

# ***Doing Business* in Poland**

**Dr. Marcin Piątkowski**

**Senior Economist, the World Bank**

**Assistant Professor, TIGER,  
Kozminski University,**

**Warsaw**

**December 14, 2011**

# Outline

- Results of the World Bank's Doing Business 2012 report
- Why Poland is an attractive place to invest
- Reforms needed for Poland to continue to attract investment: the Warsaw Consensus



# What does *Doing Business* measure?

## Doing Business indicators:

- ✓ Focus on regulations relevant to the life cycle of a small to medium-sized domestic business.
- ✓ Are built on standardized case scenarios.
- ✓ Are measured for the most populous city in each country.
- ✓ Are focused on the formal sector.

**DO NOT** measure all aspects of the business environment such as macroeconomic stability, corruption, level of labor skills, proximity to markets, or of regulation specific to foreign investment or financial markets.

# Doing Business indicators – 11 areas of business regulation (9 included in the DB2011 ranking; 10 in DB2012)

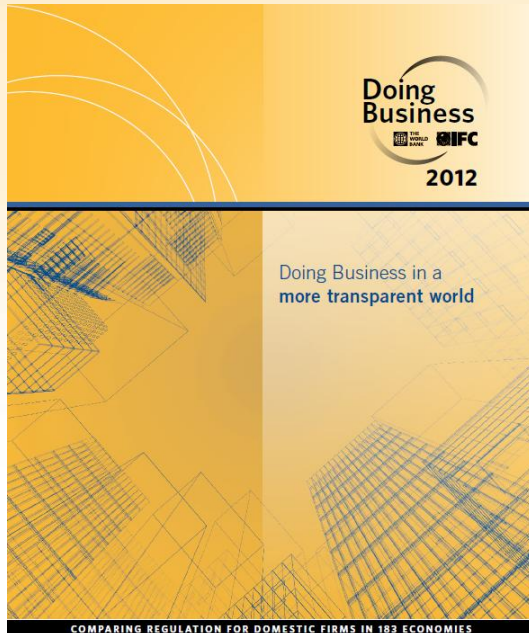
Start-up	Expansion	Operations	Insolvency
<ul style="list-style-type: none"> <li>• <b>Starting a business</b></li> </ul> <p><i>Minimum capital requirement, procedures, time and cost</i></p>	<ul style="list-style-type: none"> <li>• <b>Registering property</b></li> </ul> <p><i>Procedures, time and cost</i></p> <ul style="list-style-type: none"> <li>• <b>Getting credit</b></li> </ul> <p><i>Credit information systems</i></p> <p><i>Movable collateral laws</i></p> <ul style="list-style-type: none"> <li>• <b>Protecting investors</b></li> </ul> <p><i>Disclosure and liability in related party transactions</i></p> <ul style="list-style-type: none"> <li>• <b>Enforcing contracts</b></li> </ul> <p><i>Procedures, time and cost to resolve a commercial dispute</i></p>	<ul style="list-style-type: none"> <li>• <b>Dealing with construction permits</b></li> </ul> <p><i>Procedures, time and cost</i></p> <ul style="list-style-type: none"> <li>• <b>Paying taxes</b></li> </ul> <p><i>Payments, time and Total Tax Rate</i></p> <ul style="list-style-type: none"> <li>• <b>Trading across borders</b></li> </ul> <p><i>Documents, time and cost</i></p> <ul style="list-style-type: none"> <li>• <b>Getting electricity</b></li> </ul> <p><i>Procedures, time and cost</i></p> <ul style="list-style-type: none"> <li>• <b>Employing workers (annex)</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Resolving insolvency</b> (formerly <i>Closing a business</i>)</li> </ul> <p><i>Time, cost and recovery rate</i></p>
Entry	Property rights Investor protection Access to credit	Administrative burden Flexibility in hiring	Recovery rate Reallocation of assets

# What's new in *Doing Business* 2012?

2007 175 economies	2008 178 economies	2009 181 economies	2010 183 economies	2011 183 economies	2012 183 economies
<ul style="list-style-type: none"> <li>Starting a business</li> <li>Dealing with construction permits</li> <li>Employing workers</li> <li>Registering property</li> <li>Getting credit</li> <li>Protecting investors</li> <li>Paying taxes</li> <li>Trading across borders</li> <li>Enforcing contracts</li> <li>Resolving Insolvency (formerly <i>Closing a business</i>)</li> </ul>	<ul style="list-style-type: none"> <li>Update of 2007</li> <li>Add 3 countries</li> <li>Reformer's Club, and 16 case studies</li> </ul>	<ul style="list-style-type: none"> <li>New "About DB" chapter</li> <li>Trends analysis DB04-DB09                             <ul style="list-style-type: none"> <li>Most popular reforms</li> <li>Most effective reforms</li> <li>Lessons learned</li> </ul> </li> <li>Add 3 new countries (Bahamas, Bahrain, Qatar)</li> <li>Methodology change in Getting Credit (Legal Rights)</li> </ul>	<ul style="list-style-type: none"> <li>Business regulation and reform in the context of the global crisis</li> <li>EWI and social protection</li> <li>Worker Protection: Researching ILO core labor standards</li> <li>Piloting a new infrastructure indicator</li> <li>Add Cyprus, Kosovo</li> </ul>	<ul style="list-style-type: none"> <li>New metric on 5-year change at country level</li> <li>Focus on reform results</li> <li>Getting Electricity: added 36 countries and indicator level ranking</li> <li>Methodology review for Employing Workers indicator</li> </ul>	<ul style="list-style-type: none"> <li><b><i>Getting Electricity</i> included in overall ranking</b></li> <li><b>New metric on an economy's distance to the frontier</b></li> <li><b>Illustration of variability of performance across indicators</b></li> <li><b>Access to information data</b></li> <li><b>4 case studies on regulatory reform</b></li> <li><b>E-chapters for indicators</b></li> <li><b>Threshold applied to the TTR in <i>Paying Taxes</i></b></li> </ul>



