengthen employment

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- ✓ Evaluate the pension reform's effects, and make corrections such as aligning male and female retirement ages and indexing them to healthy life expectancy.
- ✓ Inform the public about the impact of working longer on pension income
- ✓ Invest in childcare and long-term care facilities.
- ✓ Taper the phase out of the child benefit for the first child.
- ✓ Develop a migration policy strategy to better monitor integration of foreigners in line with labour market needs, the protection of their rights and access to education and training for them and their children.



# For more information

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