



REPUBLIC OF POLAND

2025 ARTICLE IV CONSULTATION—PRESS RELEASE; AND STAFF REPORT

January 2026

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2025 Article IV consultation with Republic of Poland, the following documents have been released and are included in this package:

- A **Press Release**
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on lapse-of-time basis, following discussions that ended on November 24, with the officials of Poland on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on January 9.
- An **Informational Annex** prepared by the IMF staff.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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IMF Executive Board Concludes 2025 Article IV Consultation with Republic of Poland

FOR IMMEDIATE RELEASE

- *Poland has maintained rapid growth, albeit partly at the cost of a sharp rise in fiscal imbalances.*
- *In the near term, growth will remain robust, helped by significant EU disbursements and recent monetary easing.*
- *The policy priorities are reducing the fiscal deficit to stabilize public debt and fostering more innovation to help sustain high productivity growth.*

Washington, DC – February 3, 2026: The Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation¹ with the Republic of Poland, considered and endorsed the staff appraisal without a meeting on a lapse-of-time basis. The authorities have consented to the publication of the Staff Report prepared for this consultation.²

Poland has shown significant resilience to recent global shocks. The primary driver for growth has been private consumption due to a strong rebound in real wages. Fiscal stimulus in recent years has also played a role. These expansionary forces have been partially counterbalanced by appropriately tight monetary policy which dampened private investment. In addition, while direct exposure to US tariffs is limited, export growth has been moderate, largely due to soft EU demand. The current account has fallen to 1 percent of GDP deficit, reflecting a rapid increase in imports.

Fiscal imbalances have widened considerably. In 2025, the fiscal deficit and public debt are projected to reach 7 percent and 59 percent of GDP, respectively. Poland has the second largest fiscal deficit in Europe this year even though the output gap is largely closed. The widening of the fiscal deficit since 2021 solely reflects a substantial increase in expenditures. Spending now matches levels in advanced European economies—despite differences in composition—while revenues remain closer to levels seen in Central and Eastern Europe.

Disinflation is on track helping support monetary policy normalization. Headline and core inflation returned to the target, driven by goods, while services inflation has remained elevated. Inflation expectations remain well-anchored in consumer and producer surveys. With this progress in disinflation, the National Bank of Poland's (NBP) has gradually reduced policy rates by 175 bps to 4 percent in 2025. The gradual monetary easing has supported credit

¹ Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

² Under the IMF's Articles of Agreement, publication of documents that pertain to member countries is voluntary and requires the member consent. The staff report will be shortly published on the www.imf.org/Poland page.

recovery with banks remaining well capitalized, liquid and profitable, while non-performing loans are declining.

Executive Board Assessment³

Poland's near-term outlook is favorable, with growth projected to accelerate to 3.3 percent in 2025 and 3.5 percent in 2026, driven by a sharp increase in EU fund execution and monetary easing. Inflation has declined into the target range, and the output gap is expected to close in 2026. Nonetheless, risks remain elevated, including fiscal vulnerabilities, declining price competitiveness, global trade developments and regional security concerns. Staff assesses the external position in 2025 to be broadly in line with the levels implied by medium-term fundamentals and desirable policies. Over time, growth is expected to moderate as EU-financed investment wanes and fiscal consolidation continues.

Stabilizing public debt should be a key priority. Under current policies, debt is projected to rise significantly above the EU benchmark of 60 percent of GDP, reaching 78 percent of GDP by 2031. Staff recommends a cumulative fiscal adjustment of 4 percent of GDP to reverse this trend. The composition of consolidation depends on Poland's social preferences regarding the size and role of the state. The recent widening of the deficit stems entirely from net higher spending—driven by expanded social benefits, a better-compensated public sector, and increased defense outlays. Poland must either raise more revenue to sustain these services or return to a leaner public sector with more efficient and targeted spending. Building on recent gains in fiscal transparency, establishing a well-resourced and independent fiscal council would strengthen fiscal governance.

The disinflation process is proceeding well, but monetary policy should now proceed cautiously. Services inflation remains elevated, and economic activity is set to accelerate. Staff advocates a wait-and-see approach to allow time to observe incoming data and to ensure that inflation remains close to the mid-point of the target range on a sustained basis. If economic activity and core inflation begin to fall in a manner that suggests inflation might undershoot the lower end of the target range, further easing would be advisable. Throughout, we see MPC communication that underscores the decision-making process as more constructive than specific predictions for rates.

The banking sector is stable and well-capitalized, but there is scope to reduce frictions to credit provision. While credit is recovering, structural barriers—including legal risks and distortionary taxation—continue to constrain financial intermediation. In this regard, staff welcomes the recent reduction in the bank asset tax and encourages going further by eliminating it in a fiscally neutral manner. The objectives of the recently introduced Long-Term Funding Ratio have merit but should be redesigned to avoid unintended consequences that would raise the cost of credit and further undermine credit creation. In addition, legal risks around mortgage contracts should be addressed through proportionate penalties and standardized templates to reduce uncertainty and improve access to credit.

Structural reforms at both the national and EU levels are critical to sustaining convergence. Poland's labor productivity growth remains strong, but innovation lags and demographic pressures are mounting. Staff recommends measures to enhance labor mobility, digital skills,

³ The Executive Board takes decisions under the lapse-of-time procedure when the Board agrees that a proposal can be considered without convening formal discussions.

and participation, including gradual increases in the retirement age and better integration of migrant workers. Capital market reforms should improve household returns and expand firm financing. The OKI and Innovate Poland initiatives are promising but should avoid excessive home bias and promote broad participation. Deeper EU integration—especially in energy and capital markets—will support productivity and resilience. While Poland has made progress on decarbonization, further efforts are needed to meet climate targets and preserve competitiveness.

Table 1. Poland: Selected Economic Indicators 2021-2031

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Projections										
Activity and prices											
GDP (change in percent)	6.9	5.3	0.2	3.0	3.3	3.5	2.7	2.7	2.6	2.5	2.5
Output gap (percent of potential GDP)	1.0	2.3	-0.8	-0.7	-0.3	0.1	0.0	0.0	0.0	0.0	0.0
Headline CPI inflation (percent)											
Average	5.1	14.4	11.4	3.6	3.8	2.7	2.6	2.5	2.5	2.5	2.5
End of period	8.6	16.6	6.2	4.7	2.6	2.7	2.5	2.5	2.5	2.5	2.5
CPI inflation excluding food and energy (percent)											
Average	4.1	9.1	10.1	4.3	3.5	3.1	2.9	2.5	2.5	2.5	2.5
End of period	5.3	11.5	6.9	4.0	3.0	3.2	2.6	2.5	2.5	2.5	2.5
Unemployment rate (average, according to LFS)	3.4	2.9	2.8	2.9	3.0	3.1	3.1	3.2	3.1	3.0	3.0
Public finances (percent of GDP) 1/											
General government net lending/borrowing	-1.7	-3.4	-5.2	-6.5	-7.0	-6.5	-6.2	-5.8	-5.4	-5.0	-4.8
General government cyclically-adjusted balance	-2.0	-4.6	-4.8	-6.1	-6.9	-6.5	-6.2	-5.9	-5.4	-5.0	-4.8
General government debt	53.0	48.8	49.5	55.1	59.3	65.5	68.7	71.6	73.9	75.9	77.7
Balance of payments											
Current account balance (percent of GDP)	-1.3	-2.3	1.5	0.3	-1.0	-1.1	-1.3	-1.1	-1.3	-1.4	-1.6
Total external debt (percent of GDP)	53.2	53.9	53.1	50.3	48.0	49.0	49.8	50.2	50.5	50.7	50.7
<i>Memorandum item:</i>											
Nominal GDP (billion zloty)	2661.5	3100.8	3415.3	3653.4	3892.7	4145.1	4371.6	4603.5	4840.7	5082.6	5336.2

Sources: Polish authorities; and IMF staff calculations.

1/ According to ESA2010.



REPUBLIC OF POLAND

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION

January 9, 2026

KEY ISSUES

Background: For Poland, Russia's war in Ukraine represented a major downward shock to output and upward shock to inflation. However, the strong real wage growth and fiscal stimulus of recent years have driven a nearly full closing of the output gap. In addition, inflation has returned to target due to both appropriately tight monetary policy and a subsiding of external supply shocks. The main vulnerability that emerged from recent years is an increase in the fiscal deficit to a projected 7 percent of GDP in 2025. This has raised public debt to 59 percent of GDP, a 10 percentage point increase in two years.

Outlook and risks: The near-term outlook is positive, with growth projected to accelerate to 3.5 percent in 2026, driven by a surge in EU funds and monetary easing. With the output gap projected to close in 2026, inflation is expected to stabilize around the midpoint of the target range. Over the medium term, growth will moderate on the back of weaker support from EU funds and fiscal consolidation. Potential growth will also fall due to demographic headwinds and slowing productivity growth. Public debt is projected to rise to 78 percent of GDP by 2031, with fiscal deficits remaining above the debt-stabilizing level. Downside risks are a resurgence of inflation in the near term and a faster downturn in external demand, potentially due to greater global fragmentation, over the medium term.

Policy Recommendations:

Fiscal Policy: Stabilizing public debt requires faster fiscal consolidation. Staff recommend a cumulative adjustment of at least 4 percent of GDP by 2030, twice the level implied by the authorities' current plans. If the recent increase in public expenditures is to be maintained, revenues need to rise, potentially via higher personal income taxes which are low compared to advanced Europe. Alternatively, a leaner public sector will be necessary, possibly through better targeting of social benefits and a smaller wage bill. Recent steps to operationalize the EU fiscal rules and establish a fiscal council will help support this consolidation.

Monetary Policy: With inflation now at target and policy rates near neutral, monetary policy should proceed cautiously. Given that inflation spent three years outside the

target range, it is important to avoid easing too quickly. Thus, staff advocate a wait-and-see approach, allowing time to assess the impact of the 175 bps in rate cuts in 2025 already in the pipeline and ensure inflation remains anchored before further stimulating demand.

Financial Sector Policy: The banking sector is stable with substantial capital and liquidity buffers. In this context, any further regulatory tightening should carefully weigh the extent of the risks against the cost of reducing them. At the same time, attention to structural barriers constraining credit supply is warranted, particularly considering the significant fall in private credit-to-GDP ratio in recent years. In this regard, staff welcome forthcoming reductions in the bank asset tax and encourage a more proactive approach to reducing legal uncertainty for banks around local currency lending.

Structural Policies: Poland's continued convergence will depend on ambitious reforms at both the national and EU levels. Regulatory simplification—such as the Deregulation Task Force and support for a pan-European “28th regime”—can help Polish firms scale into pan-European brands. Labor market priorities include boosting participation and productivity through gradual increases in the retirement age, better integration of migrants, and expanded training and mobility programs. Capital market reforms should focus on increasing households' risk adjusted returns and reducing firms' financing costs via a Capital Market Union in Europe rather than further fragmentation. In energy, deeper EU integration and accelerated renewables deployment are essential for lowering costs, improving security, and meeting climate targets.

Approved By
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Discussions were held in Warsaw on November 12-24, 2025. The team comprised Messrs. Geoff Gottlieb (head), Mr. Kareem Ismail, Mr. Moheb Malak, Ms. Alla Myrvoda, and Mr. Yang Yang (all EUR). Mr. Carlos Mulas-Granados (Regional Resident Representative) and Messrs. Robert Sierhej, Krzysztof Krogulski, and Maciej Onoszko (all Resident Representative Office) also participated in the discussions. Mr. Patryk Łoszewski and Ms. Marta Pietrzak (both OED) joined some of the meetings. The mission met with senior officials from the government, central bank, and financial supervision agencies, along with representatives of trade unions, businesses, and financial institutions. Ninfa Gonzales (EUR) and Barbara Kostrzewa (RRO) provided administrative support and Can Ugur (EUR) provided analytical support.

CONTENTS

CONTEXT	5
RECENT DEVELOPMENTS	5
OUTLOOK AND RISKS	7
POLICY DISCUSSIONS	9
A. Safeguarding Fiscal Sustainability	9
B. Ensuring Durable Descent of Inflation to Target	12
C. Preserving Financial Stability while Reducing Frictions to Credit Provision	14
D. Reforms to Support Potential Growth	16
STAFF APPRAISAL	19
BOX	
1. Impact of Recent Real Exchange Rate Appreciation for Polish Exports	21
FIGURES	
1. Real Sector Developments and Outlook	22
2. Inflation and Labor Developments and Outlook	23
3. Fiscal Developments and Outlook	24
4. External Sector Developments	25
5. Banking Sector Developments	26
6. Electricity Prices and Decarbonization	27

TABLES

1. Selected Economic Indicators 2021-2031	28
2. Balance of Payments on Transaction Basis 2021-2031	29
3. Statement of Operations of General Government, 2021–2031	30
4. Monetary Accounts 2020-2027	31
5. Financial Soundness Indicators, 2017-2025Q1	32

ANNEXES

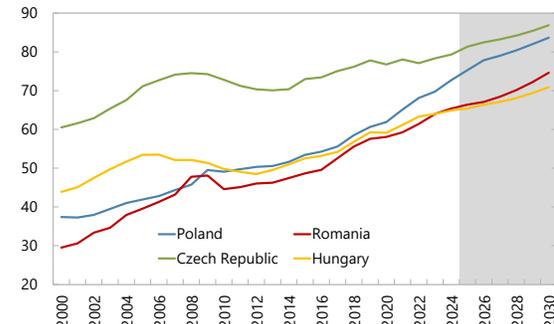
I. Ukrainians in Poland	33
II. Risk Assessment Matrix	35
III. External Sector Assessment	37
IV. Implementation of Past Article IV Recommendations	38
V. Debt Sustainability Analysis	40
VI. Developing Capital Markets in Poland	50
VII. Data Issues	52

CONTEXT

1. Amid recent global shocks, Poland continues to converge, but at the cost of a deteriorating fiscal position. Since 2019, real Polish per capita income has risen an impressive 18 percent. Like elsewhere, inflation surged during this period amid large global supply shocks but has since returned to the center target. The immediate concern is the fiscal deficit which has risen to a projected 7 percent of GDP in 2025 with an output gap that is now almost closed. Looking further out, Poland risks seeing convergence stall given declining cost competitiveness and limited domestic innovation (Box 1).

GDP Per Capita, Relative to Germany

(Percent of Germany; based on PPP 2021 international USD)

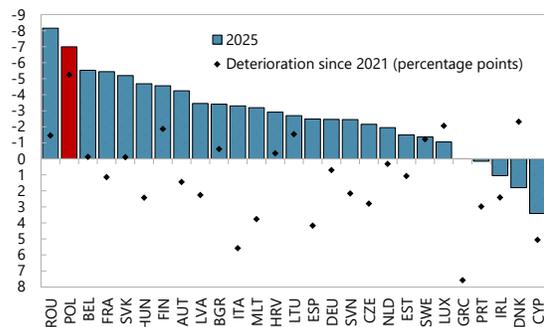


Sources: IMF, World Economic Outlook; and IMF staff calculations.

2. The political context may complicate rapid progress on addressing outstanding vulnerabilities. There are two specific challenges. First, in terms of reducing fiscal deficit, there is political opposition to any increases in taxes that affect ordinary households (e.g. personal income tax or value-added tax), preferring improvements in tax administration instead. And second, the combination of the governing coalition’s narrow political majority and general elections scheduled for November 2027 may limit the scope for important but difficult reforms.

Overall Fiscal Deficit Projections, 2025

(Percent of GDP)



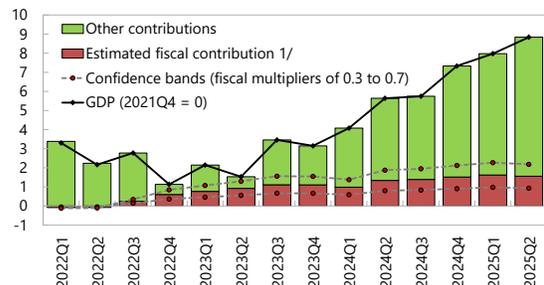
Sources: IMF, World Economic Outlook; and IMF staff calculations.

RECENT DEVELOPMENTS

3. After a sharp contraction following the war in Ukraine, output is recovering. Despite a sharp increase in household savings rates, the primary driver has been private consumption due to a rebound in real wages (10 percent y/y in 2024, and 4.6 percent y/y over Q1-Q3 2025). Fiscal stimulus has also played a role with 1.2 percent of GDP in discretionary loosening in 2024 alone. These expansionary forces have been partially counterbalanced by appropriately tight monetary policy which dampened private investment (now at a record low 12.5 percent of GDP). In addition, while direct exposure to US tariffs is limited, export

Fiscal Contribution to Cumulative Real Growth

(Cumulative percent, where 2021Q4 = 0)



Sources: Statistics Poland; MOF; and IMF staff calculations.

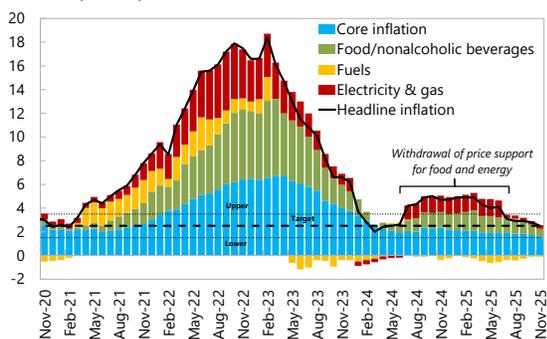
/1 The fiscal impulse is calculated by staff's QPM with a fiscal multiplier of 0.5, where military equipment spending is excluded.

growth has been moderate, largely due to soft EU demand. On balance, the recovery has been sufficient to narrow but not yet fully close the output gap.

4. Labor market conditions have remained broadly tight but are gradually cooling. Labor supply is falling with a declining working age population and declining hours worked more than offsetting greater access to foreign workers (Annex I). However, labor demand is also falling, with fewer vacancies and lower employment. On balance, the labor market is gradually cooling from a very tight starting position with unemployment rising (from 2.8 percent in Q2 to 3.1 percent in Q3 2025) and nominal wage growth moderating (to 7.1 percent y/y in the enterprise sector in Q3), approaching levels consistent with monetary policy objectives.

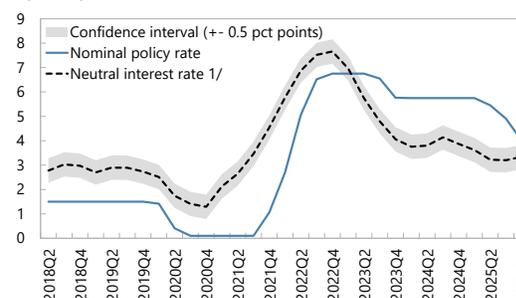
5. Disinflation is on track on the back of tight monetary policies and a strengthened exchange rate. After a temporary increase driven by removing support for food and energy prices, headline and core inflation returned to the target (2.5 percent and 2.7 percent y/y in November vs the headline inflation target of 2.5 ± 1ppt). The decline in core inflation was driven by goods, while services inflation has remained elevated. Inflation expectations remain well-anchored in consumer and producer surveys. With this progress in disinflation, the National Bank of Poland’s (NBP) Monetary Policy Council (MPC) has gradually reduced policy rates by 175 bps to 4 percent in 2025, close to staff estimates of the neutral rate.

Contributions to Headline CPI Inflation
(Percent, year-on-year)



Sources: Statistics Poland; NBP; and IMF staff calculations.

Nominal Policy Rate and Neutral Interest Rate
(Percent)

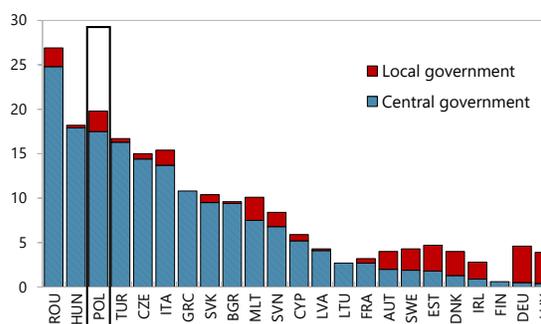


Sources: Statistics Poland; and IMF staff calculations.
1/ Based on IMF staff’s model-consistent inflation expectations and neutral real rates, with staff’s assessment of steady-state neutral rates.

6. The banking system has significant buffers, and private credit is recovering gradually with monetary easing. Banks are well capitalized, liquid, and profitable. Lending-deposit spreads remain elevated, boosting net interest income. Credit to the private non-financial sector is recovering with policy rate cuts and softening lending standards (lower spreads and fees, longer duration, etc.), stabilizing the non-financial private credit-to-GDP ratio at low levels (32 percent in 2025). Loan quality improved, driven by declining NPLs in lending to households. Ample liquidity dampens competition for deposits and is largely

Public Sector-Bank Nexus

(Percent of banks’ assets, as of end-2024, including loans and debt securities)

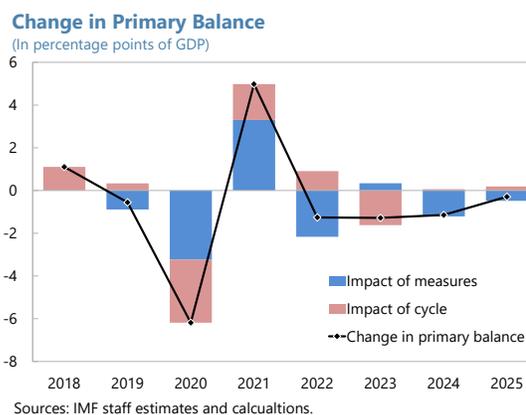


Sources: IMF MFS; and Barrail, Dehmej, and Wezel (forthcoming).

placed in NBP bills and government bonds, increasing the sovereign-bank nexus. Distortionary mortgage credit holidays and housing credit subsidies ended in 2024, materially slowing housing price growth.

7. After rising for four consecutive years, Poland is expected to have the second largest deficit in Europe in 2025.

The overall fiscal deficit in 2025 is projected at 7 percent of GDP, up from 6.5 percent the previous year. The deterioration stemmed from higher defense spending and new social benefit programs. Public debt is expected to rise to 59 percent of GDP in 2025, a roughly ten percentage point increase in two years. In this context, two rating agencies have changed their outlook to negative. Nonetheless, the market impact has remained muted aside from a marginal widening in asset swap spreads.