# 12 EU economies are among the top 30 economies for the ease of doing business in DB 2012

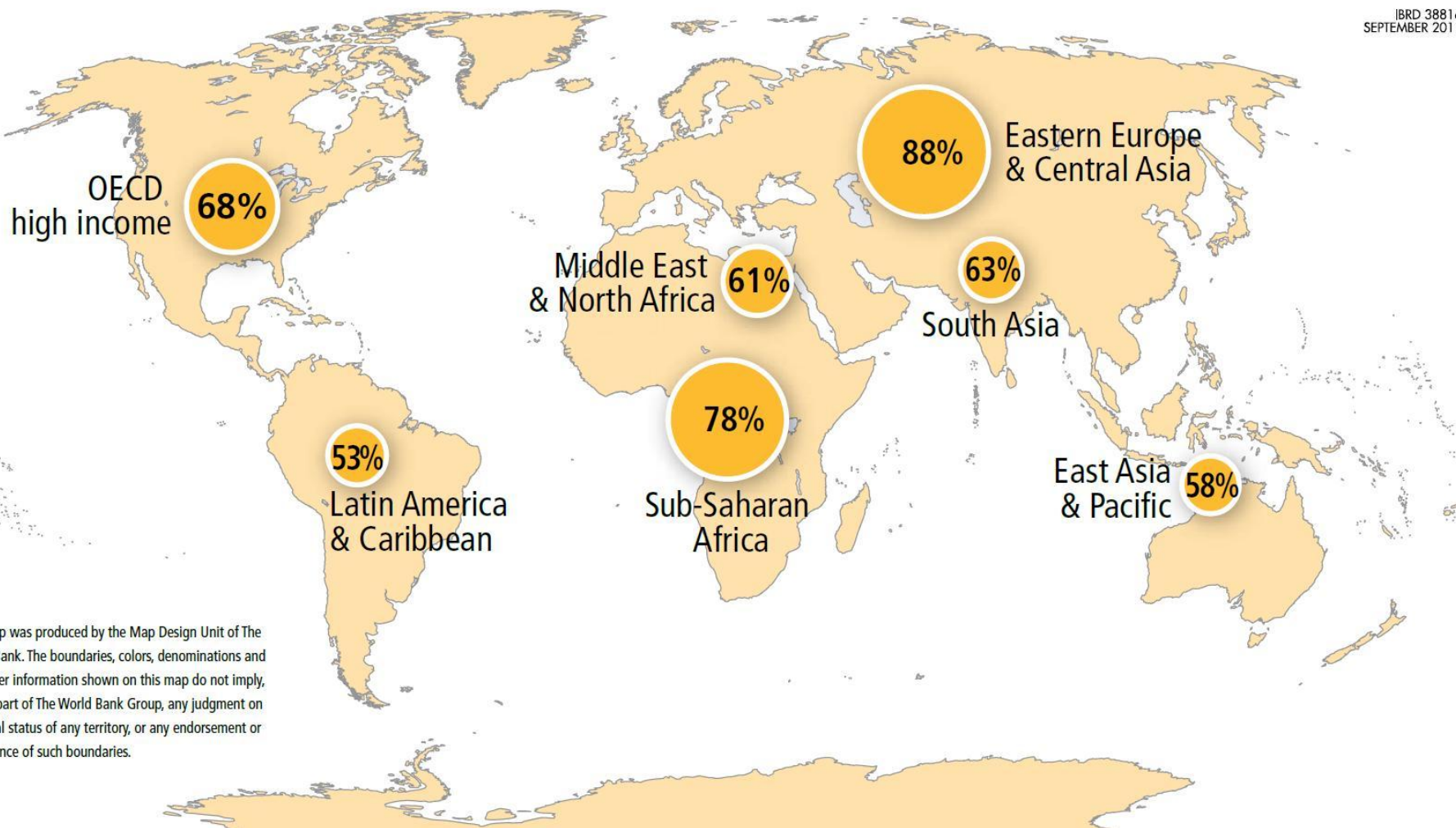


- |   |                         |   |                    |
|---|-------------------------|---|--------------------|
|    | 1. Singapore            |    | 16. Georgia        |
|    | 2. Hong Kong SAR, China |    | 17. Thailand       |
|    | 3. New Zealand          |    | 18. Malaysia       |
|    | 4. United States        |    | 19. Germany ←      |
|    | 5. Denmark ←            |    | 20. Japan          |
|    | 6. Norway               |    | 21. Latvia ←       |
|    | 7. United Kingdom ←     |    | 22. Macedonia, FYR |
|    | 8. Korea, Rep.          |    | 23. Mauritius      |
|    | 9. Iceland              |    | 24. Estonia ←      |
|    | 10. Ireland ←           |    | 25. Taiwan, China  |
|   | 11. Finland ←           |   | 26. Switzerland    |
|  | 12. Saudi Arabia        |  | 27. Lithuania ←    |
|  | 13. Canada              |  | 28. Belgium ←      |
|  | 14. Sweden ←            |  | 29. France ←       |
|  | 15. Australia           |  | 30. Portugal ←     |

# Strong global pace of reforms making business easier in 2010/11: 245 *Doing Business* reforms in 125 economies

Share of economies with at least 1 *Doing Business* reform making it easier to do business (%)

IBRD 38816  
SEPTEMBER 2011



This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.

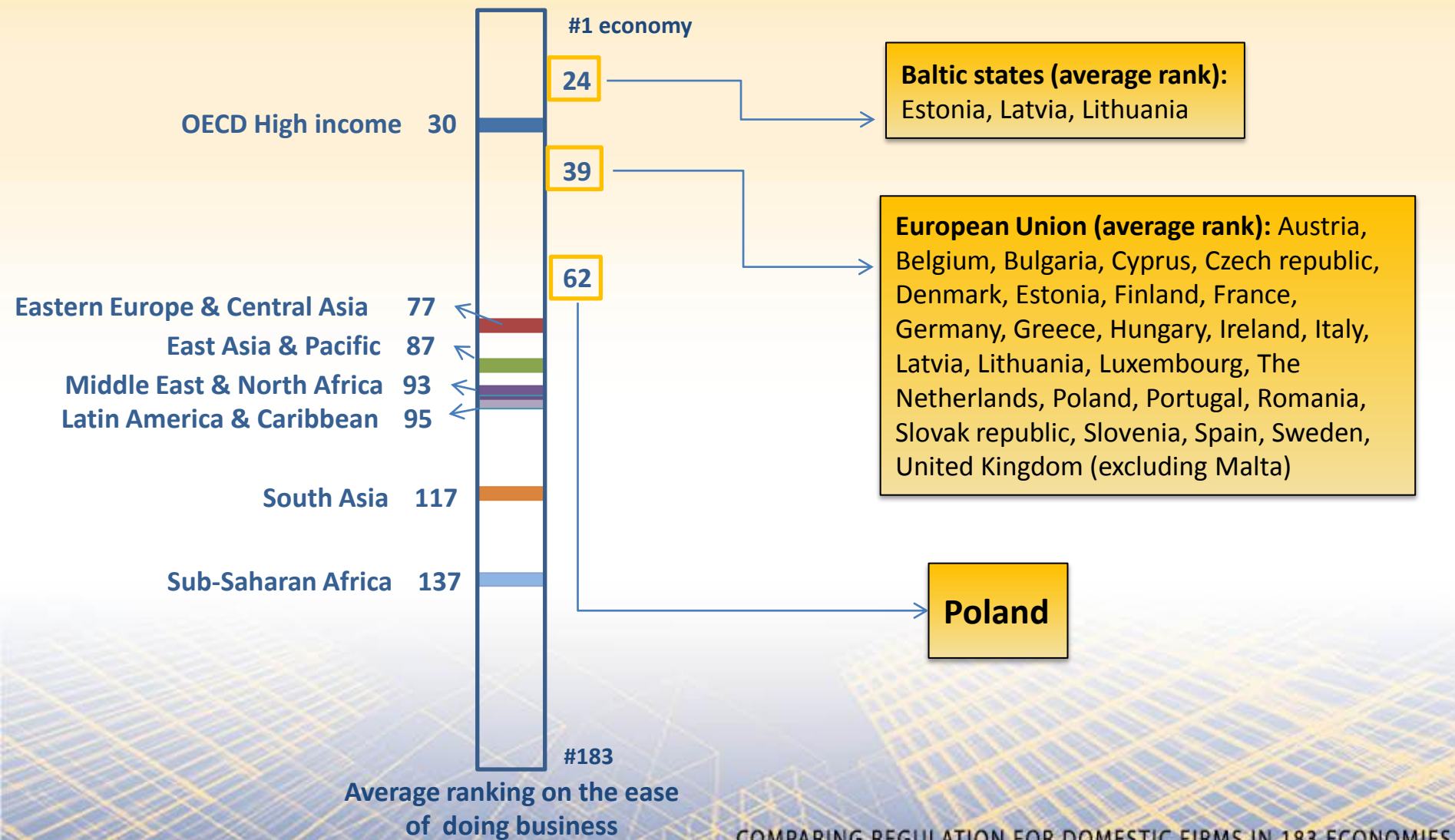


# Economies improving the most in the ease of doing business in DB 2012

	Change in ranking DB11 to DB12	Starting a Business	Dealing with construction permits	Getting electricity	Registering property	Getting credit	Protecting investors	Paying taxes	Trading across borders	Enforcing contracts	Resolving insolvency
<b>Morocco</b>	115→94 (-21)		√				√	√			
<b>Moldova</b>	99→81 (-18)	√				√				√	√
<b>Macedonia, FYR</b>	34→22 (-12)		√		√	√					√
<b>São Tomé and Príncipe</b>	174→163 (-11)	√	√		√				√		
<b>Latvia</b>	31→21 (-10)	√		√	√						√
<b>Cape Verde</b>	129→119 (-10)				√	√					√
<b>Sierra Leone</b>	150→141 (-9)					√			√	√	√
<b>Burundi</b>	177→169 (-8)		√				√	√			√
<b>Solomon islands</b>	81→74 (-7)	√			√		√				√
<b>Korea, Rep.</b>	15→8 (-7)	√						√		√	
<b>Armenia</b>	61→55 (-6)	√	√			√		√			√
<b>Colombia</b>	47→42 (-5)	√						√			√