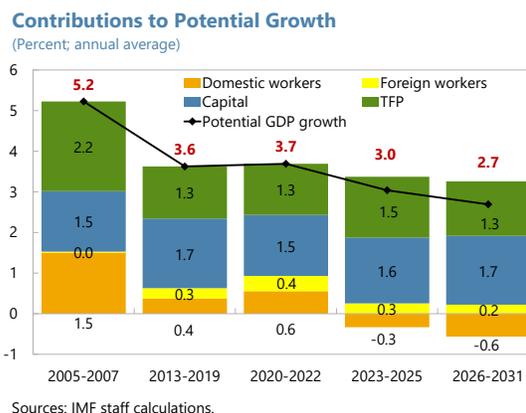
8. The current account balance continues to normalize from the large trade surplus in 2023, and the overall external position remains robust.

With the narrowing of the output gap, the current account has steadily fallen to a modest 1 percent of GDP deficit, reflecting a rapid increase in imports. The change is largely driven by lower savings of the public sector. Meanwhile, capital and financial account inflows have remained robust even as FDI has fallen from recent highs. With respect to the zloty, the NBP has not intervened in the foreign exchange market since March 2022 (when market conditions had become disorderly), but most public sector capital inflows (EU flows in particular) are sold off-market to the Central Bank, which is part of the reason why foreign exchange reserves continue to rise sharply (USD71 billion since end-2023). In total, FX reserves remain robust (162 percent of ARA metric). On a preliminary basis, Poland’s external position is assessed to be broadly in line with the level implied by medium-term fundamentals and desirable policies (see Annex III).

OUTLOOK AND RISKS

9. Poland’s relatively benign outlook is clouded by falling potential growth and rising public debt.

- *The near-term outlook is positive, with strong growth and inflation at the target. Growth is projected to rise to 3.5 percent in 2026 largely because of a sharp acceleration in spending of NextGen EU (NGEU) funds before their expiry. The lagged impact of monetary easing on credit and a normalization in household savings rates will also support domestic demand.*



However, after substantial loosening in recent years, the fiscal impulse to growth will turn marginally negative in 2026 with the deficit expected to fall from 7 to 6.5 percent of GDP. Overall, we see the output gap broadly closing in 2026 with inflation stabilizing around the midpoint of the target range.

- *Over the medium term, growth in both aggregate demand and aggregate supply is projected to slow, preserving macroeconomic stability even amid a steady rise in public debt.* On the demand side, growth will gradually slow to 2.5 percent by 2031 because of less support from EU funds and fiscal consolidation as well as still subdued private investment and external demand. Meanwhile, growth in the supply side will also moderate as the population ages (without full compensation from immigration) and productivity growth falls, consistent with Poland's higher income per capita. The output gap is projected to remain closed, preserving internal balance (low inflation, largely full employment) and external balance (a current account deficit broadly in line with staff's estimated norm). However, fiscal deficits, even with some consolidation, will remain above the debt stabilizing level, causing debt to reach 78 percent of GDP in 2031. As a result, the risk of sovereign debt distress for Poland has been increased to moderate (Annex V).

10. The most critical downside risk is that growth slows sharply, exacerbating fiscal imbalances (Annex II). A growth slowdown could come from external (e.g., weaker demand, loss of competitiveness, worsening regional security, repatriation of foreign workers) or domestic sources (e.g., NGEU funds' execution disappointing, more restrictive immigration policy). If average growth over the medium term were 0.5 percentage points lower, the debt-to-GDP ratio in 2031 would be 82 percent of GDP, or 6 percentage points higher than in the baseline. Moreover, the deterioration in market sentiment that would accompany such a shock would likely reduce debt duration, amplifying debt vulnerabilities.

11. If this downside scenario were to happen, the appropriate policy response would hinge on the permanence of the shock. If the shock were temporary, there could be room for accommodative policies, protecting the vulnerable and allowing automatic stabilizers to adjust. But if permanent, additional fiscal adjustment (beyond what is in staff's recommended scenario) would be merited to contain credit risk and preserve fiscal space for future shocks. In this event, monetary policy could possibly ease, cushioning the impact on output, if the growth shortfall had led to inflation or inflation expectations falling below the target.

12. Nonetheless there are also upside risks to Poland's outlook. Private sector balance sheets remain healthy (households, firms, banks) and Poland's external position remains robust and supported by strong international reserves. In addition, Poland benefits from a more diverse export and production base than peers. With such resilience, Poland is well placed to maintain high growth if it can implement the reforms necessary to ensure an adequate, well integrated work force and identify new sources of productivity growth, both by facilitating new disruptive firms, leveraging technology, and supporting broader digitalization in the private sector.

Authorities' Views

13. The authorities have a positive view about both near-term growth and external competitiveness. They broadly shared staff's view that growth would accelerate in 2026 with higher EU funds before moderating in 2027. They viewed the recent REER appreciation as a long-delayed response to past productivity growth. Moreover, noting Poland's resilient export shares, the authorities argued that Poland remained competitive compared to Western Europe and viewed the external sector as broadly balanced, in line with staff's preliminary assessment. In terms of risks to the growth outlook, the authorities pointed to external demand shocks—particularly in Germany—and a deterioration in the security situation.

POLICY DISCUSSIONS

The priority is to stabilize public debt through faster fiscal consolidation and, if this results in below target inflation or inflation expectations, then accommodative monetary policy could soften the resulting impact on growth. However, in the absence of sufficiently ambitious fiscal tightening and with sequential services inflation still elevated, we recommend that monetary policy adopts a wait-and-see approach to take stock of the impact of recent rate cuts and to mitigate the risk of pre-mature loosening. Looking further out, the goal is to ensure Poland completes the last mile of convergence to the frontier by pursuing domestic and EU reforms which sustain high productivity growth, offset the demographic drag, and buttress energy security.

A. Safeguarding Fiscal Sustainability

14. The baseline fiscal scenario assumes only modest adjustment going forward. The draft 2026 budget targets adjustment of 0.6 percent of GDP largely from the nominal fixing of certain spending and revenue categories as well as excise increases and a new CIT surcharge on banks. Looking beyond 2026, the government has signaled limited appetite for additional measures other than leaving the nominal fixing in place which generates further adjustment of about 0.3 percent of GDP each year. As a result, staff estimates that over the medium term, the fiscal deficit will fall by 2 percent of GDP through 2030. Neither EU nor domestic fiscal rules are likely to require additional adjustment before 2029 due to the activation of the defense escape clause.

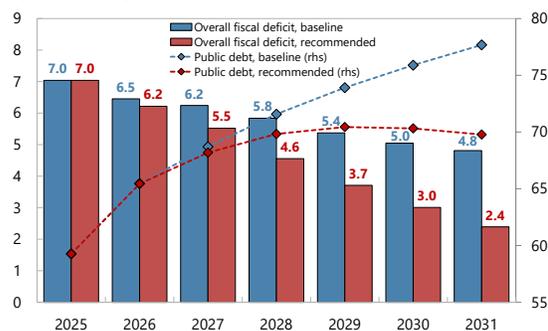
**Text Table 1. Baseline Fiscal Measures
2027-30**

	2026	Annual Average	Total
Nominal Fixing	0.3	0.3	1.7
<i>PIT bracket creep</i>	0.3	0.3	1.3
<i>Social benefits erosion</i>	0.0	0.1	0.4
CIT Surcharge on Banks	0.2	0.0	0.1
Excise increases	0.2	0.0	0.2
VAT e-invoicing	0.1	0.0	0.1
Total	0.7	0.3	2.0

Source: IMF staff calculations.

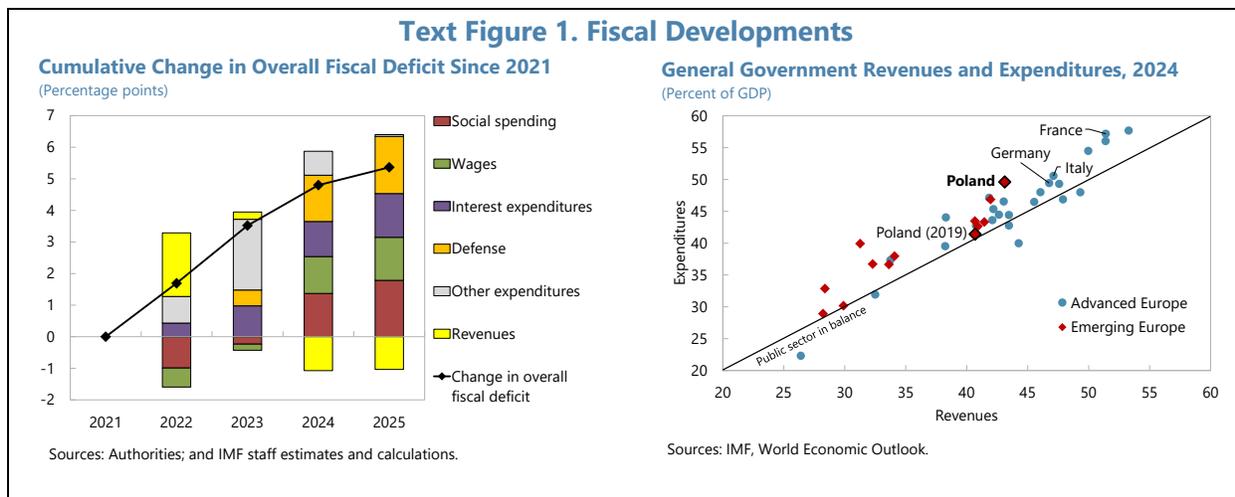
15. Arresting the rapid rise in public debt should be a priority. Specifically, we recommend a cumulative fiscal adjustment of at least 4 percent of GDP by 2030, 2 percent of GDP higher than assumed in the baseline projection. The consolidation of 0.6 percent of GDP targeted in the 2026 budget is a good first step but, given likely strong growth next year, we would recommend looking to overperform by rationalizing spending and locking in any revenue overperformance. This recommended fiscal path would bring the medium-term deficit to 3 percent of GDP and stabilize debt at a relatively high 70 percent of GDP. Further adjustment of 1.5 percent of GDP thereafter would be needed to rebuild fiscal buffers and fully comply with the EU Economic Governance Framework.

Overall Deficit and Debt
(Percent of GDP)



Source: IMF staff estimates.

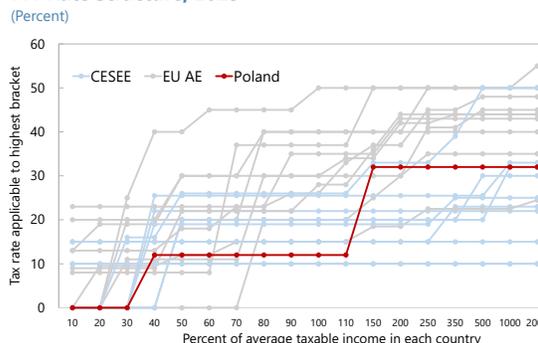
16. The appropriate composition of the needed consolidation hinges on what kind of public sector the public is willing to finance. The source of the recent widening in the fiscal deficit is entirely higher spending – since 2021 when the fiscal deficit was only 1.7 percent of GDP, revenues have risen 1.2 percent of GDP, but expenditures have risen 6.5 percent of GDP. As a result, spending is now in line with advanced countries in the Euro area - despite differences in composition (text figure 1). The public now receives more generous social benefits, has a better compensated public sector, and a modern military. If the public wishes to maintain these services, while preparing for future spending pressures related to demographics and climate, then revenues will also need to adjust. However, if higher taxes are not politically feasible, then Poland will need to return to the smaller pre-COVID role for the state, for example through better targeting of social benefits and a smaller public wage bill. Potential measures include (text table 2 and 2024 Article IV):



• **On Revenues:**

- **PIT:** The personal income tax currently collects 5 percent of GDP less than the advanced EU average largely because of the low effective PIT tax rate. PIT revenues (and progressivity) can be increased by (i) eliminating the current tax allowance (zero rate initial tax bracket for all earners) and introducing a tax credit only for those workers earning up to its threshold, (ii) raising tax rates including for the 12% bracket (one of the lowest in the EU for comparable levels of income), and/or (iii) adding more brackets with gradually higher rates.

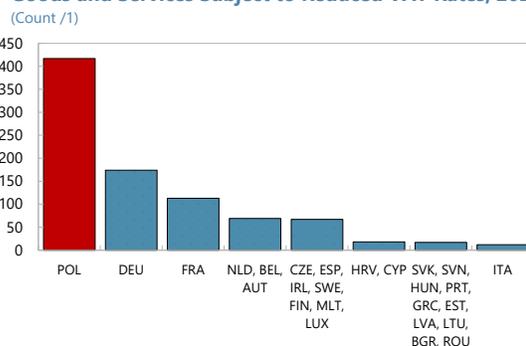
PIT Rate Structure, 2025



Source: Taxes in Europe database v4; and IMF staff calculations.

- **VAT:** Poland has a high standard VAT rate relative to the EU average (23 percent versus 21 percent) but it loses a significant portion of revenues to exemptions and preferential rates which are among the most costly in the EU. Hence, reducing those would help yield more revenues. Meanwhile, Poland has done a good job in reducing the VAT compliance gap in recent years and the forthcoming introduction of mandatory e-invoicing in 2026 is another very positive step. Looking forward, reining in the grey economy, in part through more digitalization, will be important.

Goods and Services Subject to Reduced VAT Rates, 2025



Sources: Taxes in Europe Database v4; and IMF staff calculations.
1/ Based on count of distinct CN (goods) and CPA (services) codes.

- **Taxation of real estate:** Real estate currently receives preferential treatment across many tax categories (rental income, capital gains, property tax, and VAT). This regime lowers revenues, encourages inefficient levels of real estate holdings (relative to more productive assets), and disproportionately helps the well-off. Phasing out some of these preferences, particularly on properties other than the primary residence, would thus have many benefits. On the property tax itself, it is important for the authorities to invest in an appraisal system that allows them to move from space-based to value-based property taxes.
- **On Expenditures:** On the spending side, there are three areas of potential savings. First, social benefits are almost universal and could be improved by moving toward a means-tested system. Second, we see merit in constraining public sector wages which are roughly 1.5 percent of GDP higher than the rest of Europe as this would generate savings and help on disinflation. This could be achieved through more conservative wage growth - as headcount is not high by EU standards. And third, we continue to encourage aligning special pension regimes with general rules and tying the retirement age to life expectancy. Spending reviews can also be an effective tool to identify areas for additional savings via better expenditure prioritization.

Text Table 2. Potential Fiscal Measures

Fiscal measure 1/	Percent of GDP
Revenue	
Increase VAT revenues and property tax reform 2/	0.9
Restrict tax allowance to earners below PLN 30k per year	2.0
Expenditure	
Tie retirement age to life expectancy, align special pension regimes with general rules 2/	0.9
Better target family benefits 2/	0.6
Wage bill moderation	0.7
Total	5.0

Sources: OECD (2023), OECD Economic Surveys: Poland; and IMF staff estimates and calculations.

1/ Quantification is illustrative and does not allow for behavioral responses.

2/ OECD estimate.

17. Continuing to strengthen fiscal governance is important to bolstering credibility, particularly amid recent debt increases. Recent amendments to the public finance legislation, which, inter alia, widen the coverage of the stabilizing expenditure rule, were a welcome step in helping operationalize the EU fiscal rule framework. Meanwhile, steps to establish the fiscal council including the recent appointment of a President are also welcome. It is critical that the council is independent and adequately funded.

Authorities' views

18. While noting that debt is still relatively low, the authorities recognized the need for reducing the fiscal deficit. They argued that strong economic growth and existing measures – freezing tax brackets and social benefits – would limit the growth of public debt going forward. The authorities did acknowledge the need for further adjustment and more targeting of social benefits. Contrary to staff recommendations, they saw no scope for material increases in taxes, outside excise duties, or for raising the retirement age. The authorities pointed to recent improvements in the transparency and coverage of national fiscal rules which they felt would support fiscal adjustment going forward.

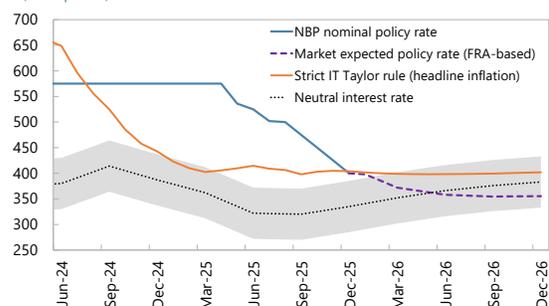
B. Ensuring Durable Descent of Inflation to Target

19. Recent progress in reducing inflation and related pressures has been encouraging. Headline and core inflation have fallen in November to around the midpoint of the NBP's target range. Nominal wage growth has decelerated faster than expected and, at 7.5 percent y/y in Q3, is approaching the level consistent with the inflation target. The recently approved 3 percent increase in both the minimum wage and public sector wages for 2026 will help further contain pressures. Moreover, surveys suggest that expectations remain broadly anchored. This has all been achieved with relatively limited costs to economic growth or employment. On balance, recent developments are an endorsement of the caution taken before the rate setting committee started easing in May 2025.

20. That said, several challenges remain in the disinflation process. Estimates of the output gap (small but still negative) have a high degree of uncertainty. Some price pressures remain high with sequential services inflation in Q3 of slightly below 6 percent. Such pressures could increase further with economic activity projected to accelerate faster than potential next year on the back of past monetary easing and a scheduled surge in European funds. The fiscal deficit is projected to tighten next year but will remain high and continue to pose an overall risk to macroeconomic stability. And a material portion of recent disinflation reflects external factors (both import prices and currency appreciation) that could reverse suddenly.

21. Thus, on balance, with the policy rate now potentially near neutral, we see merit in slowing the pace of any further easing. Given the extended period that inflation was above the target range, the long-term cost to credibility of easing too much or too fast is likely larger than that of easing too little and too slowly. As a result, we would advocate a wait-and-see approach to allow time to observe incoming data and to ensure that inflation can remain close to the mid-point of the target range on a sustained basis. Of course, if economic activity and core inflation begin to fall in a manner that suggested inflation risked undershooting the lower end of the target range, further easing would be advisable. Throughout, we see communication that underscores the decision-making process as more constructive than specific predictions for rates.

Nominal Policy Rate
(Basis points)



Sources: National Bank of Poland; Haver Analytics; Bloomberg L.P.; Consensus Forecasts; and IMF staff estimates and calculations.

Note: Market expected policy rate as of December 16th 2025 data.

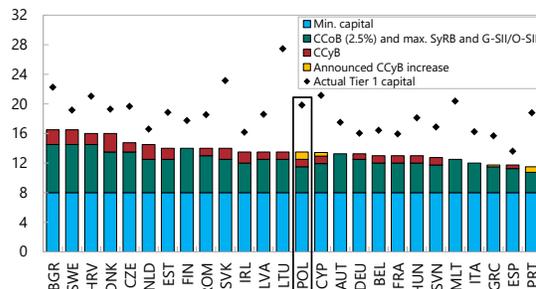
Authorities' Views

22. The authorities emphasized the success of disinflation and saw merit in maintaining a data-dependent approach moving forward. The NBP argued that monetary policy has been decisive in bringing inflation back to the target after the effects of recent years' supply-side shocks subsided. Looking forward, they projected inflation to remain consistent with the NBP inflation target. At the same time, they indicated that fiscal policy, recovery of demand in the economy, as well as developments in wage growth, energy prices and inflation abroad remain risk factors for the inflation outlook. As a result, the authorities felt it was appropriate to remain data-dependent, and stressed that further monetary policy decisions would be guided by incoming information regarding prospects for inflation and economic activity.

C. Preserving Financial Stability while Reducing Frictions to Credit Provision

23. Financial sector remains highly stable and dominated by banks. The banking sector, which accounts for roughly 75 percent of system assets, enjoys strong buffers in capital and liquidity. Capitalization is near historical highs (Tier 1 ratio above 20 percent), with ample margins over regulatory requirements. Basel III liquidity ratios are comfortably met, and NBP stress tests indicate system resilience even under severe deposit outflows. Short-term deposits, which account for most of banks’ funding, have proven to be stable during recent shocks, in part because concentration is low and about 80 percent of household deposits are guaranteed. Bank profits have been elevated as most private credit (including two-thirds of mortgages) has floating interest rates which rose in line with tight monetary policy, unlike deposit rates. Other segments of the financial sector (insurance companies and investment funds) also enjoy strong profitability and comfortably meet regulatory requirements. Assets of non-bank lending institutions remain small (below ½ percent of GDP).

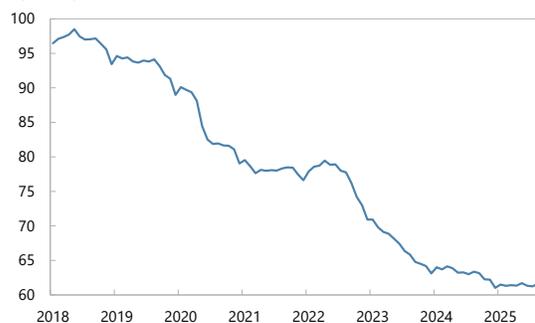
Actual Capital and Capital Buffer Requirements 1/
(Percent of risk weighted assets; as of June 30th 2025)



Source: European Systemic Risk Board.
1/ Includes systemic institution (G-SII/O-SII) and systemic risk (SyRB) buffers (even if not applicable to all banks), but excludes bank-specific Pillar 2 measures.

24. Given the overall stability, further regulatory tightening should carefully balance the extent of the risk with the cost of reducing it. The authorities intend to introduce a Long-Term Funding Ratio (LTFR) on top of Basel III liquidity rules to reduce maturity mismatch and interest rate risk by promoting long-term funding and fixed-rate mortgages. While these are good objectives, liquidity risks appear to be highly contained (deposits almost twice the level of loans) and fixed-rate loans already comprise 80 percent of new mortgages. Moreover, the bond issuance that this policy would likely require would increase funding costs and raise the cost of credit, further constraining financial intermediation. LTFR also counts excess capital as eligible funding, creating a feedback loop with macroprudential tools such as the Countercyclical Capital Buffer (CCyB) that would raise bank funding needs even further. A more tailored design could mitigate such adverse effects on credit (e.g.: more inclusion of long-term deposits). Meanwhile, authorities are gradually raising the CCyB from 0 to 2 percent—a common safeguard against shocks—which does not currently constrain credit given ample excess capital.

Nonfinancial Sector Loans to Deposits Ratio
(Percent)



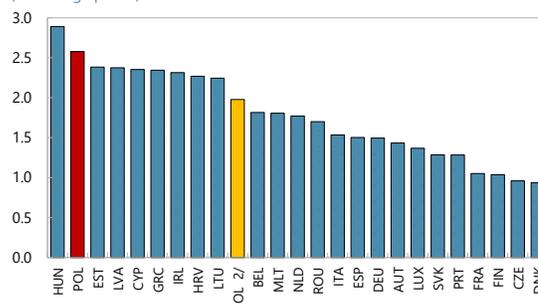
Sources: NBP; and IMF staff calculations.