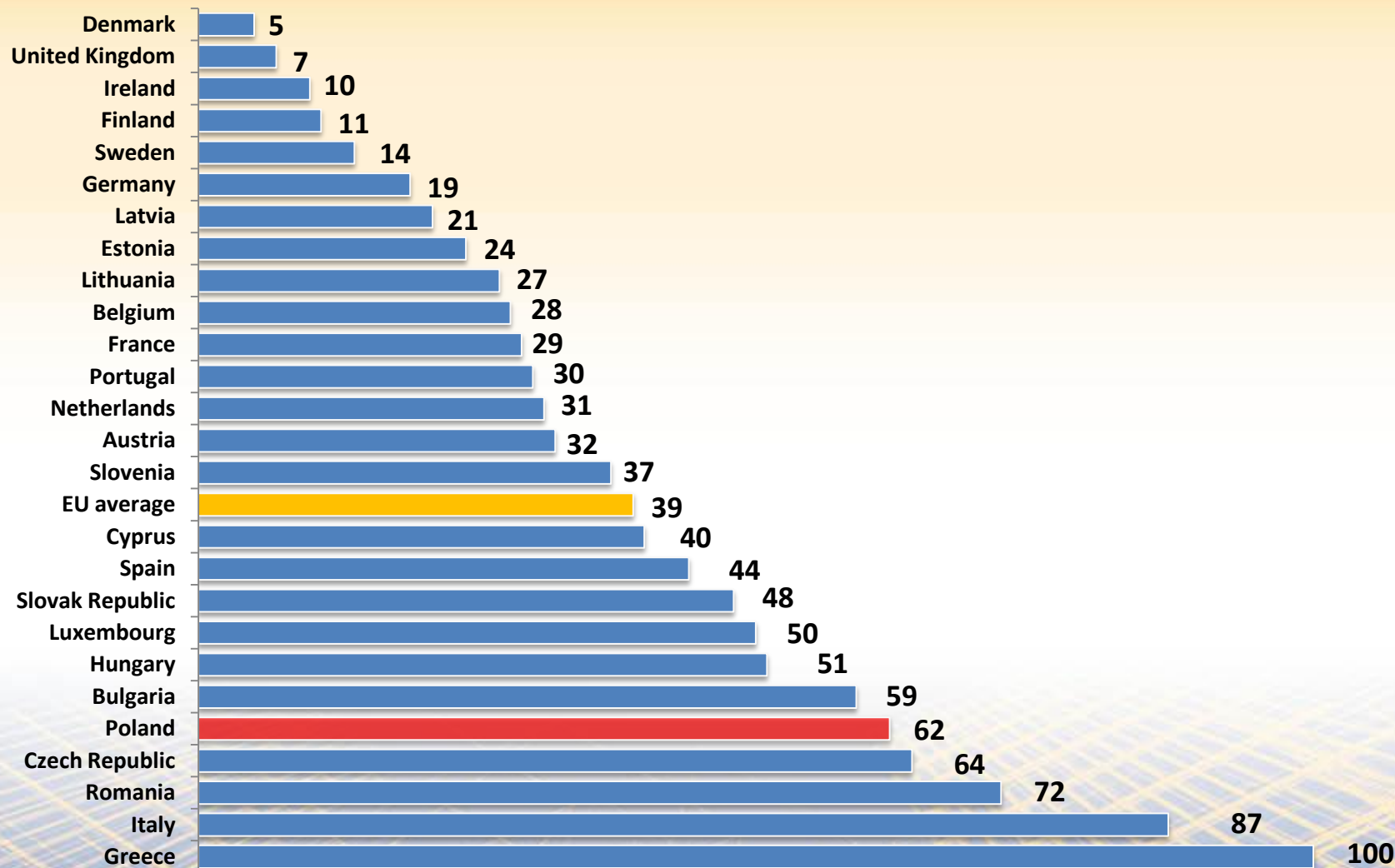
# Average rank in DB2012 for Poland, the European Union, and the Baltic States



# Poland ranks among the top EU economies in Getting Credit and Protecting Investors.

Topic	World's top ranked 2010/11	EU26 top ranked in 2010/2011	Poland global rank*	Poland EU26 rank**
<i>Starting a business</i>	New Zealand	Ireland (13)	126	22
<i>Dealing with construction permits</i>	Hong Kong SAR, China	Denmark (10)	160	26
<i>Getting electricity</i>	Iceland	Germany (2)	64	12
<i>Registering property</i>	Saudi Arabia	Lithuania (7)	89	21
<i>Getting credit</i>	Malaysia	Latvia (4)	8	3
<i>Protecting investors</i>	New Zealand	Ireland (5)	46	8
<i>Paying taxes</i>	Maldives	Ireland (5)	128	23
<i>Trading across borders</i>	Singapore	Estonia (3)	46	17
<i>Enforcing contracts</i>	Luxembourg	Luxembourg (1)	68	20
<i>Resolving Insolvency</i>	Japan	Finland (5)	87	24

# Poland's ranking relative to other economies in the European Union in 2010/11





# Poland ranks better than the average in the EU in 3 indicators

Most difficult to do business

## Rank in Doing Business

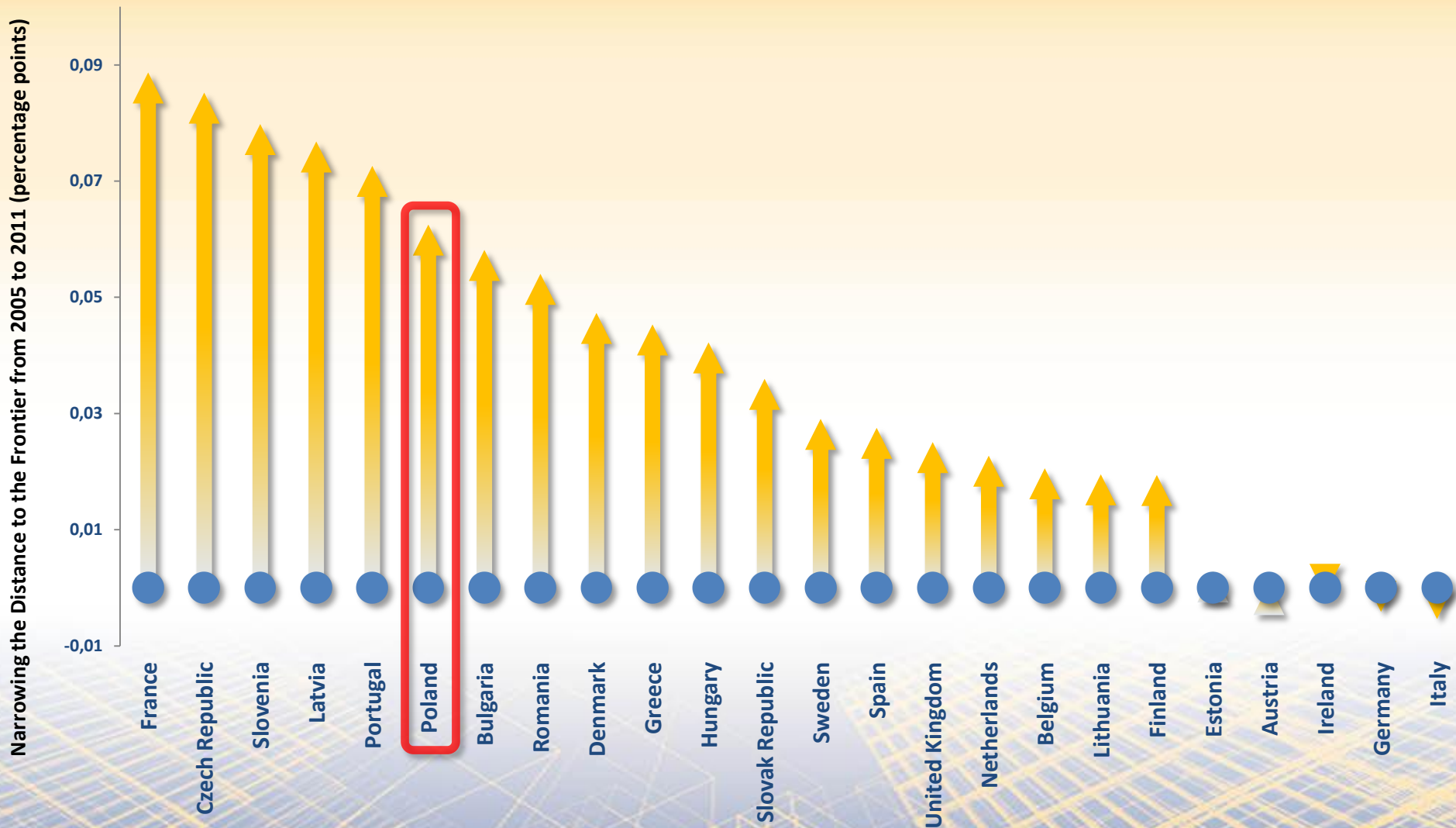
#183

#1



COMPARING REGULATION FOR DOMESTIC FIRMS IN 183 ECONOMIES

# Poland is among the EU economies that most improved business regulations since 2005

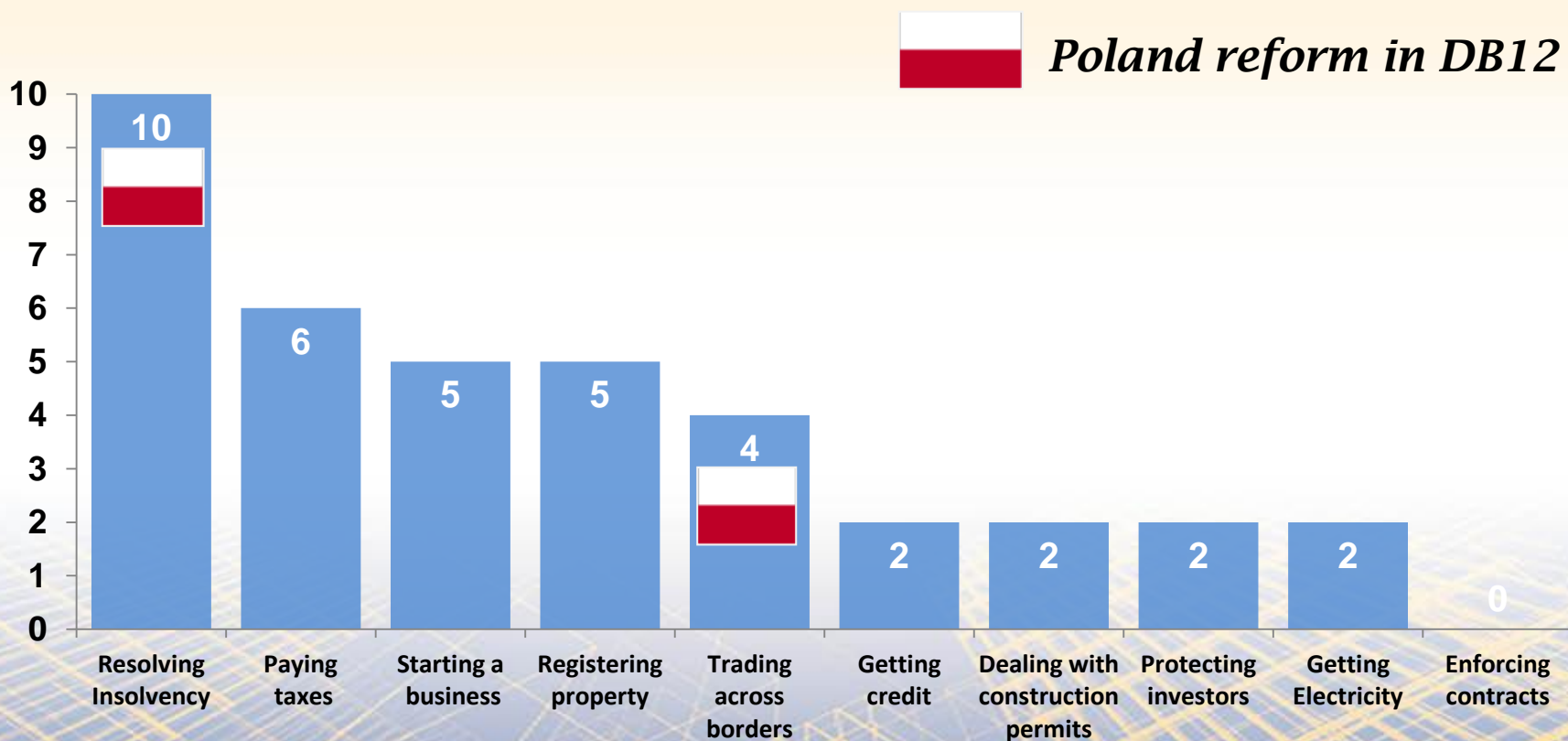


\* 24 EU economies out of 27 (Luxembourg and Cyprus were included after DB06 and Malta is not part of DB)

COMPARING REGULATION FOR DOMESTIC FIRMS IN 183 ECONOMIES

# In 2010/2011, there were 38 regulatory improvements in 9 areas of business regulation in the EU

Among 38 reforms in 9 areas of business regulation, Resolving Insolvency and Paying Taxes were the most common in the European Union





# Poland made doing business easier in Trading across borders and Resolving insolvency in 2010/2011

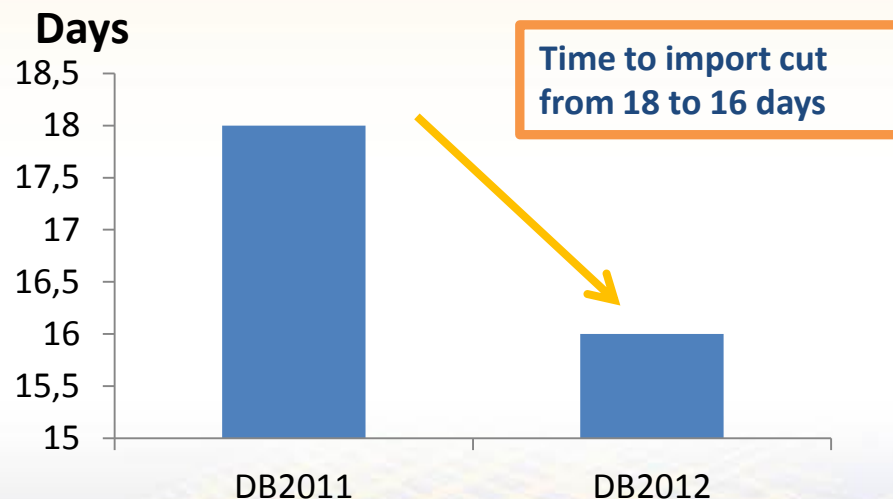
Poland amended its bankruptcy and reorganization law to simplify court procedures and extend more rights to secured creditors.



## Between DB11 and DB12 :

- ✓ The law prevents the courts from rejecting petitions to declare bankruptcy filed by debtors in person, without first requiring them to remove formal defects.
- ✓ The law prioritizes the types of claims of secured creditors to be satisfied. The principal amount of the ancillary claims resulting from secured claims are to be satisfied first, followed by interest and remaining claims. The cost of the proceeding shall be satisfied last.

Poland made **trading across borders** faster by 2 days by implementing electronic preparation and submission of customs documents.