25. Attention is needed to help remove unnecessary barriers to credit supply. Although the weakness of private credit appears mostly demand-driven, particularly for firms, the gap between the cost of mortgages and benchmark rates (so-called “mark-ups”) has been the second highest in

the EU over the last decade. Structurally high lending rates are one of the reasons why credit provision as a share of GDP remains at a multi-year low. Mark-ups can be reduced with two reforms:

- **Bank Tax** – Asset taxes, like the current bank levy, have been shown to increase interest margins more than taxes on profits. In addition, the current levy exempts banks' holdings of government bonds, discriminating against private credit. For both reasons, the recent changes which reduce the relative size of the asset tax in favor of a CIT-top up are a welcome step. In the future, there is merit in going further and replacing the distortionary asset tax entirely in a fiscally neutral manner.
- **Legal Risk** – A second driver of high mark-ups is banks' legal risks. Between 2022 and 2024, the cost of bank settlements on foreign currency mortgages was around PLN100 billion or 3 percent of GDP. The stock of these mortgages outstanding (and thus the legal risk associated with them) is finally diminishing, but there are now growing litigations on local currency lending, due to inadequate disclosure of information. There are also new sources of legal risk, for example, related to unclear provisions on refinancing fixed-rate mortgages. To help reverse the fall in private sector credit, a better balance is needed between providing protection for borrowers and legal clarity for lenders. In this regard, work on an optional mortgage template in line with the law is very encouraging. In addition, penalties for contracts not fully compliant with regulations should be proportional to the degree of misconduct.

Average Markups on Housing Credits, 2016 to 2025Q1 1/
(Percentage points)



Source: NBP, Financial Stability Report, June 2025.

1/ Weighted markup over benchmark rate (interbank rate for floating and IRS for fixed-rate loans).

2/ Markup after adjusting for bank assets tax and refinancing risk.

26. Efforts to strengthen Anti-Money Laundering/ Countering the Financing of Terrorism (AML/CFT) framework are underway and should be continued. The authorities note their close monitoring of compliance with targeted financial sanctions, with growing focus on virtual assets. This oversight of transactions in virtual assets would be improved by extending the remit of the supervision authority (KNF) to cover AML/CFT supervision of virtual assets service providers. The General Inspector of Financial Information cooperates with domestic institutions in coordinating the national strategy on AML/CFT and work is underway to adjust the national legal and regulatory framework to meet the requirements of the EU2024 AML Package.

Authorities' Views

27. The authorities argued that financial sector stability was well-established but saw room to further reduce risks going forward. They fully shared the view that both capital and liquidity buffers were ample and there were no immediate risks. Moreover, they did not see material risks from the rise in banks' exposure to sovereign credit. However, in explaining the proposed Long Term Funding Ratio, the financial supervisor expressed concern about the degree of banks' reliance on short-term deposits (rather than longer-term instruments like wholesale funding) and felt that it was justified to introduce an additional prudential tool beyond the existing Basel III liquidity

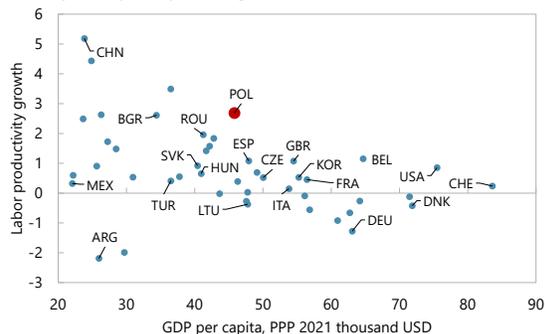
requirements. The authorities also acknowledged lingering pressure on mark-ups on new loans from outstanding legal risks, even if concerns regarding Swiss Franc mortgages were winding down. In this context, they saw efforts to create a template for future local currency mortgage contracts to reduce legal uncertainty as potentially constructive provided it strikes the right balance between creditor and borrower protection and effectively safeguards against potential future litigations.

D. Reforms to Support Potential Growth

28. Poland enjoys high potential growth but both domestic and EU-level reforms are still important for completing its convergence to the frontier. In contrast to much of Europe, Poland’s labor productivity growth is high (around 3%). But going forward, this is expected to moderate as the catch-up effects from imitation and technology transfer are exhausted and because there is limited evidence of innovation (e.g. patent applications, research and development spending) relative to past successful convergence stories. An additional headwind to potential growth could come from labor supply in light of both demographic effects and a toughening stance on immigration. National and EU-level reforms should focus on four key areas: simplifying regulation, promoting capital markets union, facilitating labor mobility, and energy market integration:

Labor Productivity Per Worker, 2022-2024 Average Growth

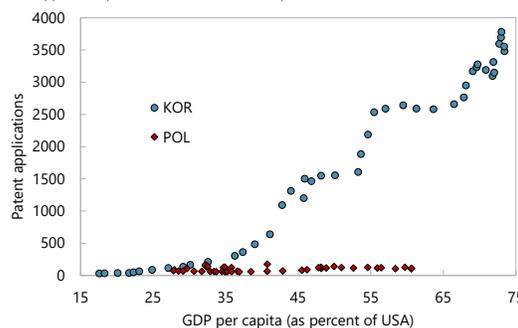
(Percent, year-on-year, 3-year average)



Sources: IMF, World Economic Outlook; and IMF staff calculations.

Comparing Patent Applications at Each Income Level, 1980-2024

(Y-axis: application per million inhabitant; x-axis: percent, based on 2021 PPP international USD)



Sources: WIPO; and IMF, World Economic Outlook.
Note: each dot represents a single year per country.

- Regulation.** The government has made important progress on regulatory simplification, both at home with the Deregulation Task Force and at the EU-level with Omnibus legislation during the Polish Presidency. The next step in this agenda should be again at the EU level, supporting a forthcoming proposal for a “28th regime”, an optional legal framework for all EU firms that creates a common regulatory standard (e.g., in company law and accounting). This will help Polish firms to scale and become genuinely pan-European brands. However, to be effective, two points are crucial. First, Poland should insist the regime is sufficiently ambitious (i.e., cover a material share of the corporate legal framework) to increase efficiency for firms. And second, it is critical that this is adopted as a regulation, not as a directive, to avoid the variation in implementation that would undermine the core goal of the reform.

- **Labor.** Like most of Europe, Poland’s labor supply faces headwinds from adverse demographics and falling hours worked. The most effective ways of offsetting this are gradual increases in the retirement age and further well-integrated immigration. If these paths are not feasible, the core priorities are facilitating more part-time work, training for the inactive, and services that facilitate labor force participation like child and, especially, elderly care. On labor productivity, the focus should be both skills and mobility. Given that Poland has the third lowest digital skills in the EU and participation in training is far below the EU average (25 percent vs 34 percent, it is important to work with the corporate sector to increase the access and relevance of training. With mobility, given persistently low unemployment, Polish employment services need to re-focus, away from joblessness and toward matching skills with needs. Staff also encourages Poland to reduce the number of regulated professions (currently the highest in the EU) and support EU proposals to expand the system of automatic recognition of foreign credentials.
- **Capital Markets.** Two goals regarding capital markets (Annex VI), which are sometimes merged in the current policy debate, should be considered independently:

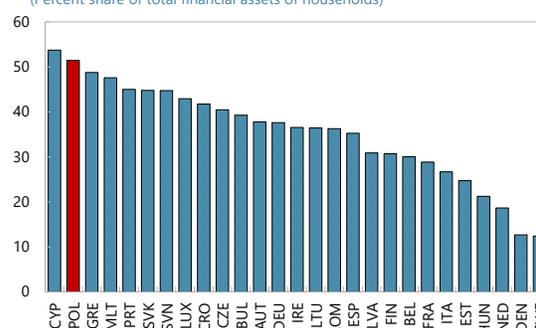
- **Increasing Returns on Households Savings –**

It is important to increase the risk-adjusted return on Polish household savings by reducing the currently excessive exposure to real estate and bank deposits in favor of a more diverse set of financial assets. This can be achieved by reducing excessive tax preferences for real estate (see para 15), increasing participation in third pillar pension funds, and increasing availability of low-cost and highly diversified investment

products. On the latter, the government’s proposed “OKI accounts” could be productive, but the guidelines should not restrict investments to domestic stocks as this reduces risk-adjusted returns and reinforces financial fragmentation in Europe.

- **Increasing Funding for Polish Firms –** A separate goal is to increase Polish firms’ access to the financing needed to scale. For smaller risky firms that cannot rely on profits or bank loans, the government’s new Innovate Poland platform channeling institutional savings into alternative investment funds could help by re-invigorating an under-financed private equity industry. For somewhat more established firms, only pan-European markets are sufficient to finance large or risky investments. Domestic markets, particularly in countries like Poland with low aggregate savings, are unlikely to provide the size and cost of funding needed for Polish firms to become pan-European brands. For this reason, advancing on the Savings and Investments Union is critical for Poland to complete convergence to the frontier. One concrete, near-term step in supporting this goal is the proposal to increase the supervisory powers of the European Securities and Markets Authority (ESMA).

Holdings of Deposits and Cash by Households, 2024
(Percent share of total financial assets of households)



Sources: Eurostat; and IMF staff calculations.

- *Energy.* As with other input markets, deepening the single market for energy is critical: it would lower energy costs while increasing security and facilitating decarbonization. In this regard, recent announcements have been encouraging: the EC plans to develop a comprehensive central scenario which identifies where the investments are most needed for an integrated grid. An integrated electricity system would better balance supply and demand across countries, reduce reliance on costly backup power plants and storage, and smooth price fluctuations. Meanwhile, the eventual implementation of ETS2 will allow Poland to meet emissions targets with a lower cost to output than with the current regulatory ceilings alone; the government can also cushion the impact of ETS2 on households by strengthening the “Clean Air” program which helps improve household energy efficiency. Finally, the government can advance its deregulation drive by simplifying permitting to accelerate new renewables and grid modernization.

Authorities’ Views

29. The authorities expressed broad support for efforts to deepen the Single Market but also indicated the need for an ambitious domestic agenda to increase competitiveness and resilience.

- **On regulation,** the authorities agreed that reducing regulation was critical at both the national and EU level, underscoring their role in developing Omnibus legislation during the Polish presidency. They also saw how the proposed 28th regime could potentially help Polish companies scale across the continent but expressed concern about the feasibility of its implementation.
- **On labor,** they stressed plans to reform employment offices to improve job matching and increase elderly labor force participation. They also emphasized the need for reducing abuse of the work visa process for immigrants while continuing to support the integration of needed foreign workers. The authorities did not see labor mobility at the EU level as a major obstacle.
- **On capital markets,** there was frustration at the speed of progress on the savings and investment union. The authorities did see merit in some proposals to expand the remit of the European Securities and Markets Authority but did not see this as likely to be significant. As a result, they intended to move ahead with domestic capital market development (tax incentives for households, streamlined domestic IPO requirements). At the same time, the authorities felt that private capital markets were potentially more critical to Poland’s development than public. In this regard, they emphasized the importance of the new Innovate Poland initiative and their goal to increase its funding further.
- **On energy,** the authorities stressed that Poland, with a significant share of fossil fuels in its energy mix, must carry out transition process gradually but fairly, while maintaining energy security and the stability of the power system. Energy policy must ensure a balance between stable and variable energy sources to guarantee future supply security and economic competitiveness. It is essential to gradually move away from expensive fossil fuels and invest in

cheaper, more efficient energy sources such as (nuclear power and renewables). In this regard, they are actively looking at ways to streamline the permitting process around critical infrastructure upgrades. However, they felt that the planned ETS2 unfairly shifted the burden of decarbonization to lower income countries and should not proceed in its current design.

STAFF APPRAISAL

30. Poland's near-term outlook is favorable, with growth projected to accelerate to 3.3 percent in 2025 and 3.5 percent in 2026, driven by a sharp increase in EU fund execution and monetary easing. Inflation has declined into the target range, and the output gap is expected to close in 2026. Nonetheless, risks remain elevated, including fiscal vulnerabilities, declining price competitiveness, global trade developments and regional security concerns. Staff assesses the external position in 2025 to be broadly in line with the levels implied by medium-term fundamentals and desirable policies. Over time, growth is expected to moderate as EU-financed investment wanes and fiscal consolidation continues.

31. Stabilizing public debt should be a key priority. Under current policies, debt is projected to rise significantly above the EU benchmark of 60 percent of GDP, reaching 78 percent of GDP by 2031. Staff recommends a cumulative fiscal adjustment of 4 percent of GDP to reverse this trend. The composition of consolidation depends on Poland's social preferences regarding the size and role of the state. The recent widening of the deficit stems entirely from net higher spending—driven by expanded social benefits, a better-compensated public sector, and increased defense outlays. Poland must either raise more revenue to sustain these services or return to a leaner public sector with more efficient and targeted spending. Building on recent gains in fiscal transparency, establishing a well-resourced and independent fiscal council would strengthen fiscal governance.

32. The disinflation process is proceeding well, but monetary policy should now proceed cautiously. Services inflation remains elevated, and economic activity is set to accelerate. Staff advocates a wait-and-see approach to allow time to observe incoming data and to ensure that inflation remains close to the mid-point of the target range on a sustained basis. If economic activity and core inflation begin to fall in a manner that suggests inflation might undershoot the lower end of the target range, further easing would be advisable. Throughout, we see MPC communication that underscores the decision-making process as more constructive than specific predictions for rates.

33. The banking sector is stable and well-capitalized, but there is scope to reduce frictions to credit provision. While credit is recovering, structural barriers—including legal risks and distortionary taxation—continue to constrain financial intermediation. In this regard, staff welcomes the forthcoming reduction in the bank asset tax and encourages going further by eliminating it in a fiscally neutral manner. The objectives of the recently introduced Long-Term Funding Ratio have merit but should be redesigned to avoid unintended consequences that would raise the cost of credit and further undermine credit creation. In addition, legal risks around mortgage contracts should be

addressed through proportionate penalties and standardized templates to reduce uncertainty and improve access to credit.

34. Structural reforms at both the national and EU levels are critical to sustaining convergence. Poland's labor productivity growth remains strong, but innovation lags and demographic pressures are mounting. Staff recommends measures to enhance labor mobility, digital skills, and participation, including gradual increases in the retirement age and better integration of migrant workers. Capital market reforms should improve household returns and expand firm financing. The OKI and Innovate Poland initiatives are promising but should avoid excessive home bias and promote broad participation. Deeper EU integration—especially in energy and capital markets—will support productivity and resilience. While Poland has made progress on decarbonization, further efforts are needed to meet climate targets and preserve competitiveness.

35. It is recommended that the next Article IV consultation be completed on the standard 12-month cycle.

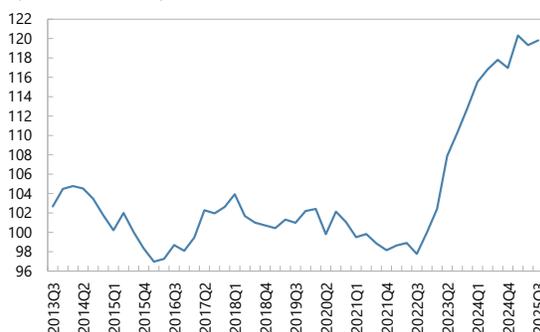
Box 1. Impact of Recent Real Exchange Rate Appreciation for Polish Exports

Despite substantial real exchange rate appreciation in recent years, Poland has not yet lost export market share. After a long period of stability, the REER has appreciated by about 20 percent since 2022, driven by strong wage growth and nominal appreciation. Poland’s hourly wages are now close to those in Czechia and Slovakia and above those in Hungary and Romania, although they remain 50 percent below of those in Germany. Thus far, Poland’s global export market share is broadly unchanged (about 1.6 percent) with roughly 80 percent of goods increasing their shares.

Several factors influence the degree to which REER appreciation will affect exports. The literature suggests that the peak impact of REER changes typically happens between 4-6 years later. This is partly because it takes time for contracts to expire and firms to adjust. However, there are several reasons why the impact may be blunted more generally.

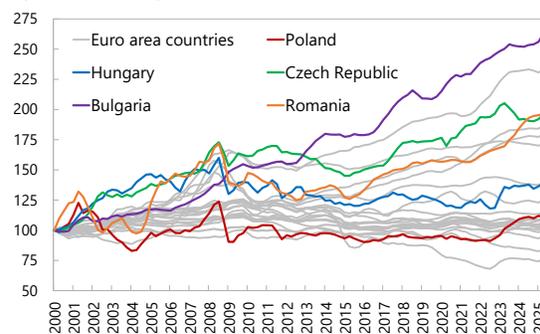
- *Integration in Global Value Chains:* Poland’s top exports—particularly computers, electronics, chemicals—are highly import-intensive (imported inputs account for about 50 percent of total value added) which means appreciation also reduces input costs.
- *Capital Intensity:* The top export categories are also highly capital intensive with capital-to-labor ratios which are 2-4 times the level of other manufacturing sectors. This makes them less sensitive to increases in labor costs.
- *Initial high profitability:* Polish firms entered the post-COVID period with strong profitability which allows them to absorb some of the loss in price competitiveness from appreciation via lower profit margins.
- *Invoicing currency:* As in many other countries, Poland’s exports—almost 90 percent—are largely invoiced in either euros or US dollars which limits the immediate response of export prices to exchange rate shocks.
- *Catch-Up:* Even though the 20 percent appreciation is large, there was almost no appreciation in the previous 20 years, a period in which Poland had substantial improvements in fundamentals. Moreover, peer countries, often with less impressive growth fundamentals, appreciated by far more. This suggests Poland retains competitiveness in level terms.

REER Deflated by ULC
(Index, 2022Q4 = 100)



Sources: European Commission; Haver Analytics; and IMF staff calculations.

REER Deflated by ULC
(Index, 2000Q1=100)



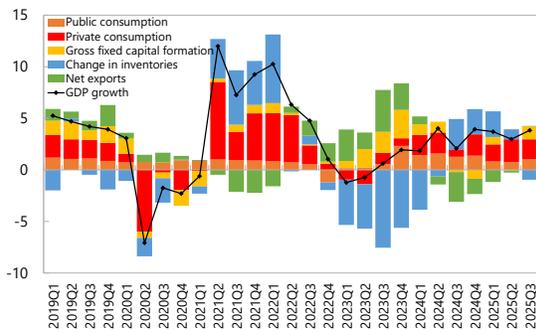
Sources: European Commission; Haver Analytics; and IMF staff calculations.

Figure 1. Poland: Real Sector Developments and Outlook

Growth is driven by consumption, normalization of inventories, with net external demand a drag...

Contributions to GDP Growth

(Percentage points, year-on-year, based on 2020 constant prices, SA)



Sources: Statistics Poland; and IMF staff calculations.

...reflecting the rapid rise of real wages since 2023.

Real Wages and Private Consumption Growth

(Percent, year-on-year growth; NSA)

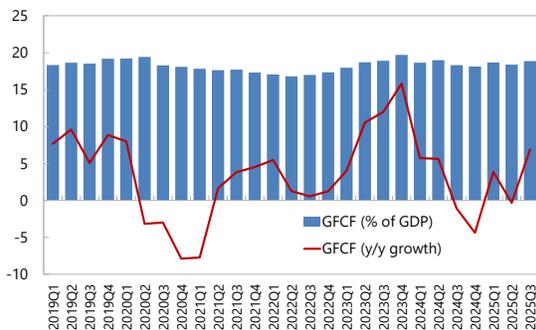


Sources: Statistics Poland; and IMF staff calculations.

Investment has been largely driven by EU Fund flows, with a private investment recovery yet to firm up.

Gross Fixed Capital Formation

(In percent; SA)

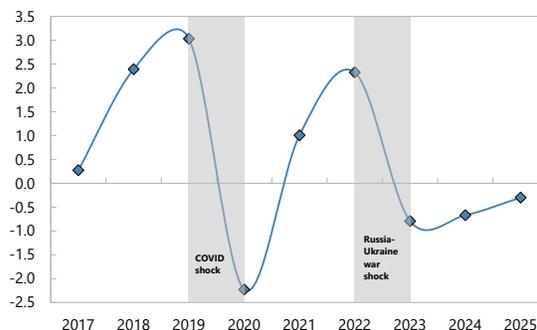


Sources: Statistics Poland; and IMF staff calculations.

Overall, the negative output gap is narrowing gradually.

Output Gap

(Percent of potential GDP)

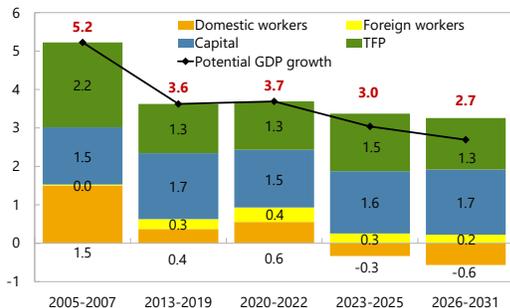


Source: IMF staff calculations and projections.

Labor supply is expected to moderate growth moving forward...

Contributions to Potential Growth

(Percent, annual average)

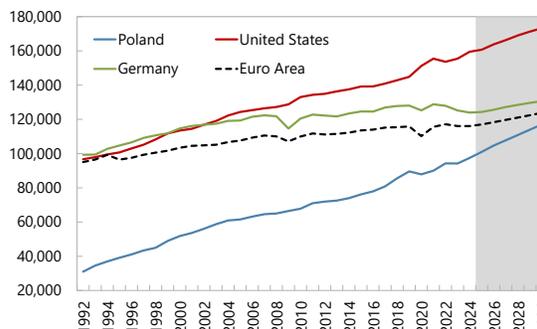


Sources: IMF staff calculations.

...but robust productivity growth supports continued convergence.

Labor Productivity

(PPP 2021 international USD per worker)



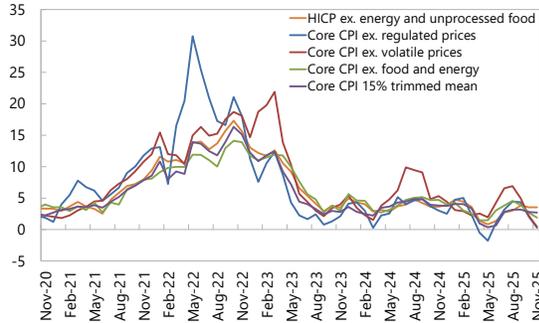
Sources: IMF, World Economic Outlook; and IMF staff calculations.