# Regulatory reforms recorded in Poland in all areas measured by Doing Business since DB2006, 15 in total

DB Report Year	Starting a business	Dealing with construction permits	Registering property	Getting credit	Protecting investors	Paying taxes	Trading across borders	Enforcing contracts	Closing a business
2012							✓		✓
2011			✓						
2010	✓			✓		✓			✓
2009									✓
2008			✓					✓	
2007					✓				
2006		✓	✓			✓		✓	

Poland has reformed the business environment **every year**

In **9 areas** of Doing Business

# The reform agenda

## The World Bank's Recommendations for Doing Business Reforms



# Recommendations to improve the construction permitting process

- Shorten and enforce statutory approval limits when processing construction and occupancy permits
- Streamline and re-engineer procedures to issue construction permits to save time and cost of investors using delegation and notification
- Pro-actively use the risk-based approach when processing applications for construction and occupancy permits
- Rationalize and consolidate post-completion inspections
- Cautiously use “silence is consent” principle in construction

# Recommendations to improve paying taxes

- Make electronic filing mandatory for all corporate entities and medium to large businesses (say, with turnover over Euro 1 million)
- Digital signatures costly for small firms – make use of tax intermediaries legal
- Simplify forms further, making them better suited to e-filing
- Provide more user-friendly software
- Popularize electronic filing through targeted communications campaigns

# Recommendations to improve starting a business

## Short-term reform recommendations:

- Unify all numbers into one universal identification number and issue it by the Registration Court
- Make available standard company agreements with the option of drafting and notarizing custom made company agreements, and empower officials to verify signatures
- Eliminate separate registrations for National Sanitary Inspection and National Work Inspection; combine registration for VAT at the National Court Register
- Eliminate the minimum capital requirement



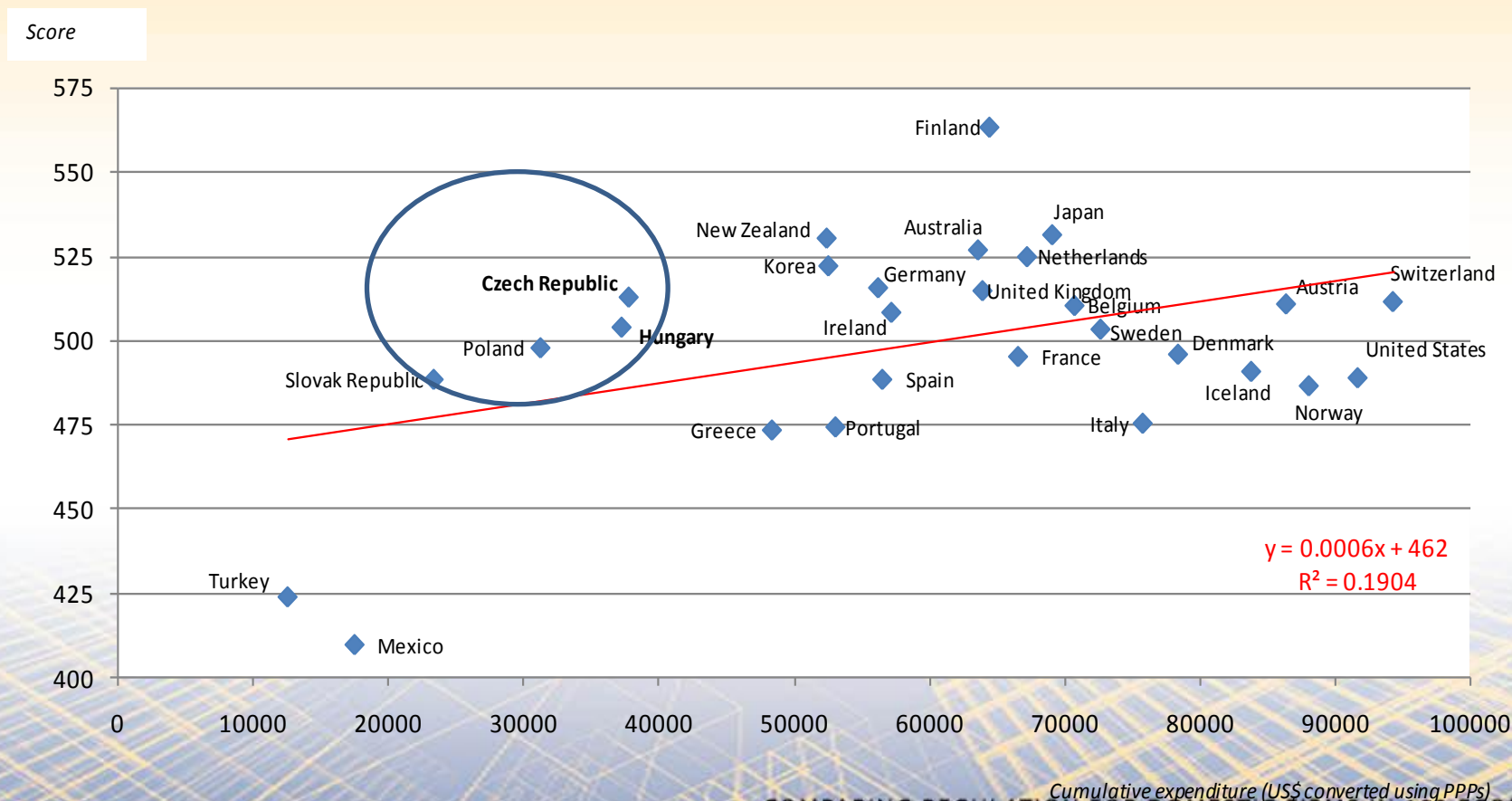
# Poland is an attractive place to invest

- Proximity to the largest economic market in the world
- Excellent trade off between unit labor costs and quality of capital
- Relatively low public debt
- Low tax rates
- Rule of law (despite weaknesses in enforcement)
- Inflows of EU funds
- Political, social, ethnic, and religious stability
- The euro zone crisis!

# High quality of education

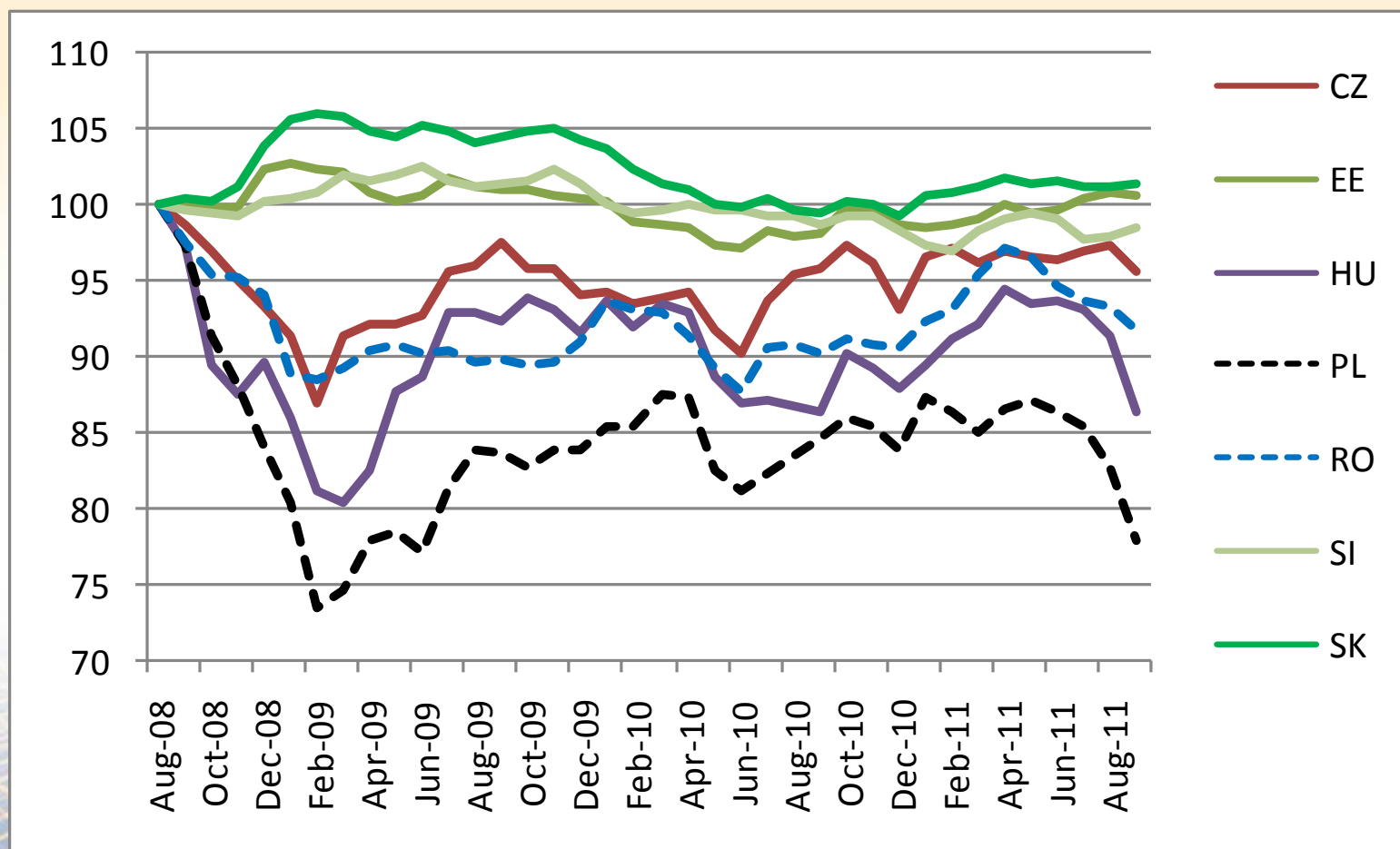
## Student Performance on the Science Scale and Spending per Student

*Relationship between performance in science and cumulative expenditure on educational institutions per student ages 6–15, in US\$, converted using purchasing power parities*



# Poland: „China of Europe”

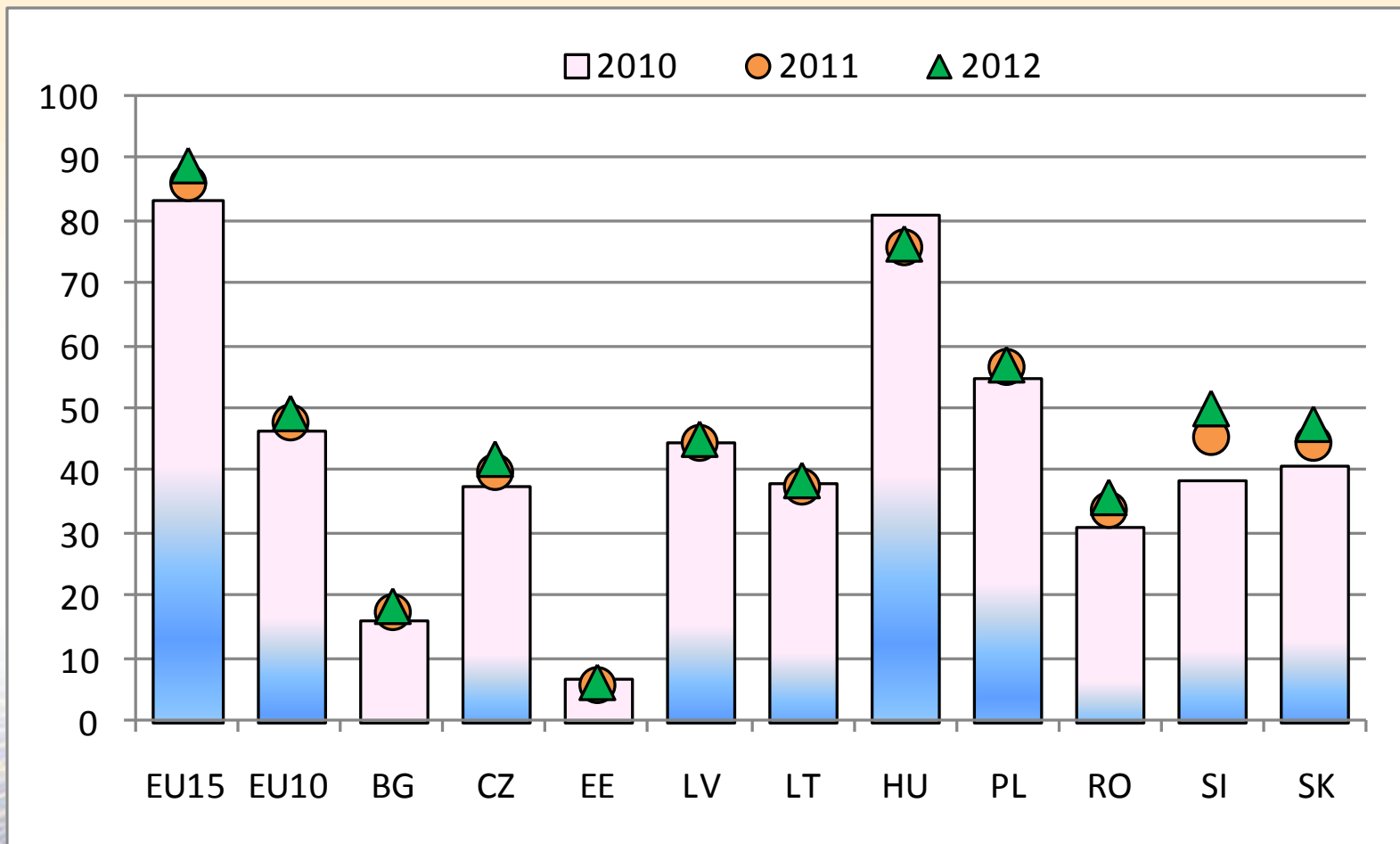
Figure. Real effective exchange rates, August 2008=100





# Relatively low public debt

General government public debt from 2010 to 2012, percent of GDP

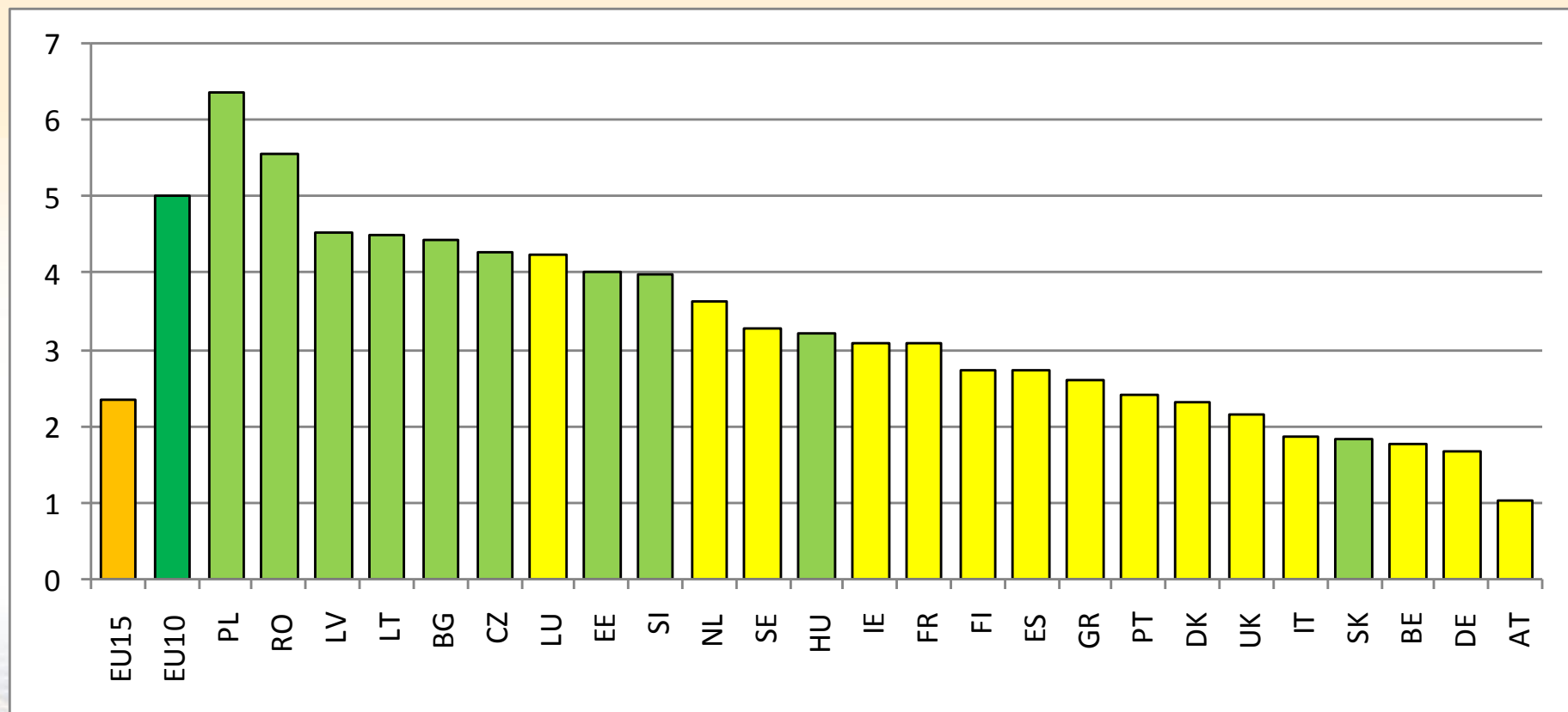


Source: World Bank staff calculations based on Fiscal Notifications from October 2011 and EC Autumn Forecast from November 2011