Figure 2. Poland: Inflation and Labor Developments and Outlook

Inflation has declined substantially, but sequential momentum in underlying inflation remains elevated.

Measures of Underlying Inflation

(In percent, month-on-month growth, SAAR, 3 month moving average)



Sources: Haver Analytics; National Bank of Poland; Eurostat; and IMF staff calculations.

...with services inflation remaining high.

Good and Services CPI Inflation

(Percent, year-on-year)

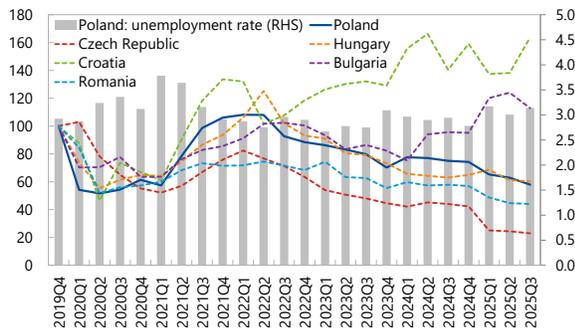


Sources: Statistics Poland; and IMF staff calculations.

The labor market is tight, but lower vacancies are pointing to some cooling...

Labor Market Tightness

(LHS: Index, 2019Q4=100, measured as a ratio of job vacancies to unemployment; RHS: percent)

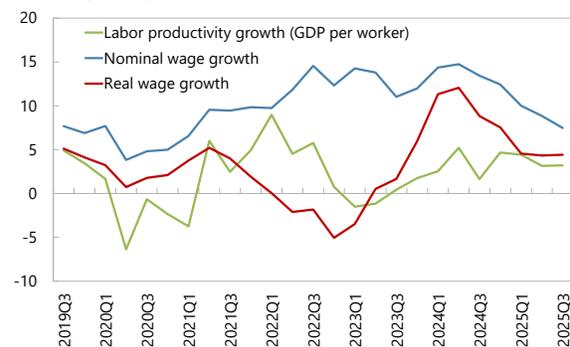


Sources: Eurostat; Haver Analytics; and IMF staff calculations.

Real wages are decelerating, converging to labor productivity growth.

Average Wage and Labor Productivity Growth

(Percent, year-on-year)

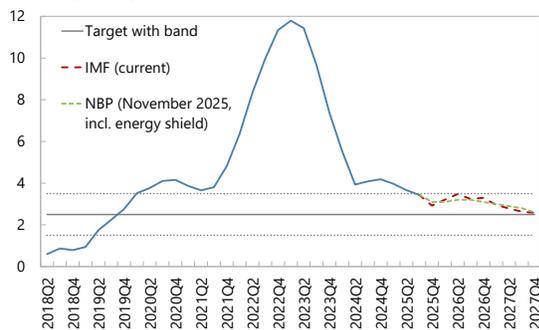


Sources: Statistics Poland; Haver Analytics; and IMF staff calculations.

Core inflation is expected to gradually decline from the upper range of target towards its mid-point.

Core Inflation Projections: CPI Excluding Food and Energy

(Percent, year-on-year)

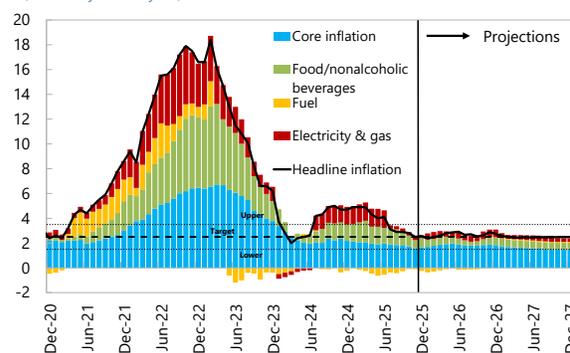


Sources: Statistics Poland; and Haver Analytics.

This together with low expected inflation from commodities will help keep inflation around the mid-point of the target range.

Contributions to Headline CPI Inflation

(Percent, year-on-year)

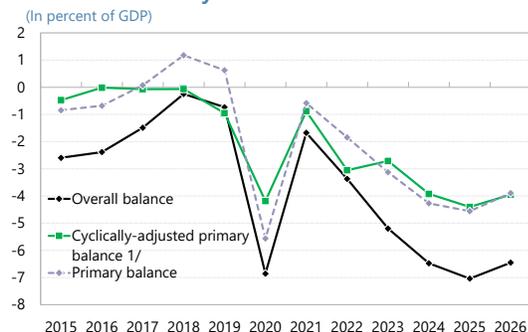


Sources: Statistics Poland; NBP; and IMF staff calculations.

Figure 3. Poland: Fiscal Developments and Outlook

The primary balance deteriorated in 2024 with some expected further deterioration in 2025...

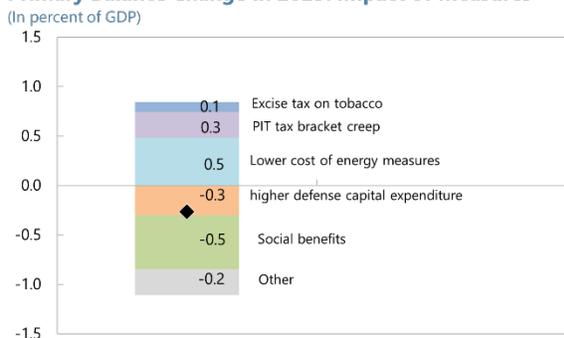
Overall and Primary Fiscal Balance



Sources: Haver Analytics; and IMF staff estimates and calculations.
1/ Cyclically-adjusted balance using the output gap.

Higher social benefits and defense spending in 2025 more than offset savings from reduced energy and food support to households, and lower costs related to Ukrainian refugees.

Primary Balance Change in 2025: Impact of Measures

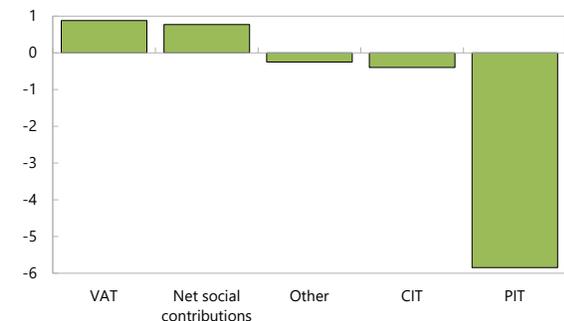


Sources: IMF staff estimates and calculations.
1/ Includes anti-inflation shield withdrawal, impact of energy measures on VAT, revenue cap, energy subsidies, and transfers to households.

PIT revenues are significantly lower than the EU average...

Revenues: Difference Between Poland and Advanced EU 1/

(Percent of GDP difference in 2024; + (-) means Poland is higher (lower) than Advanced EU)

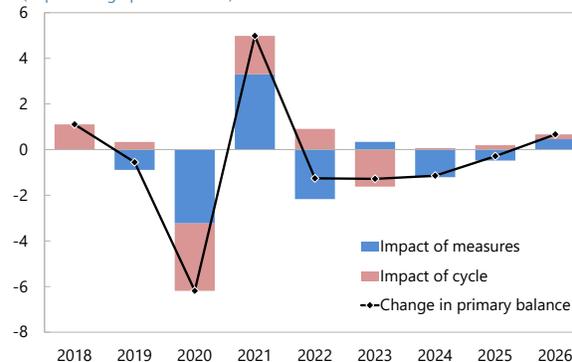


Sources: Eurostat; and IMF staff calculations.
1/ Advanced EU uses a weighted average and excludes outliers, Ireland and Malta.

...largely driven by the impact of measures.

Change in Primary Balance

(In percentage points of GDP)

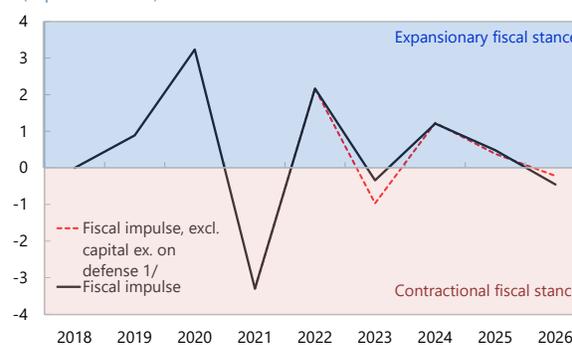


Sources: IMF staff estimates and calculations.

Fiscal impulse is expected to be slightly expansionary in 2025, before turning slightly contractionary in 2026.

Fiscal Impulse

(In percent of GDP)

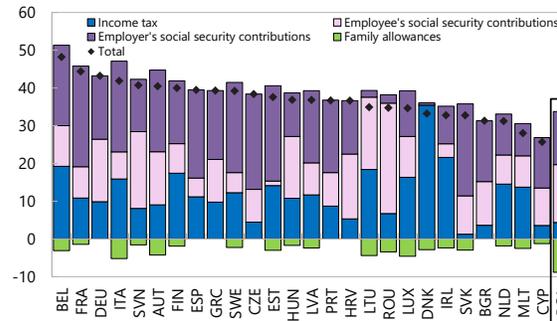


Sources: IMF staff estimates and calculations.
1/ On accrual basis.

...and the overall tax wedge is among the lowest in the EU.

Tax Wedge, 2024 1/

(Percent of total labor costs)



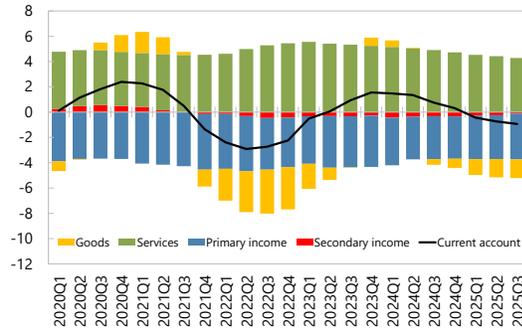
Source: Eurostat.
1/ For all countries, the comparison household is a two earner couple with 2 children, where both spouses earn 100% of the average wage.

Figure 4. Poland: External Sector Developments

The CA deteriorated slightly in 2025...

Current Account Balance

(Percent of GDP, NSA; based on rolling 4 quarter sums)

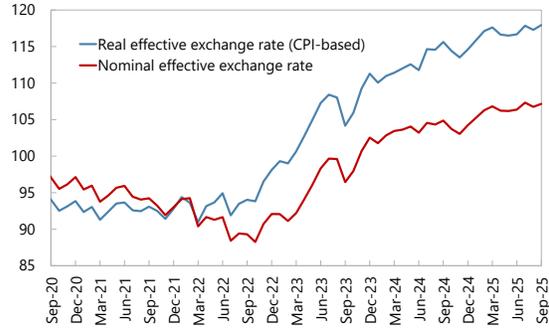


Sources: Statistics Poland; National Bank of Poland; Haver Analytics; and IMF staff calculations.

REER and NEER stabilized after significant appreciation.

Effective Exchange Rates

(Index, 2010=100)

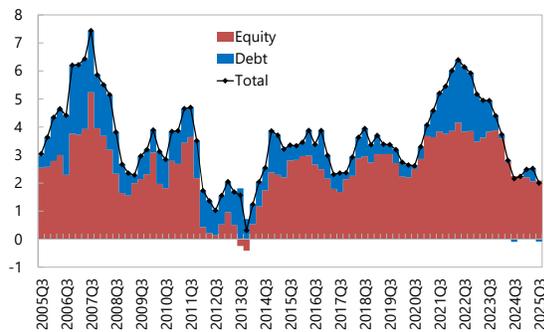


Source: Information Notice System, IMF.

FDI inflows have declined after a 3-year boom.

Foreign Direct Investment in Poland

(Percent of GDP; based on 4 quarter rolling sums; SA)

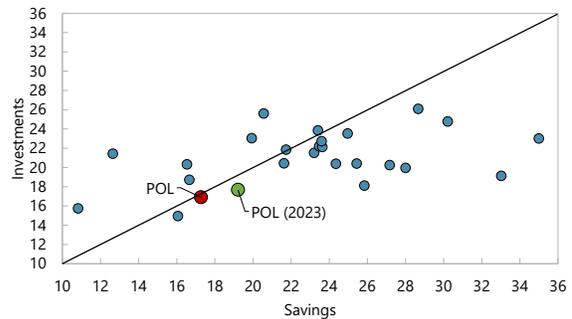


Sources: NBP; Eurostat; Haver Analytics; and IMF staff calculations.

The CA account is broadly balanced, with relatively low savings offset by low investment.

EU: Savings and Investments, 2024Q3-2025Q2

(Percent of GDP; based on 4 quarter sum; SA)

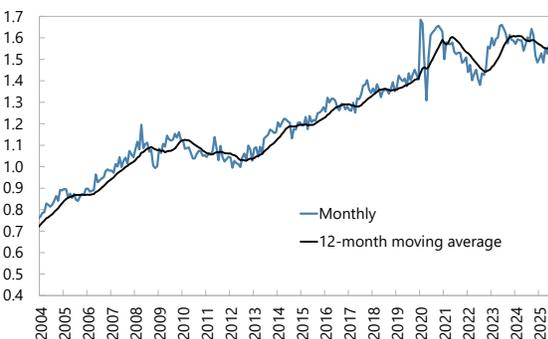


Sources: Eurostat; Haver Analytics; and IMF staff calculations.
Note: for Ireland, 2024Q2-2025Q1 is used due to data availability.

Poland has steadily expanded its share of global exports...

Share of Global Exports

(Percent of total global exports; SA)

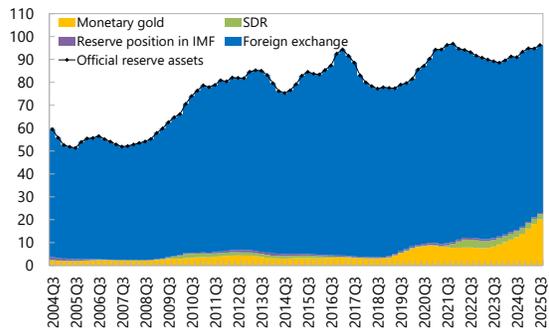


Sources: IMF, Direction of Trade Statistics; Haver Analytics; and IMF staff calculations.

...reserves have also increased in the meantime.

Official Reserve Assets

(Percent of GDP; based on 4 quarter rolling sums in euros, SA)

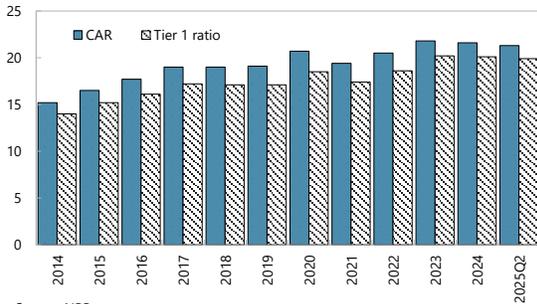


Sources: NBP; Eurostat; Haver Analytics; and IMF staff calculations.

Figure 5. Poland: Banking Sector Developments

Banking sector is well-capitalized...

Capital Adequacy of the Banking Sector
(Percent, EOP)



Source: NBP.

...has strong liquidity provisions...

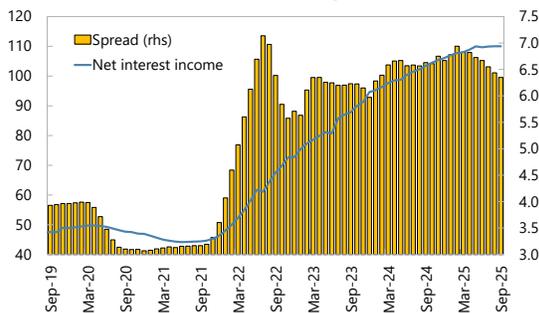
Liquidity Coverage Ratio
(Percent; regulatory requirement = 100 percent)



Source: KNF.

...and profits are supported by high net interest income.

Net Interest Income and Lending-Deposit Spread 1/
(LHS: PLN billion, 12 month sum; RHS: percentage points)

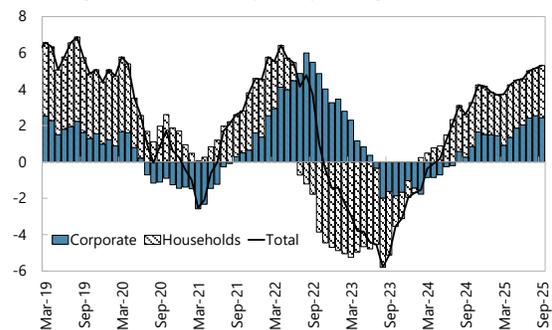


Sources: NBP; and IMF staff calculations.

1/ Spread between interest rates on outstanding stocks of credits and deposits.

Private nonfinancial credit is recovering...

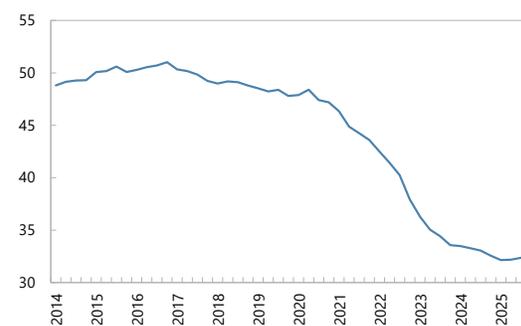
Nonfinancial Sector Credit
(Percentage point contributions to year-on-year change)



Sources: NBP; and IMF staff calculations.

...yielding a stabilization in credit-to-GDP ratio...

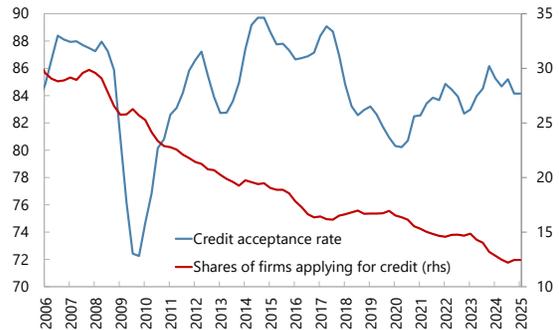
Credit to Nonfinancial Private Sector
(Percent of GDP)



Sources: NBP; Statistics Poland; and IMF staff calculations.

...alongside weak demand for corporate credit.

Firms' Credit Applications and Acceptance Rate
(Percent; 4 quarter moving average)



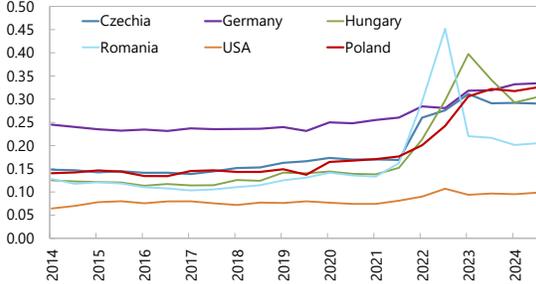
Sources: NBP; and IMF staff calculations.

Figure 6. Poland: Electricity Prices and Decarbonization

Electricity prices in Poland increased notably and are higher than in peer countries...

Electricity Prices for Business

(Euro per kWh)

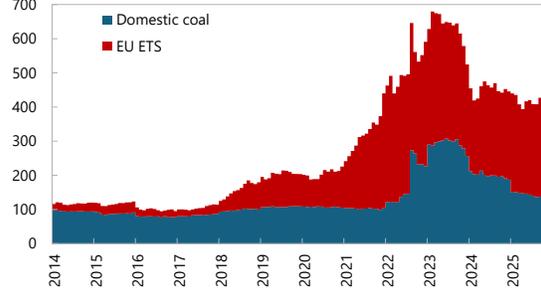


Sources: Eurostat; and IMF staff calculations.
Note: Average of IA, IB, and IC consumption bands; average of commercial and industrial rates for USA.

The cost of coal power, primary source of electricity, was boosted by the increase in EU ETS prices.

Approximate Cost of Fuel and EU ETS Allowances in Electricity Production from Coal

(PLN per MWh)

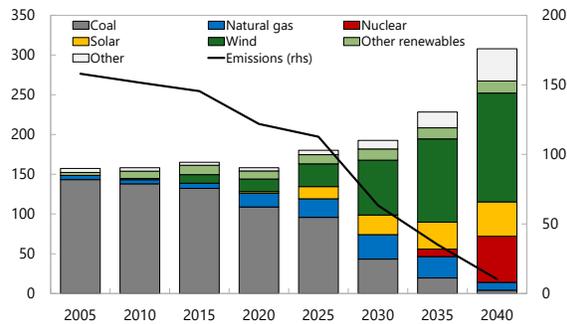


Sources: Inostrat; and IMF staff calculations.

Poland embarked on a decarbonization path based on renewable energy.

Energy Production: Ambitious Decarbonization

(LHS: TWh; RHS: mt CO2 equivalent)

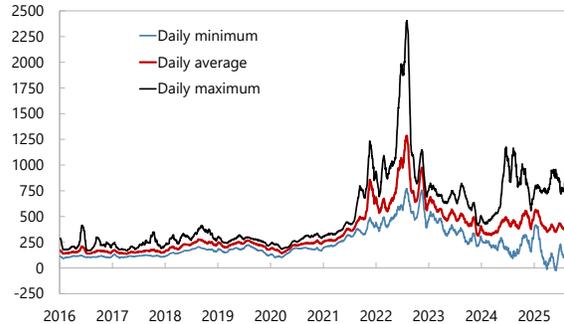


Sources: Ministry of Climate; and IMF staff calculations.

Renewable sources reduce prices but add to electricity market instability.

Daily Range of Wholesale Electricity Prices

(PLN/MWh, 30 day average)

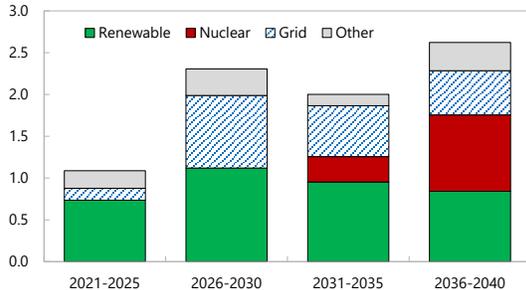


Sources: Inostrat; and IMF staff calculations.

The success of energy transformation requires sizable investment in energy sector...

Projected Investment Related to Electricity Production and Distribution

(Percent of GDP)

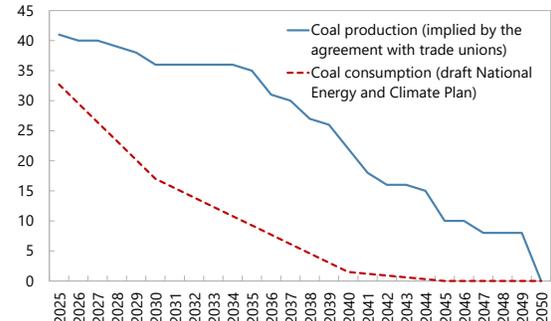


Sources: Ministry of Climate; and IMF staff calculations.

...and honest communication with social partners.

Projected Production and Consumption of Hard Coal

(Million tons)



Source: Forum Energii.

Table 1. Poland: Selected Economic Indicators 2021-2031

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Projections										
Activity and prices											
GDP (change in percent)	6.9	5.3	0.2	3.0	3.3	3.5	2.7	2.7	2.6	2.5	2.5
Domestic demand	8.6	4.8	-3.0	4.5	4.2	4.2	3.0	2.3	2.7	2.6	2.6
Private consumption growth	6.2	5.2	-0.3	3.0	3.4	3.1	3.1	3.0	3.0	2.8	2.8
Public consumption growth	5.0	0.6	4.5	8.7	4.6	4.4	2.4	2.5	2.5	2.2	2.2
Domestic fixed investment growth	1.5	1.7	12.7	-0.9	5.8	8.1	3.0	0.0	2.2	2.2	2.2
Inventories (contribution to growth)	3.4	1.3	-5.7	1.0	0.1	-0.2	0.0	0.0	0.0	0.0	0.0
Net external demand (contribution to growth)	-1.2	0.6	3.2	-1.1	-0.7	-0.4	-0.2	0.5	0.0	0.1	0.0
Output gap	1.0	2.3	-0.8	-0.7	-0.3	0.1	0.0	0.0	0.0	0.0	0.0
Headline CPI inflation (percent)											
Average	5.1	14.4	11.4	3.6	3.8	2.7	2.6	2.5	2.5	2.5	2.5
End of period	8.6	16.6	6.2	4.7	2.6	2.7	2.5	2.5	2.5	2.5	2.5
CPI inflation excluding food and energy (percent)											
Average	4.1	9.1	10.1	4.3	3.5	3.1	2.9	2.5	2.5	2.5	2.5
End of period	5.3	11.5	6.9	4.0	3.0	3.2	2.6	2.5	2.5	2.5	2.5
Unemployment rate (average, according to LFS)	3.4	2.9	2.8	2.9	3.0	3.1	3.1	3.2	3.1	3.0	3.0
Saving and Investment (percent of GDP)											
Saving	20.5	19.8	19.2	18.1	16.7	17.1	17.0	16.8	16.5	16.3	16.1
Investment	21.8	22.1	17.7	17.8	17.7	18.2	18.3	17.8	17.8	17.7	17.7
Saving - Investment	-1.3	-2.3	1.5	0.3	-1.0	-1.1	-1.3	-1.0	-1.3	-1.4	-1.6
Public finances (percent of GDP) 1/											
General government revenues	41.9	39.9	41.7	43.0	42.9	44.7	44.3	43.7	43.8	44.1	44.1
General government expenditures	43.6	43.2	46.9	49.4	50.0	51.1	50.5	49.5	49.2	49.1	48.9
General government net lending/borrowing	-1.7	-3.4	-5.2	-6.5	-7.0	-6.5	-6.2	-5.8	-5.4	-5.0	-4.8
General government cyclically-adjusted balance	-2.0	-4.6	-4.8	-6.1	-6.9	-6.5	-6.2	-5.9	-5.4	-5.0	-4.8
General government debt	53.0	48.8	49.5	55.1	59.3	65.5	68.7	71.6	73.9	75.9	77.7
National definition 2/	43.2	39.0	38.9	44.1	50.5	56.4	59.4	62.0	64.1	65.9	67.4
Money and credit											
Private credit (change in percent, end-period) 3/	5.6	1.4	-0.3	3.7	5.5	9.4	7.8	5.6	5.5	5.3	5.3
Credit to GDP (percent)	51.0	44.4	40.2	39.0	38.6	39.6	40.5	40.7	40.8	40.9	41.0
Deposits (change in percent, end-period)	7.7	5.9	10.9	7.4	6.9	7.5	5.8	5.7	5.5	5.3	5.3
Broad money (change in percent, end-period)	8.9	5.4	8.5	9.3	6.6	7.0	5.6	5.4	4.8	5.3	5.1
Policy Rate (percent) 4/	0.3	5.3	6.5	5.8	...	...	...	...	...	...	...
Balance of payments											
International Investment Position, Net (Percent of GDP)	-38.6	-35.1	-34.0	-27.5	-22.8	-21.0	-20.1	-19.2	-18.6	-18.2	-18.2
Current account balance (billion U.S. dollars)	-9.0	-15.8	12.5	2.8	-10.1	-11.9	-15.0	-13.0	-16.6	-19.7	-22.7
Percent of GDP	-1.3	-2.3	1.5	0.3	-1.0	-1.1	-1.3	-1.1	-1.3	-1.4	-1.6
Exports of Goods (billion U.S. dollars)	311.6	341.0	362.7	360.5	377.3	392.4	401.8	416.4	432.3	450.1	468.8
Export volume growth	12.3	7.4	3.7	2.0	4.0	3.7	2.5	3.2	3.2	3.2	3.2
Imports of Goods (billion U.S. dollars)	320.4	364.2	357.6	367.2	392.7	410.2	421.8	433.9	452.0	471.8	492.4
Import volume growth	16.3	6.8	-1.5	4.5	5.2	5.0	3.0	2.5	3.4	3.3	3.3
Terms of trade (index 1995=100)	107.6	104.4	106.6	106.3	105.2	105.9	106.1	106.1	106.0	105.9	105.9
Official reserves (billion U.S. dollars)	166.1	166.7	193.8	223.2	253.3	279.7	294.4	308.7	319.2	326.3	330.2
In percent of short-term debt plus CA deficit	139.3	164.0	157.2	158.9	161.1	157.7	155.8	150.1	143.6	136.5	143.4
In percent of IMF ARA metric	145.9	143.4	144.7	156.8	161.6	164.4	162.4	160.3	156.5	151.0	145.4
Total external debt (billion U.S. dollars)	367.0	375.2	432.1	461.4	497.3	541.6	580.2	617.2	654.6	692.3	730.3
In percent of GDP	53.2	53.9	53.1	50.3	48.0	49.0	49.8	50.2	50.5	50.7	50.7
Exchange rate											
Exchange rate regime											
Freely floating											
Zloty per USD, period average	3.9	4.5	4.2	4.0	...	...	...	...	...	...	...
Zloty per Euro, period average	4.6	4.7	4.5	4.3	...	...	...	...	...	...	...
Real effective exchange rate (INS, CPI based) 5/	101.0	102.6	114.6	123.3	...	...	...	...	...	...	...
Appreciation (percent change)	-0.4	1.6	11.7	7.5	...	...	...	...	...	...	...
Memorandum item:											
Nominal GDP (billion zloty)	2661.5	3100.8	3415.3	3653.4	3892.7	4145.1	4371.6	4603.5	4840.7	5082.6	5336.2

Sources: Polish authorities; and IMF staff calculations.

/ According to ESA2010.

/ The difference from general government debt reflects different sectoral classification of certain units.

/ Private credit defined as in IFS, "claims on other sectors," which includes financial corporations.

/ NBP Reference Rate (avg).

/ Annual average (2000=100).

Table 2. Poland: Balance of Payments on Transaction Basis 2021-2031
(Millions U.S. dollars, unless otherwise indicated)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Projections										
Current account balance	-8,970	-15,822	12,486	2,795	-10,127	-11,857	-15,032	-12,996	-16,554	-19,683	-22,737
percent of GDP	-1.3	-2.3	1.5	0.3	-1.0	-1.1	-1.3	-1.1	-1.3	-1.4	-1.6
Trade balance	22,450	14,623	47,774	36,684	29,028	28,806	28,211	33,946	34,259	35,179	36,361
percent of GDP	3.3	2.1	5.9	4.0	2.8	2.6	2.4	2.8	2.6	2.6	2.5
Balance on Goods	-8,800	-23,193	5,130	-6,694	-15,405	-17,826	-20,016	-17,503	-19,704	-21,672	-23,564
Merchandise exports f.o.b.	311,571	341,014	362,748	360,537	377,324	392,352	401,827	416,372	432,254	450,148	468,811
Merchandise imports f.o.b.	320,371	364,207	357,618	367,231	392,730	410,178	421,843	433,875	451,958	471,820	492,375
Balance on Services	31,250	37,816	42,644	43,378	44,433	46,632	48,226	51,450	53,963	56,851	59,925
Merchandise exports f.o.b.	81,131	95,374	108,823	118,283	123,790	128,721	131,829	136,601	141,811	147,682	153,805
Merchandise imports f.o.b.	49,881	57,558	66,179	74,905	79,357	82,089	83,603	85,151	87,849	90,831	93,880
Exports of goods and services											
percentage change in unit values	23.1	11.1	8.1	1.5	4.7	4.0	2.4	3.6	3.8	4.1	4.1
percentage volume growth	12.3	7.4	3.7	2.0	4.0	3.7	2.5	3.2	3.2	3.2	3.2
Imports of goods and services											
percentage change in unit values	30.0	13.9	0.5	4.3	6.9	4.4	2.8	2.9	4.2	4.4	4.4
percentage volume growth	16.3	6.8	-1.5	4.5	5.2	5.0	3.0	2.5	3.4	3.3	3.3
Terms of trade (percentage change)	-1.9	-3.0	2.1	-0.3	-1.0	0.7	0.1	0.1	-0.1	-0.1	0.0
Primary Income balance	-30,367	-27,490	-33,059	-30,796	-36,182	-37,810	-40,511	-44,334	-48,330	-52,504	-56,867
percent of GDP	-4.4	-4.0	-4.1	-3.4	-3.5	-3.4	-3.5	-3.6	-3.7	-3.8	-4.0
Secondary Income balance	-1,053	-2,955	-2,229	-3,093	-2,974	-2,853	-2,731	-2,608	-2,484	-2,358	-2,231
Capital and financial account balance	1,204	-15,671	13,581	-3,191	2,002	19,461	10,616	11,370	6,593	2,307	-1,847
Capital account balance (net)	5,476	1,139	1,315	2,536	6,065	15,659	12,824	12,183	11,574	10,995	10,445
Financial account balance (net)	-4,272	-16,810	12,266	-5,727	-4,063	3,802	-2,208	-813	-4,981	-8,688	-12,292
Foreign direct investment (net)[+ = outflows]	-27,292	-29,177	-23,370	-10,558	-13,342	-13,208	-13,059	-12,895	-12,715	-12,517	-12,728
Assets [Increase = +]	10,220	12,603	12,290	10,048	6,681	7,015	7,366	7,734	8,121	8,527	8,527
Liabilities [Increase = +]	37,512	41,780	35,660	20,606	20,023	20,223	20,425	20,630	20,836	21,044	21,255
Portfolio investment (net)	11,895	-2,461	4,639	-11,125	-6,632	-7,023	-7,415	-7,808	-8,201	-8,615	-8,864
Assets	5,052	3,120	14,489	14,546	17,054	16,900	16,747	16,596	16,446	16,279	16,279
Liabilities	-6,843	5,581	9,850	25,671	23,686	23,923	24,162	24,404	24,648	24,894	25,143
Other investment (net)	-4,322	2,654	7,323	-14,907	5,736	-2,331	3,602	5,533	5,463	5,392	5,392
Assets	12,531	20,685	20,946	7,725	16,336	16,370	16,405	16,439	16,473	16,507	16,507
Liabilities	16,853	18,031	13,623	22,632	10,600	18,701	12,803	10,906	11,010	11,115	11,115
Financial derivatives	-3,513	-615	2,824	1,635	0	0	0	0	0	0	0
Errors and omissions	-778	-2,127	-1,535	-11,058	0	0	0	0	0	0	0
Financing											
Reserve assets [Increase = +]	18,960	12,789	20,850	29,228	10,175	26,364	14,665	14,357	10,473	7,052	3,908
<i>Memorandum items:</i>											
Current plus capital account (percent of GDP)	-0.5	-2.1	1.7	0.6	-0.4	0.3	-0.2	-0.1	-0.4	-0.6	-0.9
International Investment Position, Net (Percent of GDP)	-38.6	-35.1	-34.0	-27.5	-22.8	-21.0	-20.1	-19.2	-18.6	-18.2	-18.2
Gross official Reserve	166,050	166,695	193,812	223,166	253,341	279,704	294,370	308,727	319,200	326,252	330,160
in months of imports	6.2	5.5	6.5	7.3	7.7	8.2	8.4	8.5	8.5	8.3	8.0
Ratio of gross official reserves to short-term debt 1/	160.6	146.1	153.7	171.3	174.2	172.3	167.3	163.2	157.5	150.8	143.4
Ratio of gross official reserves to ST debt plus CA deficit	139.3	164.0	157.2	158.9	161.1	157.7	155.8	150.1	143.6	136.5	143.4
Ratio of gross official reserves to IMF ARA metric	145.9	143.4	144.7	156.8	...	...	...	...	...	...	...
Total external debt (percent of GDP)	53.2	53.9	53.1	50.3	48.0	49.0	49.8	50.2	50.5	50.7	50.7
Total external debt (percent of exports)	93.5	86.0	91.6	96.4	99.2	103.9	108.7	111.6	114.0	115.8	117.3
External debt service (percent of exports)	43.4	38.9	42.1	45.8	44.8	47.2	50.6	52.6	54.1	55.4	56.5

Sources: National Bank of Poland; and IMF staff calculations.

1/ Short-term debt is on remaining maturity.

Table 3. Poland: Statement of Operations of General Government, 2021–2031
(Percent of GDP)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Projections										
Revenue	41.9	39.9	41.7	43.0	42.9	44.7	44.3	43.7	43.8	44.1	44.1
Taxes	23.3	21.2	21.6	22.3	21.9	22.5	22.9	23.2	23.5	23.7	23.8
Personal income tax	5.3	4.5	4.4	5.0	5.3	5.6	5.9	6.2	6.5	6.7	6.8
Corporate income tax	2.6	2.8	2.7	2.4	2.4	2.6	2.5	2.5	2.5	2.5	2.5
VAT	8.5	7.2	7.3	8.0	8.1	8.1	8.1	8.2	8.2	8.2	8.3
Excises	2.8	2.6	2.5	2.5	2.6	2.8	2.9	2.9	2.8	2.8	2.8
Other taxes	4.1	4.2	4.7	4.4	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Social contributions	13.8	13.6	14.2	15.2	15.5	15.4	15.4	15.5	15.5	15.5	15.6
Other revenue	4.8	5.1	5.9	5.5	5.6	6.8	6.0	5.1	4.8	4.8	4.7
Capital revenue	1.0	0.8	0.9	0.6	0.7	1.6	1.0	0.4	0.3	0.3	0.2
Sales of goods and services	2.1	2.2	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Other current revenue	1.8	2.1	2.6	2.5	2.4	2.8	2.6	2.3	2.2	2.2	2.1
Expenditure	43.6	43.2	46.9	49.4	50.0	51.1	50.5	49.5	49.2	49.1	48.9
Expense	39.6	39.5	41.8	44.5	44.9	45.6	45.0	44.4	44.3	44.2	44.1
Compensation of employees	10.3	9.7	10.2	11.7	11.9	11.8	11.8	11.8	11.8	11.9	11.9
Use of goods and services	5.8	6.3	6.6	6.8	6.7	6.9	6.7	6.5	6.4	6.4	6.4
Interest	1.1	1.5	2.1	2.2	2.5	2.6	2.7	2.7	2.7	2.8	2.8
Subsidies	1.4	1.1	2.1	1.2	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Social benefits	17.8	16.8	17.5	19.1	19.6	19.5	19.4	19.3	19.2	19.1	18.9
Other expense 1/	3.1	4.1	3.3	3.5	3.6	4.1	3.7	3.4	3.4	3.4	3.4
Other current expenditure	2.3	2.8	1.8	2.2	2.3	2.6	2.3	2.1	2.1	2.1	2.1
Capital transfers	0.8	1.4	1.5	1.3	1.3	1.6	1.4	1.2	1.2	1.2	1.2
Net acquisition of nonfinancial assets	4.0	3.7	5.1	4.9	5.1	5.6	5.5	5.1	4.9	4.9	4.8
Gross operating balance	2.3	0.4	-0.1	-1.5	-1.9	-0.9	-0.7	-0.7	-0.4	-0.1	0.0
Net lending/borrowing	-1.7	-3.4	-5.2	-6.5	-7.0	-6.5	-6.2	-5.8	-5.4	-5.0	-4.8
Cyclically-adjusted fiscal balance	-2.0	-4.6	-4.8	-6.1	-6.9	-6.5	-6.2	-5.9	-5.4	-5.0	-4.8
Net financial transactions	-1.7	-3.6	-5.1	-6.9	-8.0	-9.8	-6.6	-6.3	-5.9	-5.5	-5.3
Net acquisition of financial assets	1.8	0.0	1.7	2.9	-0.7	0.1	0.1	0.1	0.1	0.1	0.1
Currency and deposits	0.8	0.9	-0.2	1.5	-1.5	-0.7	-0.6	-0.6	-0.6	-0.6	-0.5
Debt securities	0.4	-0.8	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Loans	0.2	0.3	0.8	0.7	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Equity and investment fund shares	-0.1	-0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial assets	0.5	-0.1	0.8	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4
Net incurrence of liabilities	3.5	3.4	6.9	9.4	6.4	6.6	6.3	5.9	5.5	5.1	4.9
Currency and deposits	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Debt securities	0.9	0.5	4.5	5.9	4.5	4.6	4.5	4.1	3.8	3.5	3.4
Loans	1.8	2.1	1.8	2.7	1.8	1.8	1.7	1.7	1.5	1.5	1.4
Other liabilities	0.6	0.4	0.6	0.6	0.0	0.1	0.1	0.1	0.1	0.1	0.1
<i>Adjustment and statistical discrepancies 2/</i>	-0.1	-0.2	0.1	-0.4	-1.0	-3.3	-0.4	-0.5	-0.5	-0.5	-0.5
<i>Memorandum items:</i>											
Primary balance	-0.6	-1.8	-3.1	-4.3	-4.6	-3.9	-3.5	-3.2	-2.6	-2.3	-2.0
Cyclically-adjusted primary balance	-0.9	-3.1	-2.7	-3.9	-4.4	-4.0	-3.5	-3.2	-2.6	-2.3	-2.0
Cyclically-adjusted primary balance (excluding deliveries of military equipment)	-0.6	-2.8	-2.0	-2.8	-3.0	-2.6	-1.9	-1.6	-1.0	-0.7	-0.4
General government debt	53.0	48.8	49.5	55.1	59.3	65.5	68.7	71.6	73.9	75.9	77.7
General government financial liabilities	67.4	58.8	62.2	67.0	69.2	71.6	74.2	76.4	78.1	79.6	80.7
General government financial assets	30.5	27.2	26.1	27.7	25.3	23.9	22.8	21.7	20.7	19.9	19.0
Nominal GDP in billions of zloty	2,662	3,101	3,415	3,653	3,893	4,144	4,371	4,602	4,840	5,081	5,335

Sources: Eurostat; and IMF staff calculations.

1/ Includes grants.

2/ Includes adjustment to account for the difference in recording expenditures based on cash and accrual methodology and adjustment for NextGen

EU loans to be onlent to non-government sector.

Table 4. Poland: Monetary Accounts 2020-2027

	2020	2021	2022	2023	2024	2025	2026	2027
						Projections		
illions of zlot								
Central bank								
Net foreign assets	525	605	646	664	808	844	942	996
Official reserve assets	580	674	734	763	915	951	1,049	1,103
Net domestic assets	-159	-161	-227	-218	-242	-240	-299	-318
Net claims on government	-16	34	20	21	1	-22	-32	-34
Other items, net	-143	-196	-247	-239	-243	-218	-267	-284
Base money	384	452	423	451	567	604	643	678
Currency issued	321	355	368	377	413	440	466	491
Bank reserves	63	97	55	74	154	164	177	187
Deposit money banks								
Net foreign assets	-97	-79	-7	70	61	83	74	88
Net domestic assets	1,558	1,654	1,674	1,779	1,925	2,040	2,208	2,328
Net claims on the central bank 1/	65	99	70	77	156	167	179	190
Net claims on government	415	327	299	393	432	532	667	754
Claims on private sector 2/	1,286	1,358	1,376	1,373	1,424	1,502	1,643	1,772
Claims on corporates	365	380	415	400	419	442	484	522
Claims on households	789	827	794	777	798	842	921	993
Claims on other	132	151	168	197	207	218	239	257
Other items, net	-208	-130	-71	-64	-88	-161	-281	-388
Deposits	1,462	1,575	1,668	1,849	1,986	2,123	2,283	2,416
Demand deposits	1,154	1,305	1,162	1,257	1,367	1,462	1,572	1,663
Other deposits	308	270	506	592	619	661	711	752
Consolidated banking system								
Net foreign assets	429	525	639	734	870	927	1,016	1,084
Net domestic assets	1,394	1,460	1,452	1,534	1,610	1,717	1,813	1,904
Claims on government	399	361	319	414	433	510	635	720
Claims on private sector	1,286	1,358	1,376	1,373	1,424	1,502	1,643	1,772
Other items, net	-291	-260	-243	-253	-247	-296	-465	-589
Broad money (M3)	1,823	1,985	2,091	2,268	2,480	2,644	2,830	2,988
<i>Memorandum items:</i>								
(Percentage change from end of previous year)								
Base money	26.4	17.6	-6.4	6.7	25.7	6.5	6.5	5.5
Broad money (M3)	16.4	8.9	5.4	8.5	9.3	6.6	7.0	5.6
Net domestic assets	14.2	4.7	-0.5	5.6	4.9	6.6	5.6	5.0
Net foreign assets	24.3	22.5	21.7	14.9	18.5	6.6	9.6	6.6
Net claim on government	25.3	-9.4	-11.7	29.7	4.6	17.9	24.4	13.5
Claims on private sector	3.2	5.6	1.4	-0.3	3.7	5.5	9.4	7.8
Deposit growth	12.0	7.7	5.9	10.9	7.4	6.9	7.5	5.8
(Percent of GDP, unless otherwise noted)								
Broad money (M3)	77.1	74.6	67.4	66.4	67.9	67.9	68.3	68.3
Private sector credit 2/	54.4	51.0	44.4	40.2	39.0	38.6	39.6	40.5
Broad money Velocity (GDP/M3)	1.3	1.3	1.5	1.5	1.5	1.5	1.5	1.5
Money multiplier (M3/base money)	4.7	4.4	4.9	5.0	4.4	4.4	4.4	4.4

Sources: Haver; IFS; NBP; and IMF staff calculations.