COMPARING REGULATION FOR DOMESTIC FIRMS IN 183 ECONOMIES

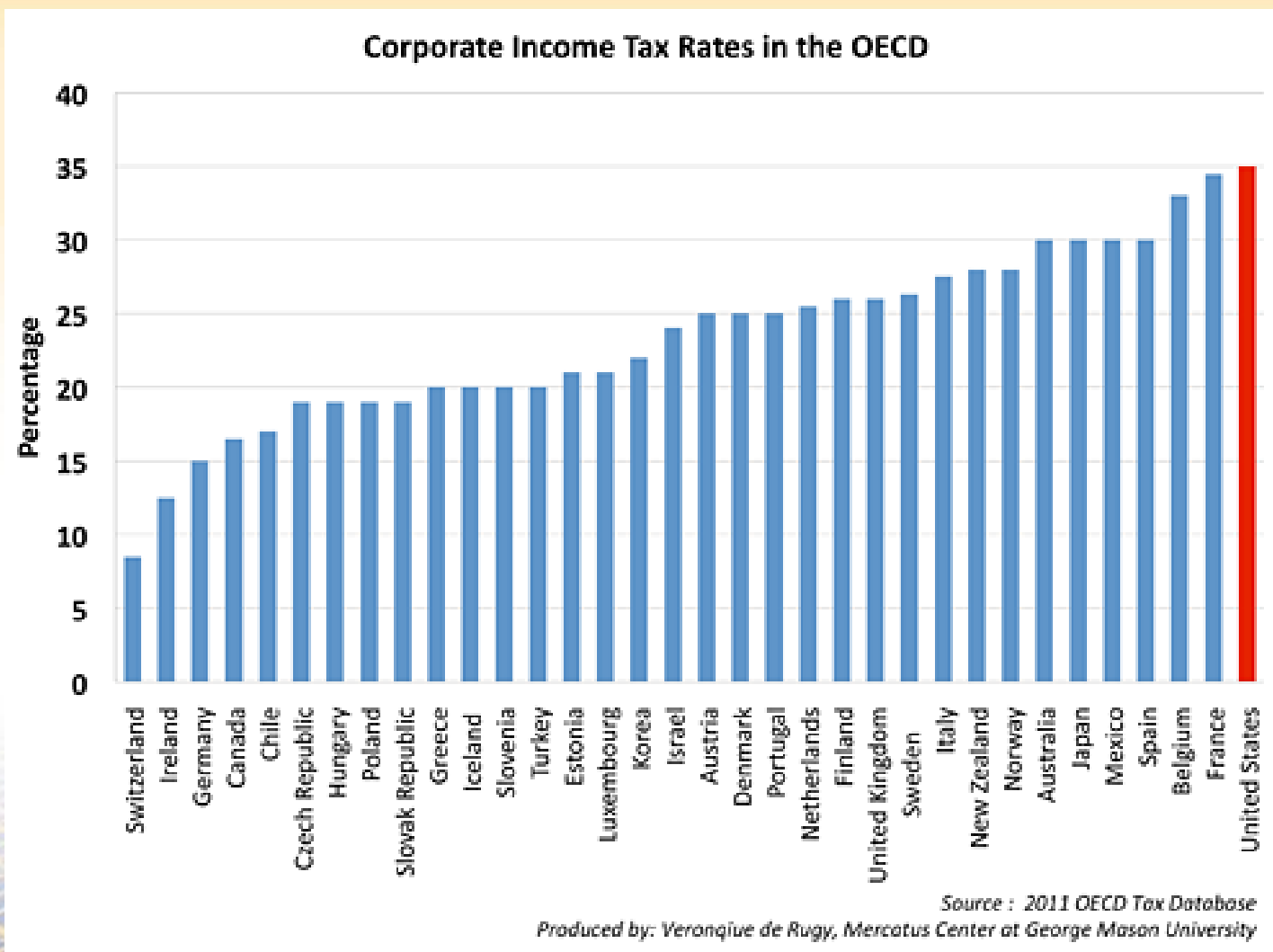
# High public investment

Public investment as percent of GDP in 2011



Source: World Bank staff based on EC Autumn Forecast November 2011

# Low corporate tax rates

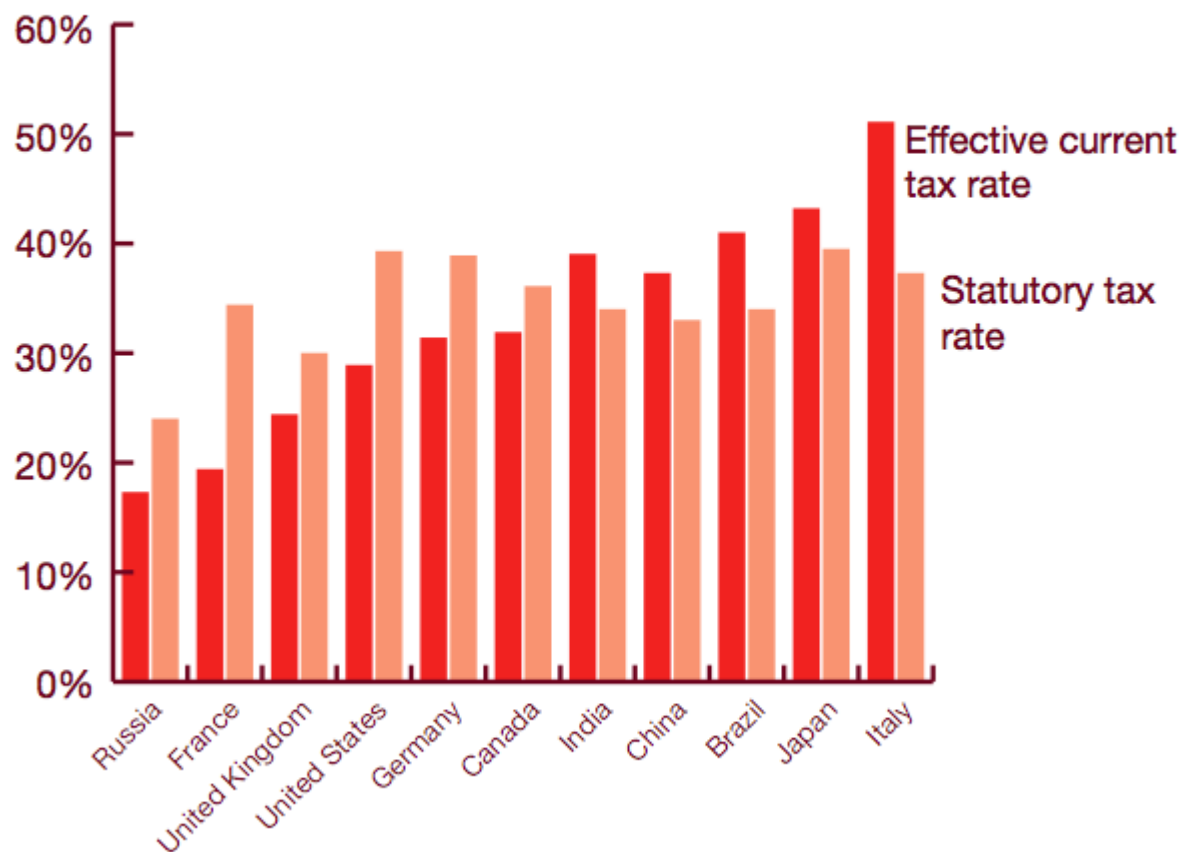




# Low corporate tax rates

**Figure 2.7**

Effective rate of current corporation tax vs statutory rate for G8 and BRIC countries