1/ The difference between deposit money bank claims on the central bank and central bank claims on banks relates to banks' reserves and currency in vault.

2/ Private credit defined as in IFS, "claims on other sectors," which includes financial corporations.

Table 5. Poland: Financial Soundness Indicators, 2017-2025Q1

(Percent)

	2017	2018	2019	2020	2021	2022	2023	2024	2025Q1
Capital adequacy 1/									
Regulatory capital to risk-weighted assets	18.0	18.3	18.6	19.8	18.6	19.4	20.5	20.3	
Regulatory Tier I capital to risk-weighted assets	16.2	16.3	16.4	17.4	16.5	17.4	18.7	18.9	
Asset composition and quality									
NPLs to gross loans (nonfinancial sector)	3.8	3.9	3.8	3.7	2.9	2.4	2.3	1.8	
Provisions to NPLs ratio	71.7	67.4	68.5	71.1	72.4	75.3	74.1	71.0	71.8
Sectoral distribution of loans to nonfinancial sector									
Loans to non-financial corporations	35.2	34.4	33.9	32.4	32.5	36.2	35.9	35.9	35.9
Loans to households	64.2	64.9	65.4	66.9	66.8	63.1	63.4	63.4	63.4
Earnings and profitability									
Return on average assets (after tax)	0.8	0.7	0.7	0.2	0.5	0.7	1.4	1.7	1.7
Return on average equity (after tax) RORC 1/	8.2	7.5	7.8	-0.2	2.8	5.4	11.8	14.7	14.9
Interest margin to gross income 2/	61.2	62.8	62.8	62.1	58.0	72.6	70.1	72.1	73.2
Noninterest expenses to gross income 3/	59.8	60.2	60.0	70.2	65.4	64.0	57.3	49.8	51.3
Liquidity									
Loans to deposits 4/	97.9	94.1	89.6	79.6	77.2	71.4	63.6	61.4	61.8
Sensitivity to market risk									
Net open positions in FX to capital 1/	0.3	0.1	0.2	7.1	1.4	0.8	-0.7	-1.0	

Note: Data according to Financial Soundness Indicators (FSI), except for asset composition (indicators not part of FSI reporting template) and liquidity.

Sources: IMF FSI Database; NBP.

1/ Data for domestic banking sector (Bank Gospodarstwa Krajowego excluded). Since 2014: data on capital in accordance with CRDIV/CRR.

2/ "Interest margin to gross income" calculated as interest income (interest revenues minus interest expenses) to net income from banking activity.

3/ "Noninterest expenses to gross income" calculated as operating cost (the sum of banks's general expense and banking activity).

4/ "Loans to deposits" include non-financial sector only.

Annex I. Ukrainians in Poland

1. The number of Ukrainians in Poland has stabilized. After the outbreak of the war in early 2022, Poland received about 1.4 million refugees. By late 2022, about one third of these refugees had left Poland, either to other EU countries or back to Ukraine. Since then, the number of Ukrainians with “temporary protection status” (refugees) has remained broadly stable at about 1 million. The total number of Ukrainians in Poland, including those that came before the 2022 war is closer to 1.5 million.

2. The authorities are focused on incentivizing deeper integration of existing immigrants. One aspect of this initiative is

tightening of benefits designed to incentivize greater integration of Ukrainian refugees. For example, new laws limit Ukrainians’ eligibility for a major child benefit program (800+) to only those parents who are economically active and have children attending schools in Poland. In addition, Ukrainians that are not insured in the Polish system no longer have access to some healthcare services (eg dental treatment, rehabilitation, drug reimbursement). The authorities are also developing a network of Integration Centers for Foreigners to improve access to information, offer language courses, and provide legal assistance.

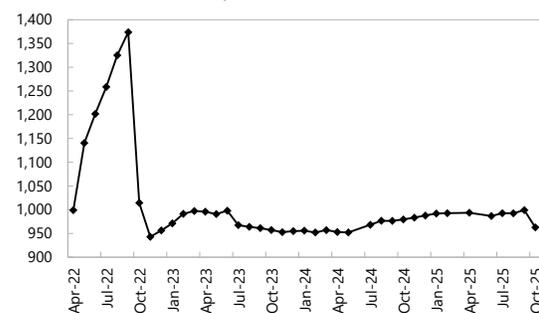
3. While difficult to attribute explicitly to recent measures, there is some evidence that Ukrainians are becoming more integrated. The

percent of Ukrainian refugees of working age that are employed has risen materially: 65 percent in 2022, 64 percent in 2023, 69 percent in 2024, and 75 percent in 2025. Ukrainians now account for 5 percent of the Polish work force (vs 7.6 percent for all foreigners). In addition, the number of Ukrainian refugee children attending Polish schools increased by almost 11 percent in the year to April 2025 and is now roughly 148,000 (up from 125,000 in 2022).

4. Consistent with this, there is evidence that more Ukrainians want to stay permanently in Poland. In the latest version of the NBP survey, the share of Ukrainian refugees that want to stay permanently in Poland rose 3 percentage points to 24 percent while the share that want to stay more than year but not permanently fell by 2 percentage points to 17 percent. Nonetheless, the vast majority (56 percent) remain undecided.

Ukrainian Refugees in Poland

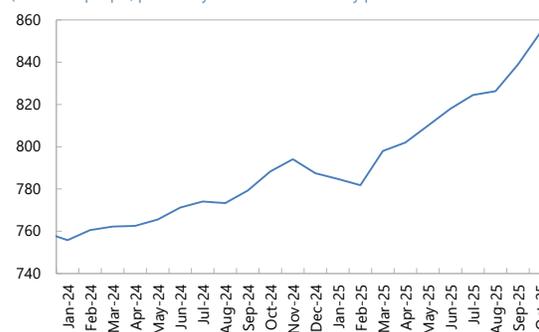
(Thousand people; proxied by Ukrainians with Temporary Protection Status; using last observation for each month)



Sources: Poland Open Data; Ministry of Digital Affairs; and IMF staff calculations.

Ukrainians Working in Poland (Refugee and Non-Refugee)

(Thousand people, proxied by Ukrainians covered by pension insurance in Poland)



Sources: ZUS; Haver Analytics; and IMF staff calculations.

5. While not related to Ukrainian refugees per se, a broader priority of the authorities is cracking down on abuse of the immigration policy. The authorities allege there has been substantial abuse of the visa system with foreign workers using Poland as an entry point for employment in third countries. In response, the number of work permits issued has decreased this year due to the tightening of conditions for obtaining permits and visas. In addition, they strengthened security on the border with Belarus to crack down on illegal immigration.

Annex II. Risk Assessment Matrix

Risks	Likelihood	Expected Impact	Policy Response
<p>Geopolitical Tensions. Intensification of conflicts, coupled with the weakening of multilateralism, may trigger commodity price volatility, increase migration pressures, reignite inflation, and weigh on growth by undermining confidence, investment, tourism, trade, and supply chains.</p>	High	<p>Global Risks</p> <p>High</p> <p>Poland would be significantly affected, with a likely new inflow of refugees, a new shock to business and consumer confidence, higher food and energy prices, and financial market volatility.</p>	<ul style="list-style-type: none"> Continue to provide humanitarian assistance to refugees and to integrate refugees into Polish labor markets. Provide targeted assistance to address risk of food and energy poverty. Continue efforts to diversify energy sources. Allow the flexible exchange rate to adjust.
<p>Escalating Trade Measures and Prolonged Uncertainty. Rising trade barriers and prolonged policy uncertainty could reduce trade, investment, and growth. Inflationary pressures may re-emerge—especially in countries imposing tariffs. These effects can be amplified by strategic complementarities or bottlenecks in global value chains or inventory overhang.</p>	High	<p>Medium</p> <p>Poland is highly integrated in the global value chains, with a large exposure to its EU partners (particularly Germany). High trade tensions and uncertainty would lead to slower export growth, higher unemployment, and weaker consumer and business confidence.</p>	<ul style="list-style-type: none"> Facilitate structural reforms, focused on business climate and labor market reforms that would support reallocation of resources, vocational training, and innovation. Ensure that public investment spending remains on track, including projects linked to the Next Generation EU grants. Lower policy interest rates if a weaker economy is expected to lead inflation to fall below the inflation target over the horizon for monetary policy. Allow the flexible exchange rate to adjust.
<p>Commodity Price Volatility. Shifts in supply and demand—driven by geopolitical tensions and conflicts, OPEC+ actions, or the green transition—may fuel commodity price swings, intensifying external and fiscal pressures, social unrest, and macroeconomic instability.</p>	High	<p>High</p> <p>As an importer of oil and natural gas, higher international energy prices could erode households' purchasing power, increase firms' costs, and ultimately lower private consumption and investment.</p>	<ul style="list-style-type: none"> Adjust policy interest rates should higher headline inflation threaten second-round effects, an increase in medium-term inflation expectations, and the achievement of the inflation target over the medium-term. Provide targeted assistance to address risk of food and energy poverty. Allow the flexible exchange rate to adjust.
<p>Fiscal Vulnerabilities and Higher Long-Term Interest Rates. Rising public debt and deficit levels may put upward pressure on long-term interest rates and increase the risk of sovereign bond market disruptions. These developments could amplify capital flow volatility, tighten financial conditions, threaten sovereign debt sustainability, and trigger global spillovers. To the extent that major economies are affected, market imbalances (such as reduced investor capacity to absorb sovereign debt) could emerge, exacerbating risks from a close sovereign-financial nexus.</p>	High	<p>Medium</p> <p>Poland's overall fiscal balance has deteriorated markedly in recent years. While its sovereign spreads remain tight despite the fiscal slippages, rising debt could make the government's fiscal space vulnerable to tighter global financial conditions or disruptive shift in investor sentiments.</p>	<ul style="list-style-type: none"> Implement additional fiscal measures to reverse the course of public debt over the medium term. Consolidation efforts should focus on enhancing revenue collection and prioritizing efficient spending.

Domestic Risks		
<p>Re-emergence of inflationary pressures. The tight labor market, coupled with strong domestic demand could lead to the re-emergence of inflation, particularly if the slack in the economy is lower than currently estimated. Global supply-side shocks could also re-ignite inflationary pressures.</p>	Medium	<p style="text-align: center;">Medium</p> <p>Higher-than-expected inflation could hurt consumption and confidence and prompt the NBP to tighten the monetary stance, which could derail credit and economic growth.</p>
<p>Uncertainty around absorption and impact of EU funds. investment could fall short if authorities cannot fully access the remaining NGEU grants before their expiry in 2026.. On the other hand, the NGEU funds may catalyze private investment if projects are selected and implemented properly to maximize their crowd-in effects.</p>	Medium	<p style="text-align: center;">Medium</p> <p>Delays in the absorption of EU funds could reduce investment and growth. A stronger-than-expected catalytic role from EU funds could crowd in private investment.</p>

- Monetary policies should remain agile and respond to changing data and conditions, with the aim of keeping inflation expectations anchored and keeping inflation at target.
- Fiscal policies should support economic stability by rebuilding buffers and supporting disinflation with tighter policies if needed.
- Ensure that public investment spending remains on track, including projects linked to the NGEU grants.

Annex III. External Sector Assessment

<p>Overall Assessment: <i>On a preliminary basis- based on data as of Q3 2025 and staff projections for the Staff Report, the external position in 2025 is assessed to be broadly in line with the level implied by medium-term fundamentals and desirable policies.¹</i> The current account (CA) is projected to decline to -1.0 percent of GDP in 2025 from 0.3 percent in 2024, driven by robust domestic consumption and subdued external demand, and is projected to further decline slightly in 2026 as EU funds help ramps up investment and imports. Continued consumption strength and the lagged impact of significant and persistent REER appreciation are expected to further reduce the CA balance to -1.6 percent of GDP over the medium-term.</p> <p>Potential Policy Responses: Staff's recommended fiscal consolidation to safeguard debt sustainability will increase public savings. To address Poland's structurally low private investment levels, efforts should focus on easing regulatory hurdles to private investments. This would help catalyze investment and financing additional to the Next Generation EU grants to address infrastructure gaps and support the climate transition.</p>						
Foreign Asset and Liability Position and Trajectory	<p>Background. The negative net international investment position (NIIP) has declined markedly over the last decade, and liabilities have transitioned from volatile sources of financing such as portfolio flows and short-term financing towards more stable FDI. The NIIP is projected to rise to -22.8 percent of GDP in 2025 from -27.5 in 2024. Gross external debt is projected to decline to 48.0 percent of GDP in 2025 from 50.3 percent in 2024.</p> <p>Assessment. The level of external debt has declined substantially, with rollover risk mitigated by the large share of long-term debt (about 70 percent of total debt) and intercompany lending (about 30 percent of total debt). The level of gross reserves (174 percent of short-term debt) is adequate and further reduces residual rollover risk.</p>					
2025 (% GDP)	NIIP: -22.8	Gross Assets: 59.6	Reserve Assets: 24.4	Gross Liab.: 82.4	Gross External Debt: 48.0	
Current Account	<p>Background. The CA in recent years was characterized by volatile domestic and external demand and Terms-of-Trade changes amid multiple shocks associated with the pandemic and the war, increased government spending to cushion cost-of-living increases and support refugees and robust service exports. In 2025, the CA is projected to decline to -1.0 percent of GDP from 0.3 percent of GDP in 2024. The projected decline is underpinned by the resilience of domestic consumption, the significant REER appreciation, and subdued demand from major trading partners. The CA balance is expected to further decline slightly in 2026 as growth picks up on the back of strong consumption and EU fund-supported investment, and with the lagged impact of the sizable real appreciation. Over the medium-term, the CA balance is projected to converge towards a deficit of 1.6 percent, due to robust consumption growth and sustained inflows of EU funds for infrastructure and military spending.</p> <p>Assessment. The EBA CA model estimates a CA norm of -1.5 percent of GDP compared with a cyclically adjusted CA deficit of 1.0 percent of GDP in 2025. This implies an EBA model CA gap between 0.1 and 0.9 percent of GDP, with a midpoint of 0.5 percent of GDP, comprising identified policy gaps of 0.3 percent of GDP and an unexplained residual of 0.2 percent of GDP. Among the policy variables, positive contributions from reserves interacted with capital controls, the credit gap and health expenditure offset the negative contribution from fiscal balance.</p>					
2025 (% GDP)	CA: -1.0	Cycl. Adj. CA: -1.0	EBA Norm: -1.5	EBA Gap: 0.5	Staff Adj.: 0.0	Staff Gap: 0.5
Real Exchange Rate	<p>Background. As of end-September 2025, the NEER had appreciated by an average of 2.7 percent compared to its 2024 average, while the CPI-based REER appreciated by 3.5 percent. The exchange rate had remained broadly stable against the euro since the beginning of 2025 but strengthened further against the USD amid broad dollar weakness.</p> <p>Assessment. The IMF CA staff gap implies a REER gap of -1.2 percent in 2025 with an estimated elasticity of 0.4. The EBA REER index model estimates a REER gap of 18.0 percent while the REER level model estimates a REER gap of -13.5 percent. Consistent with the IMF CA staff gap, staff's overall assessment is a REER gap in the range of -2.2 to -0.2 percent, with a midpoint of -1.2 percent.</p>					
Capital and Financial Accounts: Flows and Policy Measures	<p>Background. The capital account balance is projected to increase to 0.6 and 1.4 percent of GDP in 2025 and 2026, respectively, from 0.3 percent in 2024, supported by EU fund releases. The financial account is expected to record an inflow of 1.4 percent of GDP in 2025, from a net inflow of 3.8 percent of GDP in 2024. Both inward and outward FDIs are projected to further decline in 2025, resulting in a net inflow of 1.3 percent of GDP from 1.2 percent in 2024.</p> <p>Assessment. The capital account is projected to remain a strong source of funding for investment, supported by the EU cooperation frameworks. Vulnerability to capital outflows is contained as foreign holdings of domestic government securities have declined significantly since 2016, and the foreign investor base remains diversified. The central bank has adequate tools to manage bouts of capital flow volatility.</p>					
FX Intervention and Reserves Level	<p>Background. FX reserves are projected to increase to US\$253 billion in 2025 from US\$223 billion in 2024. Net reserves, which net out the central bank's repo operations and government FX deposits, are expected to reach about US\$207 billion in 2025 from US\$197 billion in 2024. While central bank briefly intervened in foreign exchange markets in March 2022 amid disorderly market conditions at the beginning of the war in Ukraine, no FX intervention has been conducted since 2023. The zloty is considered free floating.</p> <p>Assessment. At about 162 percent of the IMF's reserve adequacy metric, Poland's level of gross reserves is adequate to guard against external shocks and disorderly market conditions.</p>					
1/ The final assessment for 2025 will be provided in the 2026 External Sector Report.						

Annex IV. Implementation of Past Article IV Recommendations

2024 Article IV Recommendations	Policy Actions
Monetary Policy	
<p>Interest rate cuts should commence only when there is clear evidence that wage growth is decelerating, and inflation is firmly on track towards the target.</p>	<p>NBP policies have been broadly in line with staff's recommendations. The NBP started cutting interest rates in May 2025, after a substantial decline in inflation and a gradual deceleration in wages.</p>
Fiscal Policy	
<p>Initiate a modest fiscal adjustment of around 0.5 percent of GDP in 2025.</p>	<p>Traction was weak. The fiscal stance is estimated to have been expansionary in 2025.</p>
<p>Ensure fiscal consolidation over the medium-term to stabilize debt.</p>	<p>The government is taking measures to reduce the deficit in 2026. However, medium-term fiscal deficits are projected significantly higher than in the 2024 Article IV despite the growth outlook remaining favorable.</p>
<p>Fully identify the necessary fiscal measures to support fiscal consolidation.</p>	<p>The government has identified additional measures in the 2026 budget including higher excises and CIT on banks. However, identified measures over the medium term are insufficient to stabilize debt.</p>
<p>Establish a fiscal council to strengthen accountability and governance.</p>	<p>Traction has been positive. The founding law was approved in January 2025, and the fiscal council is currently being established. It is anticipated to begin operating in January 2026.</p>
Financial Policies	
<p>Further policy measures should: (i) take into account the impact of any further tightening of regulations on the adequate provision of credit; (ii) proactively reduce legal risks to financial sector stability, including by exploring legislative solutions; (iii) even the playing field for private sector credit by replacing the bank asset tax in a manner that eliminates the preferential treatment of public debt and (iv) allow the mortgage credit holiday to expire.</p>	<p>No legislative initiatives to solve legal risks have been announced. Bank asset tax remains in place. Mortgage credit holidays expired at the end of 2024.</p>

2024 Article IV Recommendations	Policy Actions
Structural Reforms	
<p>To support growth, policies should focus on deepening capital, facilitating resource reallocation, supporting an adequate labor supply, fostering innovation capacity, and decarbonization of the economy.</p>	<p>The government has released a development strategy for Poland aimed at unlocking investment and driving growth across six key pillars: advancing scientific research, transforming the energy sector, fostering new technologies, modernizing ports and railways, creating a dynamic capital market, and supporting businesses through deregulation.</p>
<p>Retirement age should be increased in line with life expectancy gains and accompanied by the gradual alignment of the male and female statutory retirement ages.</p>	<p>There are no legal initiatives to increase the statutory retirement age, or to align the age for male and female retirement.</p>
<p>Absorb fully and effectively NGEU grants to address infrastructure gaps and support digitalization.</p>	<p>RRF disbursements have accelerated. Nevertheless, by end-2025, only around 49 percent of the total allocation had been disbursed.</p>
<p>Extend carbon pricing to transportation and heating to reduce emissions.</p>	<p>There are no legal initiatives towards introducing carbon taxation.</p>
<p>Source: IMF staff.</p>	

Annex V. Debt Sustainability Analysis

Annex V. Table 1. Poland: Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	...	Moderate	The overall risk of sovereign stress is medium, reflecting the expected increase in debt under the baseline, and moderate risks over the medium and long term.
Near term 1/			
Medium term	Moderate	Moderate	The two medium-term tools point to a moderate level of risk. The Debt Fanchart Module suggests a moderate risk, primarily due to a high probability that debt will not stabilize in the medium term, combined with the terminal debt level adjusted for institutional quality. The GFN Module indicates moderate liquidity risks, as gross financing needs are expected to remain elevated over the medium term. Liquidity risks are mitigated by the use of a cash buffer and active liability management operations. No stress tests were triggered.
Fanchart	Moderate	...	
GFN	Moderate	...	
Stress test		...	
Long term	...	Moderate	The long-term modules suggest a moderate overall level of risk but contain substantial uncertainty. Poland's expected worsening demographic conditions over the long term will likely lead to higher pension and healthcare costs, suggesting long-run demographic risks. Large amortizations risks are elevated. Climate change mitigation risks could be manageable, but the results highlight substantial uncertainty around the level of climate investment needs. □
Sustainability assessment 2/	Not required for surveillance countries	Not required for surveillance countries	Not applicable.
Debt stabilization in the baseline			No

DSA Summary Assessment

Commentary: Poland faces a moderate overall risk of sovereign stress, marking an upward revision from the "low" rating in the 2024 Article IV Staff Report. The reassessment reflects deteriorating debt dynamics under the current policy baseline, with debt projected to rise from 55 percent of GDP in 2024 to nearly 78 percent by 2031. This trajectory is driven mainly by persistently high deficits, but also debt-creating flows, including RRF loans on-lent to the private sector. Mechanical signals and the GFN module point to moderate medium-term risks.

Mitigating factors temper these risks but not sufficiently to override mechanical signals:

- **EU fiscal governance:** Poland is subject to the Excessive Deficit Procedure (EDP), which mandates corrective action. The activation of the escape clause provides room for temporary deviation from the medium-term fiscal structural plan, but eventually the authorities would need to identify fully and undertake measures to achieve the 3 percent GDP deficit limit and bring debt below 60 percent of GDP.
- **External financing capacity:** Poland maintains low and declining external public debt, strong external balances, and an investment-grade sovereign rating, providing ample room to issue externally. Conservative financing assumptions in the baseline may overstate interest costs, as greater reliance on international markets could lower borrowing costs.
- **Terms of new lending:** The projected increase in debt over the medium term includes nearly 3 percent of GDP in on-lent RRF loans to the private sector which are backed by high quality loans. Defense related borrowing including under the EU defense loan scheme Security Action for Europe (SAFE) is expected to carry better terms and longer maturities compared to marketable debt.

Overall, additional fiscal consolidation is warranted to place debt on a firm downward path. Long-term risks remain moderate, with demographic pressures likely to raise healthcare costs and challenge pension adequacy, posing risks to public finances.

Source: Fund staff.

Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

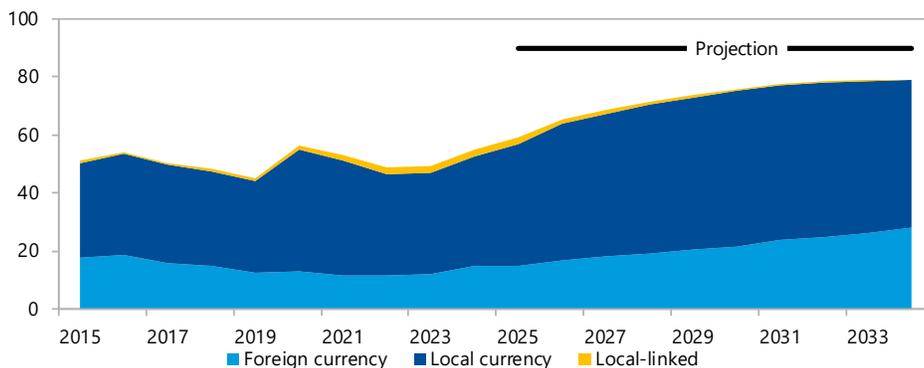
1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.

2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.

Annex V. Table 2. Poland: Debt Coverage and Disclosures

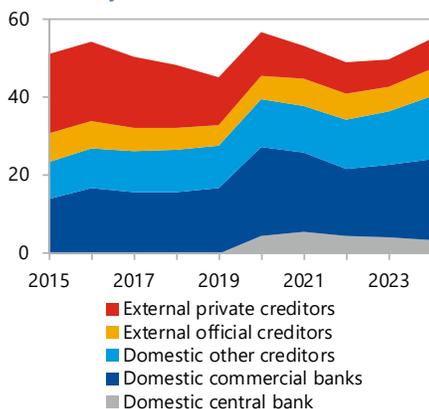
Annex V. Table 2. Poland: Debt Coverage and Disclosures										Comments				
1. Debt coverage in the DSA: 1/					CG	GG	NFPS	CPS	Other					
1a. If central government, are non-central government entities insignificant?										n.a.				
2. Subsectors included in the chosen coverage in (1) above:														
Subsectors captured in the baseline										Inclusion				
CPS	NFPs	GG: expected	CG	1	Budgetary central government					Yes				
				2	Extra budgetary funds (EBFs)					Yes				
				3	Social security funds (SSFs)					Yes				
				4	State governments					Yes				
				5	Local governments					Yes				
				6	Public nonfinancial corporations					No				
				7	Central bank					No				
				8	Other public financial corporations					No				
3. Instrument coverage:					Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/					
4. Accounting principles:					Basis of recording		Valuation of debt stock							
					Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/					
5. Debt consolidation across sectors:					Consolidated		Non-consolidated							
Color code: ■ chosen coverage ■ Missing from recommended coverage ■ Not applicable														
Reporting on Intra-Government Debt Holdings														
										Holder				
										Budget. central govt				
										Extra-budget. funds (EBFs)				
										Social security funds (SSFs)				
										State govt.				
										Local govt.				
										Nonfin. pub. corp.				
										Central bank				
										Oth. pub. fin corp				
										Total				
CPS	NFPs	GG: expected	CG	1	Budget. central govt		102	92	0	5	0	69	0	267
				2	Extra-budget. funds	0		1	0	0	0	57	0	59
				3	Social security funds	0	0		0	0	0	0	0	0
				4	State govt.	0	0	0		0	0	0	0	0
				5	Local govt.	1	1	0	0		0	0	0	2
				6	Nonfin pub. corp.	0	0	0	0		0	0	0	0
				7	Central bank	0	0	0	0	0		0	0	0
				8	Oth. pub. fin. corp	0	0	0	0	0	0	0		0
Total				1	103	93	0	5	0	126	0	328		
1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.														
2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.														
3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.														
4/ Includes accrual recording, commitment basis, due for payment, etc.														
5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).														
6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.														
7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.														
Commentary: The coverage in this SRDSF is the general government. The data on intra-government debt holdings is for 2024 in PLN bn. The extra-budgetary funds, social security funds, and the central bank hold significant portions of the central government debt.														

Annex V. Table 3. Poland: Public Debt Structure Indicators
Debt by Currency (Percent of GDP)



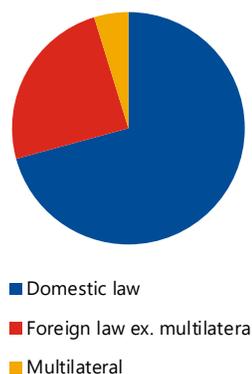
Note: The perimeter shown is general government.

Public Debt by Holder (Percent of GDP)



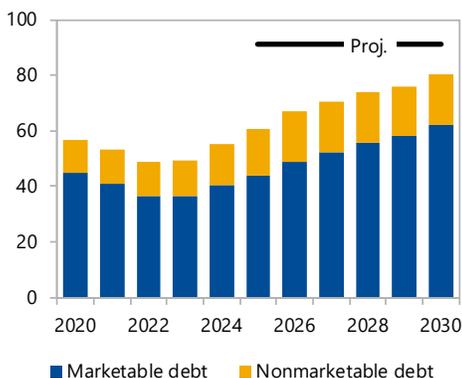
Note: The perimeter shown is general government.

Public Debt by Governing Law, 2024 (percent)



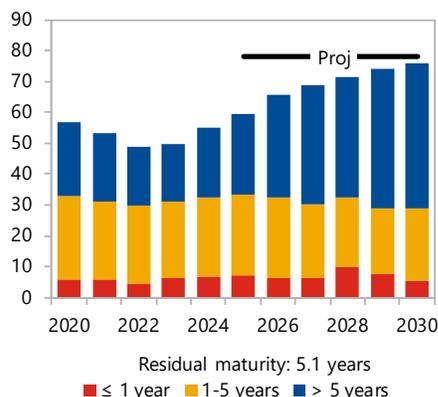
Note: The perimeter shown is general government.

Debt by Instruments (Percent of GDP)



Note: The perimeter shown is general government.

Public Debt by Maturity (Percent of GDP)



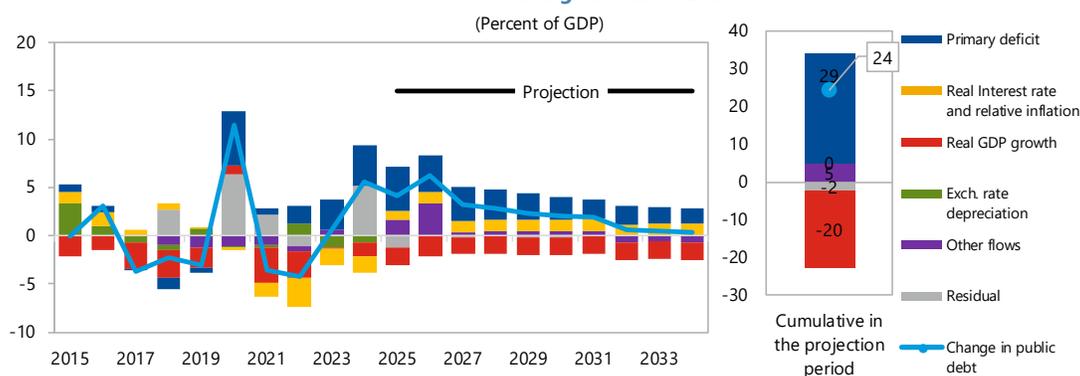
Note: The perimeter shown is general government.

Commentary: Domestic creditors hold an increasingly larger share of debt. In the future, most of the general government debt is expected to remain in local currency, issued mainly in the domestic market, reflecting the authorities' objective to utilize the domestic market as the primary source of financing. Debt maturities are expected to increase, driven by the long maturity of military borrowing and loans from the EC's Recovery and Resilience Facility.

Annex V. Table 4. Poland: Baseline Scenario
(Percent of GDP unless indicated otherwise)

	Actual	Medium-term projection						Extended projection			
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Public debt	55.1	59.3	65.5	68.7	71.6	73.9	75.9	77.7	78.3	78.8	79.1
Change in public debt	5.6	4.2	6.2	3.2	2.9	2.3	2.0	1.8	0.6	0.5	0.3
Contribution of identified flows	0.5	5.4	6.3	3.4	3.0	2.5	2.2	1.9	0.6	0.6	0.4
Primary deficit	4.3	4.6	3.9	3.5	3.2	2.6	2.3	2.0	1.9	1.7	1.6
Noninterest revenues	43.0	42.9	44.7	44.3	43.7	43.8	44.1	44.1	44.2	44.5	44.6
Noninterest expenditures	47.2	47.5	48.6	47.8	46.9	46.4	46.3	46.1	46.1	46.2	46.2
Automatic debt dynamics	-3.8	-0.8	-0.9	-0.5	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-0.7
Real interest rate and relative inflation	-1.6	0.9	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Real interest rate	-1.8	0.8	1.0	1.1	1.1	1.1	1.1	1.1	1.0	1.1	1.1
Relative inflation	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Real growth rate	-1.5	-1.8	-2.0	-1.7	-1.8	-1.8	-1.8	-1.8	-1.9	-1.9	-1.9
Real exchange rate	-0.7	...	...	...	...	...	...	...	...	...	...
Other identified flows	0.0	1.7	3.3	0.3	0.5	0.5	0.5	0.5	-0.6	-0.5	-0.6
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(minus) Interest Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other transactions 1/	0.0	1.7	3.3	0.3	0.5	0.5	0.5	0.5	-0.6	-0.5	-0.6
Contribution of residual	5.1	-1.3	-0.1	-0.2	-0.1	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1
Gross financing needs	12.7	11.9	13.3	12.6	11.9	14.7	12.2	9.4	8.9	12.3	9.5
of which: debt service	8.4	7.4	9.4	9.0	8.8	12.0	9.9	7.3	7.0	10.6	7.9
Local currency	6.4	5.7	7.5	7.5	7.3	10.8	9.0	6.3	5.8	9.4	6.5
Foreign currency	1.1	1.5	1.5	1.2	1.2	1.2	0.9	0.8	1.1	1.2	1.3
Memo:											
Real GDP growth (percent)	3.0	3.3	3.5	2.7	2.7	2.6	2.5	2.5	2.5	2.5	2.5
Inflation (GDP deflator; percent)	3.8	3.2	2.9	2.7	2.5	2.5	2.5	2.4	2.5	2.5	2.5
Nominal GDP growth (percent)	7.0	6.5	6.5	5.5	5.3	5.2	5.0	5.0	5.0	5.0	5.0
Effective interest rate (percent)	0.0	4.8	4.7	4.5	4.2	4.1	4.0	4.0	3.9	4.0	4.0
Net public debt	38.5	42.1	48.0	53.1	57.3	61.1	64.2	67.0	69.4	70.7	71.7

Contribution to Change in Public Debt



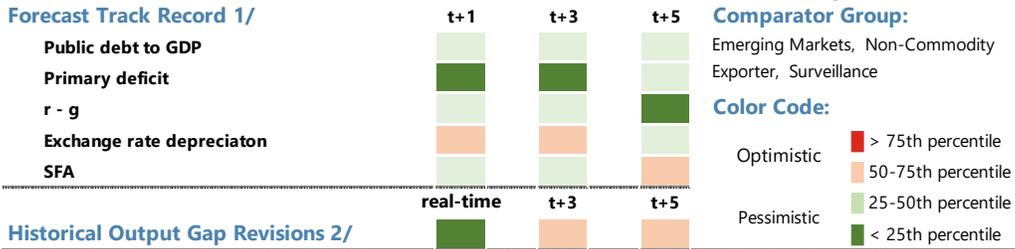
^{1/} Other transactions include adjustments for cash and accrual accounting and RRF loans to be on-lent to the private sector.

Commentary: At the end of 2024, the general government debt was 55.1 percent of GDP. Under the baseline of current policies, debt is projected to increase to 79 percent of GDP over the next ten years, primarily driven by deficits and other debt-creating transactions, which include about 3.0 percent of GDP in loans disbursed by the European Commission under the Recovery and Resilience Facility which are expected to be on-lent to the private sector. Long-term maturity and low costs mitigate risks stemming from RRF loan accumulation. GFNs are projected to remain elevated but decline slightly over the projection period reflecting the longer maturity of defense related borrowing.

Annex V. Table 5. Poland: Medium-Term Risk Assessment

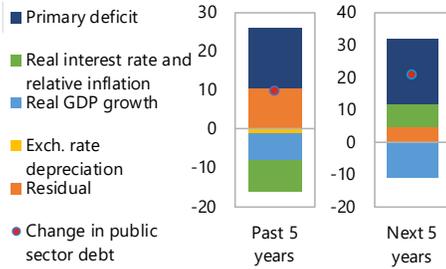
	Value	Contrib 1/	Percentile in peer group 2/																														
Final Fanchart (Percent of GDP)																																	
Debt fanchart module																																	
Fanchart width (percent of GDP)	31.3	0.5																															
Probability of debt non-stabilization (percent)	96.3	0.8																															
Terminal debt-to-GDP x institutions index	33.1	0.7																															
Debt fanchart index (DFI)		2.0																															
Risk signal: 3/			Moderate																														
Gross Financing Needs (Percent of GDP)																																	
Gross financing needs (GFN) module																																	
Average baseline GFN (percent of GDP)	12.8	4.4																															
Initial Banks' claims on the gen. gov't (pct bank assets)	19.9	6.4																															
Chg. In banks' claims in stress (pct banks' assets)	18.6	6.2																															
GFN financeability index (GFI)		17.0																															
Risk signal: 4/			Moderate																														
Triggered stress tests (stress tests not activated in gray)																																	
Banking crisis	Exchange rate	Contingent liab.	Natural disaster																														
Medium-Term Index (Index Number)																																	
<table border="1"> <thead> <tr> <th></th> <th>Value</th> <th>(normalize d)</th> <th>Weight</th> <th>Contribution</th> </tr> </thead> <tbody> <tr> <td>Debt fanchart index</td> <td>2.0</td> <td>0.4</td> <td>0.5</td> <td>0.2</td> </tr> <tr> <td>GFN financeability index</td> <td>17.0</td> <td>0.3</td> <td>0.5</td> <td>0.2</td> </tr> <tr> <td>Medium-term index</td> <td></td> <td>0.4</td> <td></td> <td></td> </tr> <tr> <td>Risk signal: 5/</td> <td></td> <td></td> <td></td> <td>Moderate</td> </tr> <tr> <td>Final assessment:</td> <td></td> <td></td> <td></td> <td>Moderate</td> </tr> </tbody> </table>					Value	(normalize d)	Weight	Contribution	Debt fanchart index	2.0	0.4	0.5	0.2	GFN financeability index	17.0	0.3	0.5	0.2	Medium-term index		0.4			Risk signal: 5/				Moderate	Final assessment:				Moderate
	Value	(normalize d)	Weight	Contribution																													
Debt fanchart index	2.0	0.4	0.5	0.2																													
GFN financeability index	17.0	0.3	0.5	0.2																													
Medium-term index		0.4																															
Risk signal: 5/				Moderate																													
Final assessment:				Moderate																													
Prob. of missed crisis, 2025-2030, if stress not predicted: 27.3 pct. Prob. of false alarms, 2025-2030, if stress predicted: 10.2 pct.																																	
<p>Commentary: The two medium-term tools point to a moderate level of risk. The Debt Fanchart Module points to moderate risk, largely due to a high probability that debt does not stabilize in the medium term combined with the terminal debt level adjusted by institutional quality. The GFN Financeability Module indicates moderate liquidity risks, as gross financing needs remain elevated over the medium term. This suggests liquidity risk, which, however, is mitigated by the government's use of a buffer and undertaking of active liability management operations to smooth out the debt redemption profile.</p>																																	
Source: IMF staff estimates and projections.																																	
1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.																																	
2/ The comparison group is emerging markets, non-commodity exporter, surveillance.																																	
3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.																																	
4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.																																	
5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.																																	

Annex V. Table 6. Poland: Realism of Baseline Assumptions

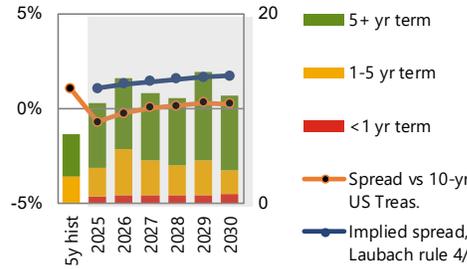


Public Debt Creating Flows

(Percent of GDP)

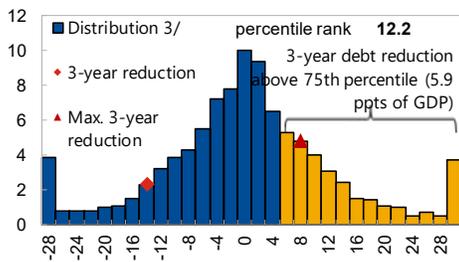


Bond Issuances



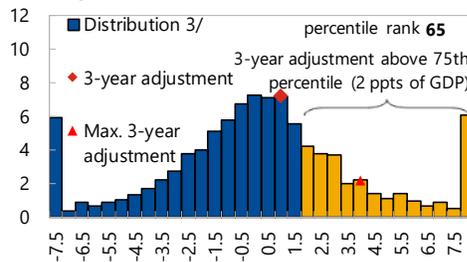
3-Year Debt Reduction

(Percent of GDP)



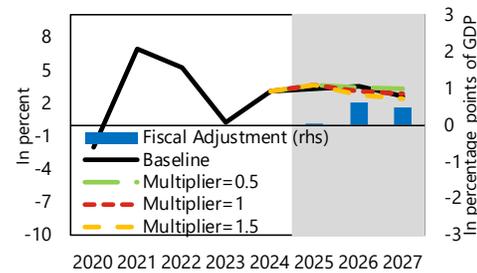
3-Year Adjustment in Cyclically-Adjusted

Primary Balance (Percent of GDP)



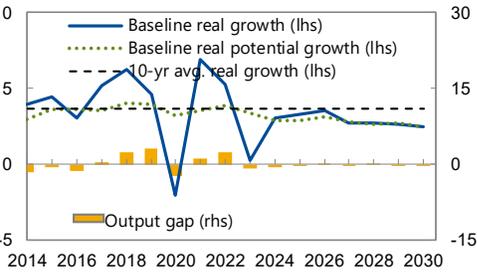
Fiscal Adjustment and Possible Growth Paths

(Lines, real growth using multiplier (LHS); bars, fiscal adj. (RHS))



Real GDP Growth

(In percent)



Commentary: The realism analysis does not suggest any significant concerns. Past forecast errors do not show systematic biases, and the projected fiscal and debt trajectories are within norms. The overall implied spreads over 10-year US Treasuries are expected to decline over the projected period, partly reflecting the assumption that defense spending will be financed with the EU SAFE facility, bilateral, and/or multilateral sources, and RRF loans which will carry favorable terms.

Source : IMF Staff.

1/ Projections made in the October and April WEO vintage.

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates

3/ Data cover annual observations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

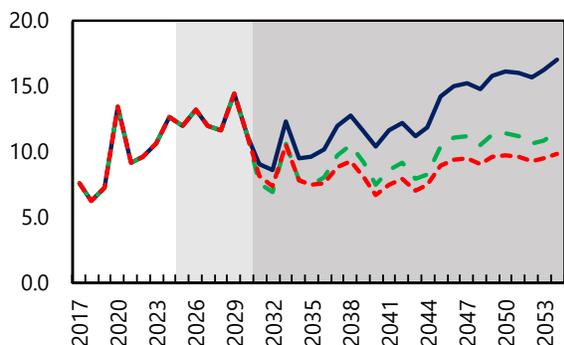
Annex V. Table 7. Poland: Triggered Modules

Large amortizations	Pensions	Climate change: Adaptation	Natural Resources
	Health	Climate change: Mitigation	

Annex V. Table 8. Poland: Long-Term Risk Assessment – Large Amortization

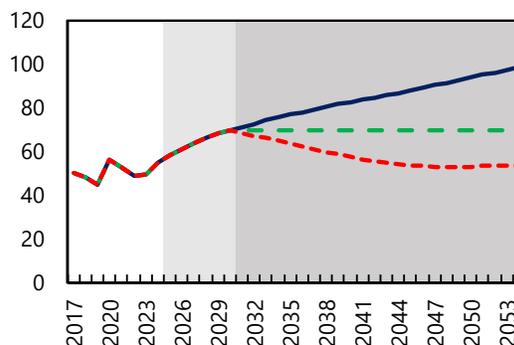
Projection	Variable	Risk Indication
Medium-term extrapolation	GFN-to-GDP ratio	Red
	Amortization-to-GDP ratio	Red
	Amortization	Red
Medium-term extrapolation with debt stabilizing primary balance	GFN-to-GDP ratio	Green
	Amortization-to-GDP ratio	Red
	Amortization	Red
Historical average assumptions	GFN-to-GDP ratio	Green
	Amortization-to-GDP ratio	Green
	Amortization	Red
Overall Risk Indication		Red

GFN-to-GDP Ratio



■ Long run projection
 ■ Projection
 — Baseline with t+5
 - - Baseline with t+5 and DSPB
 - - Historical 10-year average

Total Public Debt-to-GDP Ratio



■ Long run projection
 ■ Projection
 — Baseline with t+5
 - - Baseline with t+5 and DSPB
 - - Historical 10-year average

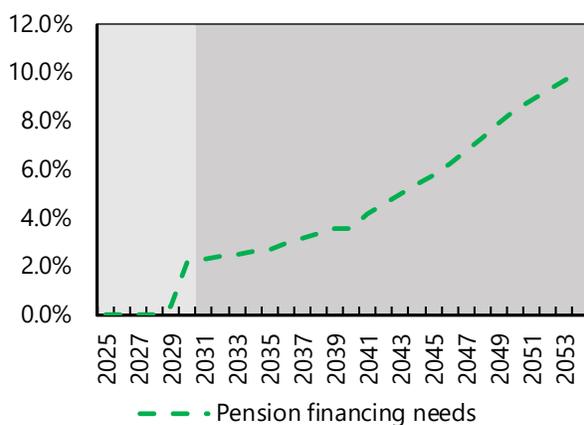
Commentary: The amortization module points to elevated risks. The projected values exceed thresholds under all three alternative standardized assumptions: 1) assuming constant t+5 values, 2) t+5 values to compute a primary deficit that stabilizes the debt-to-GDP ratio in the long term, and 3) historical 10-year average. □

Annex V. Table 9. Poland: Demographics – Pensions

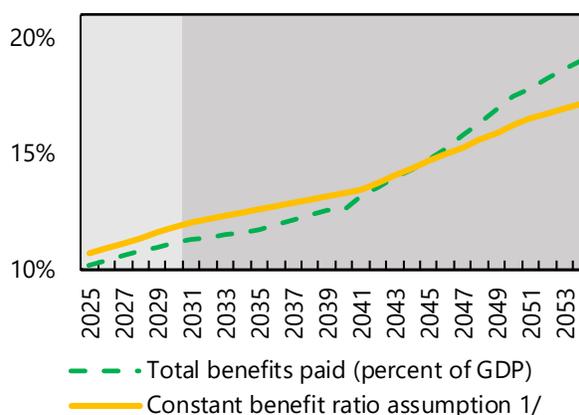
Permanent adjustment needed in the pension system to keep pension assets positive for:

	30 years	50 years	Until 2100
(pp of GDP per year)	4.3%	6.9%	7.9%

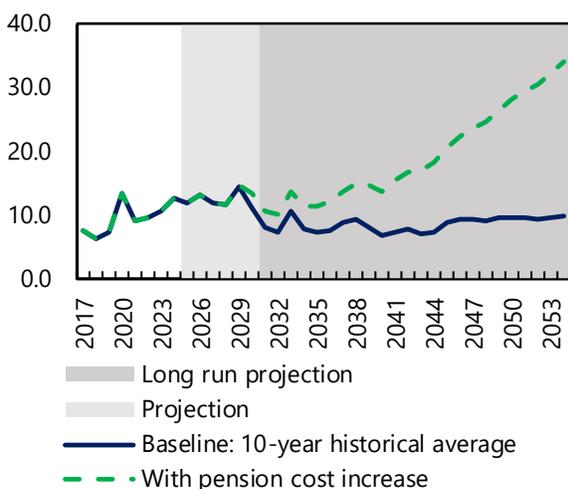
Pension Financing Needs



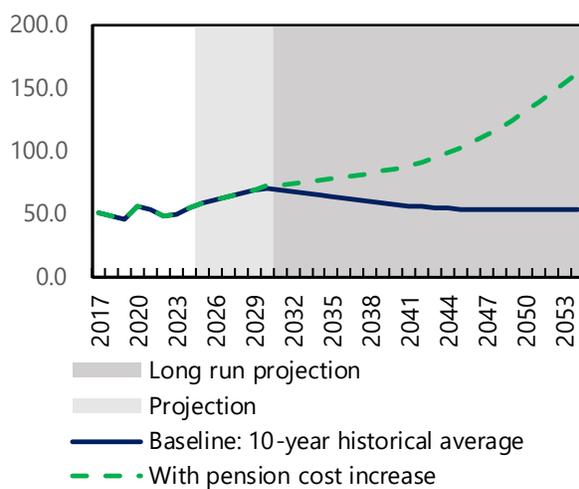
Total Benefits Paid



GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio

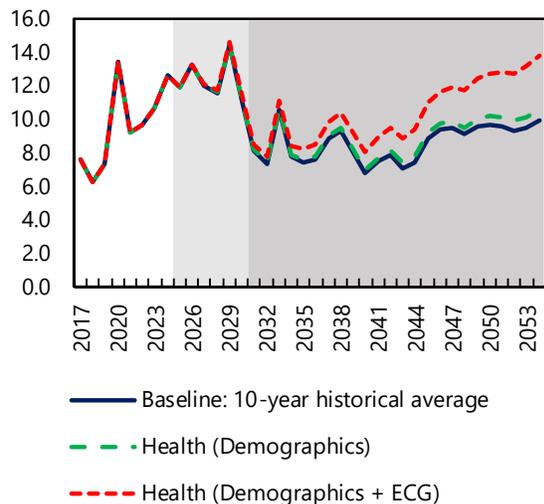


"1/ Scenario assumes no adjustments, including of benefits ratios, to counteract population ageing. Source: 2024 Ageing Report Poland Country Fiche.

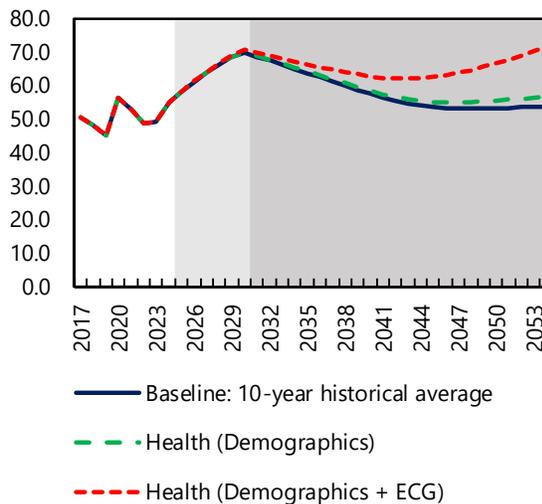
Commentary: This illustrative pension module provides long-term projections of the financing needs arising from demographic changes and other factors. The results show increasing GFN and debt trajectory, highlighting the long-run fiscal pressures to pensions arising from projected demographic developments. The pension module is based on conservative assumptions for total benefits paid which exceed those estimated by the authorities under a constant-benefit ratio (no reforms to counteract population ageing) scenario.

Annex V. Table 10. Poland: Demographics – Health

GFN-to-GDP Ratio



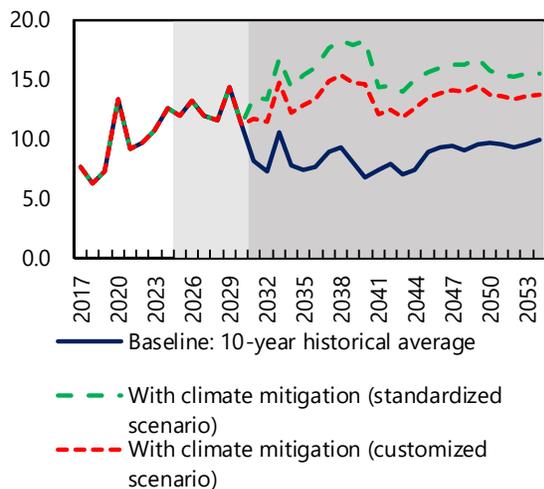
Total Public Debt-to-GDP Ratio



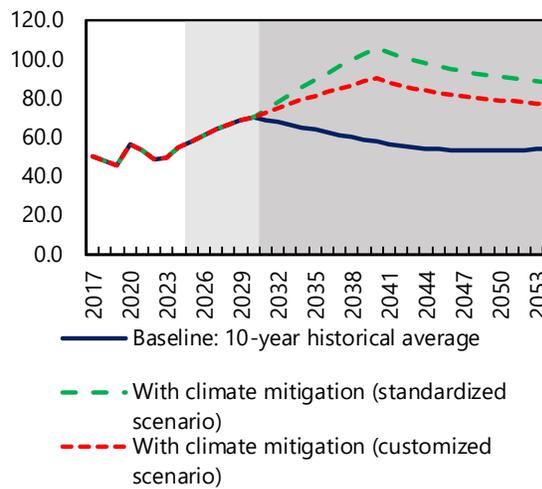
Commentary: Poland's demographic conditions are expected to worsen over the long term as the working-age population declines amid rapid aging. In this context, this illustrative module provides long-term simulations of the future path of healthcare expenditures arising from changing demographics as well as an excessive cost growth (ECG) scenario which also incorporates non-demographic drivers that have historically pushed healthcare spending up faster than GDP such as a high income elasticity of demand and convergence of costs and coverage. The results show increasing GFN and debt-to-GDP ratio trajectory, potentially pointing to long-run demographic risks on healthcare.

Annex V. Table 11. Poland: Climate Change – Mitigation

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio



Commentary: This illustrative module provides a long-term simulation of potential future paths of climate change mitigation under various scenarios. The GFN and the debt-to-GDP ratio are projected to increase under the standardized and customized scenarios (assuming 2/3 of investment is financed through public debt). The results suggest that climate mitigation risks may be manageable, especially if at least in part financed by the private sector. Still, the results reflect substantial uncertainty around the level and range of potential climate investment needed for climate mitigation.

Annex VI. Developing Capital Markets in Poland

1. Poland's capital markets face structural barriers that limit their role in mobilizing savings and financing investment. Three key challenges stand out:

- **Tax Distortions Favoring Real Estate**

Tax incentives skew household investment toward real estate. Capital gains on property sales are tax-exempt after five years, while rental income is taxed at just 8.5 percent (12.5 percent for income above PLN100,000)—far below the 19 percent rate on financial capital gains. This contributes to high homeownership and elevated property prices, crowding out investment in financial instruments.

- **Weak Institutional Investors and Regulatory Constraints**

Pension assets remain low at around 8½ percent of GDP, with nearly two-thirds held in the shrinking second pillar. Regulatory limits promote herd behavior and impose a domestic equity bias, restricting diversification. Allowing exposure to venture capital and private equity could improve risk-adjusted returns and support innovative firms.

- **Limited Retail Participation in Financial Markets**

Households hold over half of their financial assets in cash and bank deposits. In contrast, listed equities and investment funds represent less than one-tenth. Meanwhile, robust demand for retail Treasury bonds suggest that households are seeking low-cost inflation-protected savings products..

To address these challenges, the government is taking the following measures:

- **Limiting some real estate tax preference.** Owners of multiple real estate would not be eligible for income tax allowance if they sell property before five years from the acquisition.
- **Promoting a more active financing role for institutional investors.** The new program Innovate Poland facilitates channeling resources of institutional investors to program-certified private equity, venture capital, and private debt funds to finance smaller firms with high growth potential. It initially includes state-owned Polish Development Fund (PFR), state development bank BGK, state-controlled PZU insurance company, and the European Investment Fund but there are plans to allow participation of pension funds.
- **Encouraging active participation in retail investment.** The proposed Personal Investment Account (OKI) scheme, expected to be in place by mid-2026, could help channel savings to capital markets. OKI proposal assumes tax-free income on assets up to PLN100,000, of which no more than ¼ in bank deposits and retail T-bonds. The remainder will need to be invested in capital markets, with initial proposals implying strong home bias on eligible instruments. OKI

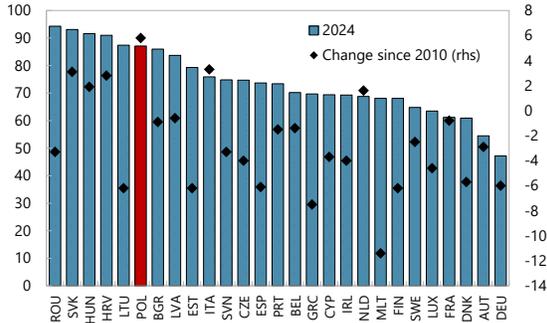
assets above PLN100,000 will also enjoy tax preferences, being subject to a flat tax at a rate linked to NBP reference rate (proposed by MoF at 0.85 percent in 2026).

Annex VI. Figure 1. Poland: Housing and Capital Market

Home ownership share increased by most in Poland...

EU: Share of Home Ownership

(LHS: percent share of population; RHS: percentage point change)

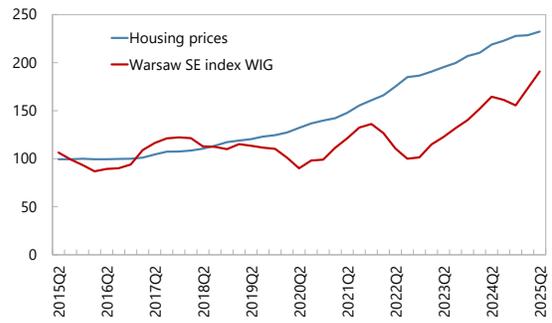


Source: Eurostat; and IMF staff calculations.

...and housing prices outpaced stock market returns.

Housing Prices And The Warsaw Stock Exchange Index

(Index, 2015=100)

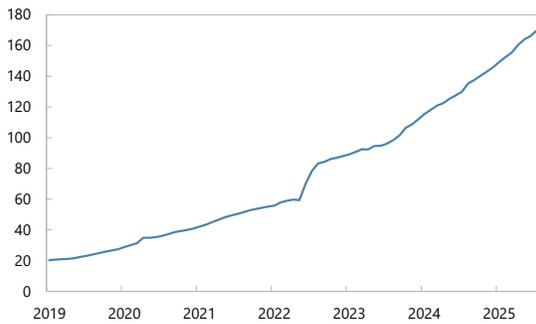


Sources: Haver Analytics; NBP; and WSE.

Holdings of retail bonds are growing strongly...

Holdings of Retail T-bonds

(PLN billion)

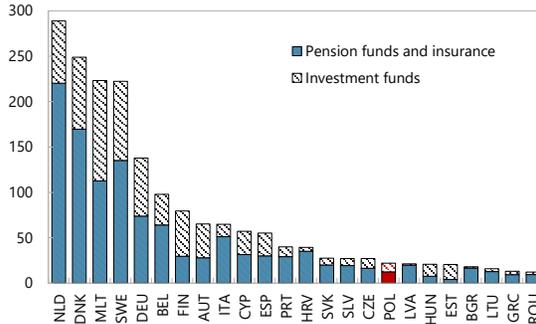


Sources: Ministry of Finance; and IMF staff calculations.

...while institutional investors remain weak.

Assets of Institutional Investors

(Percent of GDP)



Sources: Eurostat; Haver Analytics; and IMF staff calculations.

Annex VII. Data Issues

Annex VII. Table 1. Poland: Data Adequacy Assessment for Surveillance

Data Adequacy Assessment Rating 1/							
A							
Questionnaire Results 2/							
Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Inter-sectoral Consistency	Median Rating
	A	A	A	A	A	A	A
Detailed Questionnaire Results							
Data Quality Characteristics							
Coverage	A	A	A	A	A		
Granularity 3/	A		A	A	B		
			A		A		
Consistency			B	A		A	
Frequency and Timeliness	A	A	B	A	A		
<p>Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.</p> <p>1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.</p> <p>2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see <i>IMF Review of the Framework for Data Adequacy Assessment for Surveillance</i>, January 2024, Appendix I).</p> <p>3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.</p>							
A	The data provided to the Fund are adequate for surveillance.						
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.						
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.						
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.						
<p>Rationale for staff assessment. Data provision is adequate for the surveillance. High-frequency data on state budget operations is cash-based, inconsistent with international accrual standards. Treasury debt statistics is reported in a timely fashion and with adequate detail, general government debt data is on quarterly basis, with less granularity. Lag in releasing data on central government operations exceeds one month due to availability of information on extrabudgetary funds. There is no detailed fiscal statistics on EU funds, MoF monthly data on EU flows are based on payments and does not show detail of RRF. MFS data published by NBP do not show detailed breakdown of private credit by currencies, and statistics of investment funds is published on a quarterly basis. KNF became responsible for the oversight of non-bank lending institutions and published annual data for 2024. KNF data and survey-based information from Statistics Poland (GUS) and Bureau of Credit Information (BIK) indicates that such lending does not have macroeconomic significance.</p>							
<p>Changes since the last Article IV consultation. Statistics Poland (GUS) has started publishing monthly data on wage distribution, including on median wage and breakdown by gender. National classification of economic activities was revised, and GUS statistics will be consistent with the EU classification NACE from 2026. GUS will transition from ECOICOP ver. 1 to ECOICOP ver. 2 classification of household expenditures for data on CPI inflation as of 2026.</p>							
<p>Corrective actions and capacity development priorities. There is an ongoing CD project with FAD to estimate CIT gap and to counteract grey economy.</p>							
<p>Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. Staff does not use alternative data if official statistics is available. External data sources are used for structural indicators, including for climate issues.</p>							
<p>Other data gaps. While the zloty is freely floating and foreign exchange interventions are rare, the central bank neither publishes nor shares data on such interventions.</p>							

Annex VII. Table 2. Poland: Data Standards Initiatives

Poland subscribes to the Special Data Dissemination Standard (SDDS) since April 1996 and publishes the data on its National Summary Data Page. The latest SDDS Annual Observance Report is available on the Dissemination Standards Bulletin Board (<https://dsbb.imf.org/>).

Poland participates in the Coordinated Direct Investment Survey and Coordinated Portfolio Investment Survey and reports data for the Reserves Data Template to the IMF.

Annex VII. Table 3. Poland: Table of Common Indicators Required for Surveillance

As of December 1, 2025

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data ⁶	Frequency of Reporting ⁶	Expected Frequency ^{6,7}	Poland ⁸	Expected Timeliness ^{6,7}	Poland ⁸
Exchange Rates	28-Nov-25	1-Dec-25	D	D	D	D	...	1D
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	Oct-25	Nov-25	M	M	M	M	1W	1M
Reserve/Base Money	Oct-25	Nov-25	M	M	M	M	2W	NLT 1W
Broad Money	Oct-25	Nov-25	M	M	M	M	1M	NLT 2W
Central Bank Balance Sheet	Oct-25	Nov-25	M	M	M	M	2W	NLT 1W
Consolidated Balance Sheet of the Banking System	Oct-25	Nov-25	M	M	M	M	1M	NLT 2W
Interest Rates ²	28-Nov-25	1-Dec-25	D	D	D	D	...	1D
Consumer Price Index	Oct-25	Nov-25	M	M	M	M	1M	15D
Revenue, Expenditure, Balance and Composition of Financing ³ —General Government ⁴	2024	Oct-25	A	A	A	A	2Q	10M
Revenue, Expenditure, Balance and Composition of Financing ³ —Central Government	Sep-25	Nov-25	M	M	M	M	1M	7W
Stocks of Central Government and Central Government-Guaranteed Debt ⁵	Sep-25	Nov-25	M	M	Q	M	1Q	51D
External Current Account Balance	2025Q2	Oct-25	Q	Q	Q	Q	1Q	1Q
Exports and Imports of Goods and Services	Sep-25	Nov-25	M	M	M	M	8W	10W
GDP/GNP	2025Q2	Sep-25	Q	Q	Q	Q	1Q	45D
Gross External Debt	2025Q2	Oct-25	Q	Q	Q	Q	1Q	1Q
International Investment Position	2025Q2	Oct-25	Q	Q	Q	Q	1Q	9M

¹ Includes reserve assets pledged or otherwise encumbered, as well as net derivative positions.

² Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

³ Foreign, domestic bank, and domestic nonbank financing.

⁴ The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

⁵ Including currency and maturity composition.

⁶ Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual; ("SA") semiannual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

⁷ Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.

⁸ Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (<https://dsbb.imf.org/>). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "...".



REPUBLIC OF POLAND

January 9, 2026

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

Prepared By

European Department

CONTENTS

FUND RELATIONS	2
WORLD BANK RELATIONS	5

FUND RELATIONS

(As of November 30, 2025)

Membership Status: Joined 6/12/1986; Article VIII

General Resources Account:

	SDR Million	Percent Quota
Quota	4,095.40	100.00
Fund Holdings of Currency	3,034.77	74.10
Reserve Tranche Position	1064.29	25.99
Lending to the Fund		
New Arrangement to Borrow	0.0	

SDR Department:

	SDR Million	Percent Allocation
Net Cumulative Allocation	5,229.90	100.00
Holdings	4241.67	81.10

Outstanding Purchases and Loans: None

Latest Financial Arrangements:

In Millions of SDR

Type	Approval Date	Expiration Date	Amount Approved	Amount Drawn
FCL	1/13/2017	11/2/2017	6,500.00	0.00
FCL	1/14/2015	1/13/2017	13,000.00	0.00
FCL	1/18/2013	1/13/2015	22,000.00	0.00

Projected Payments to Fund (SDR Million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	2025	2026	2027	2028	2029
Principal					
Charges/Interest	7.10	27.28	27.28	27.30	27.27
Total	7.10	27.28	27.28	27.30	27.27

Article IV Consultation:

The last Article IV consultation was concluded on January 10, 2025. Poland is on the standard 12-month consultation cycle.

Resident Representative:

Mr. Carlos Mulas-Granados has been the Regional Resident Representative for Central and Eastern Europe since September 2025.

Exchange Arrangements: The currency of Poland is the zloty. The exchange rate arrangement is free floating. Poland accepted the obligations under-Article VIII, Sections 2, 3, and 4 on June 1, 1995. Poland maintains an exchange system free of multiple currency practices and restrictions on payments and transfers for current international transactions, with the exception of restrictions adopted solely for national or international security reasons. Poland has notified the Fund of restrictions adopted solely for national or international security reasons notified to the Fund in accordance with the procedures of Decision No. 144-(52/51).

Department	Subject/Identified Need	Action	Date	Counterpart
FAD	Developing a multi-annual fiscal framework	Mission	June 2008	MoF
STA	Errors and omissions in balance of payments accounts	Mission	July 2009	NBP
FAD	Medium-term fiscal framework	Mission	April 2010	MoF
MCM	Detailed assessment of observance of BCP for effective banking supervision	Mission	Feb/March 2011	KNF
STA	Errors and omissions in balance of payments accounts	Mission	June 2011	NBP
FAD	Developing the fiscal regime for oil and gas	Mission	April 2012	MoF
MCM	Macroprudential framework	Mission	May 2012	NBP
IMF/WB	FSAP update	Mission	Feb/March 2013	MoF/ KNF/NBP
FAD	Tax administration— Modernization challenges and strategic priorities	Mission	November 2014	MoF
MCM	Bank Resolution	Mission	March 2016	BFG

Table 1. Republic of Poland: Technical Assistance from the Fund, 2008–2024 (concluded)

Department	Subject/Identified Need	Action	Date	Counterpart
FAD	Medium-term budget framework	Mission	February/November 2017	MoF
FAD	Tax administration	Mission	April/June 2017	MoF
IMF/WB	FSAP update	Mission	Jan/May 2018	MoF/ KNF/NBP
FAD	Public Investment Management Assessment (PIMA)	Virtual Mission	Sep/Oct 2021	MoF
FAD	Concluding development of SCoA Phase II	Mission	Oct 2022	MoF
FAD	Grey Economy Diagnostic	Mission	Oct 2023	MoF
FAD/EUR	Aligning the Stabilizing Expenditure Rule to the EU Fiscal Framework	Virtual and Mission	Nov 2023- May 2024	MoF
FAD	Revenue Administration	Mission	Jul 2024, Oct 2024	MoF
FAD	Improving capacity to assess and counteract grey economy	Mission	Mar/Apr 2025	MoF
FAD	Estimating CIT gap	Mission	Nov. 2025	MoF

WORLD BANK RELATIONS

Poland has been collaborating with the World Bank Group.

Further information can be obtained from the following hyperlink.

International Financial Institution	Hyperlink
The World Bank Group	https://www.worldbank.org/en/country/poland