Source: *Doing Business* database

# Rule of law



COMPARING REGULATION FOR DOMESTIC FIRMS IN 183 ECONOMIES

# Low inequality



COMPARING REGULATION FOR DOMESTIC FIRMS IN 183 ECONOMIES



# No religious and ethnic tensions



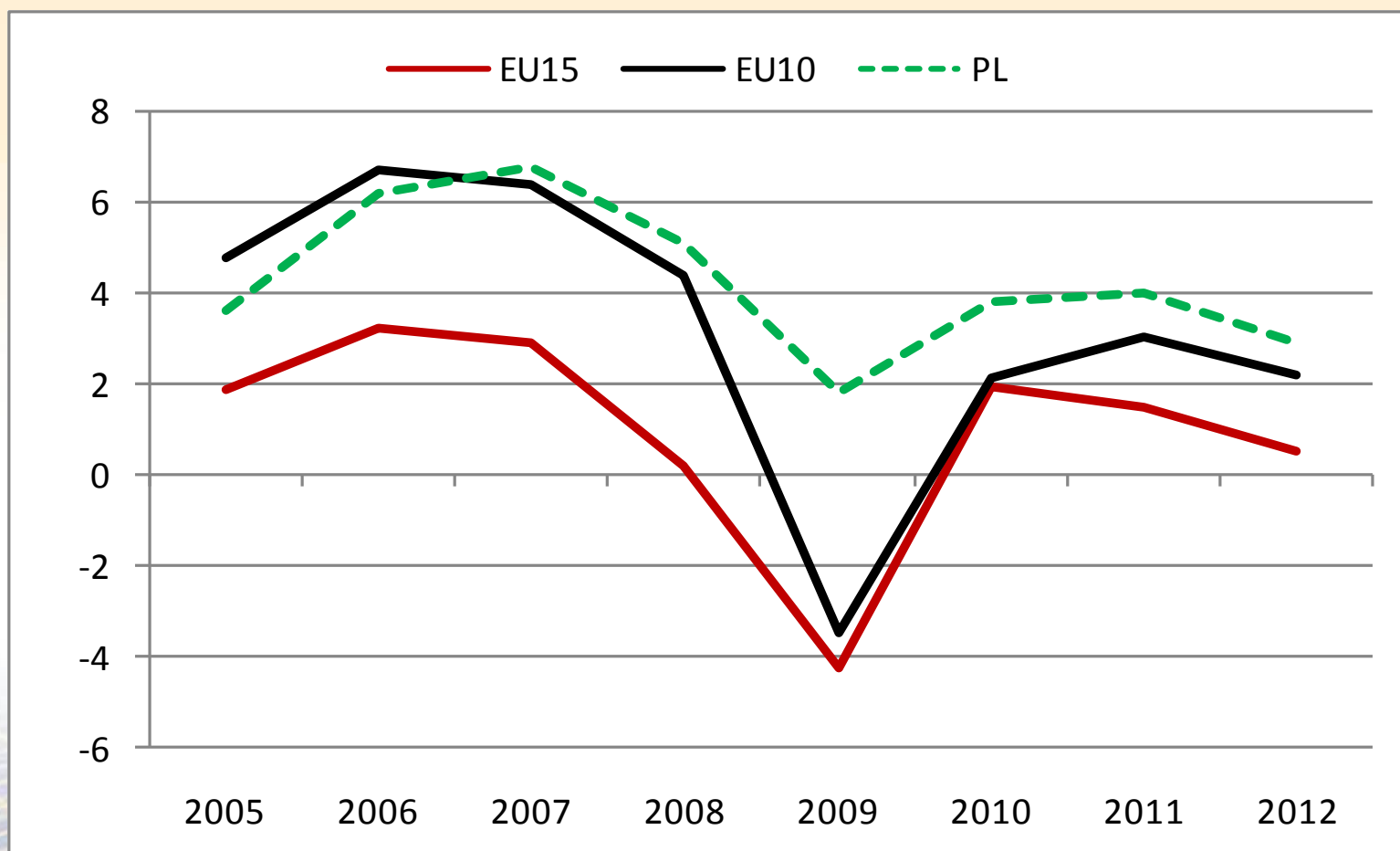
# NATO security





# Resilient to crises

EU10, EU15 and Poland's projected growth, percent, year-over-year



Source: Eurostat, World Bank forecasts from November 2011

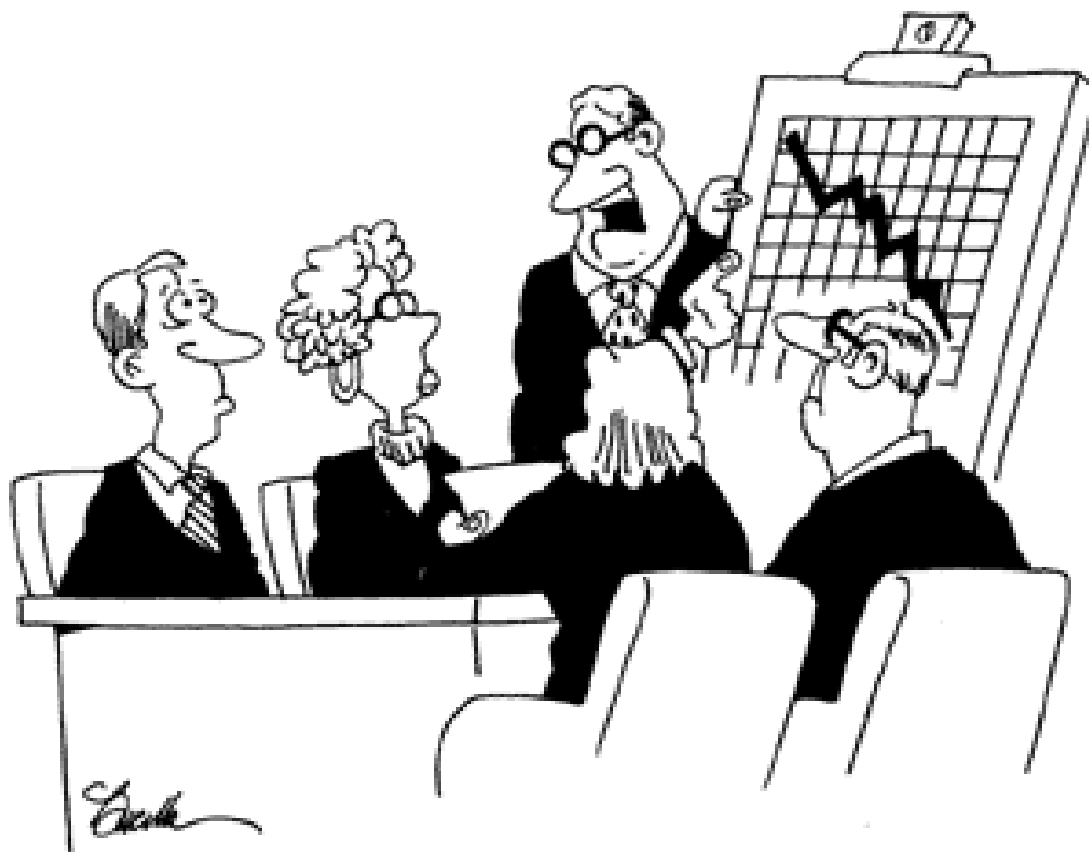
COMPARING REGULATION FOR DOMESTIC FIRMS IN 183 ECONOMIES



# Great PR!

©Marty Bucella

[www.martybucella.com](http://www.martybucella.com)



"Don't worry, I'll fix it in Photoshop."

# The New European Growth Model: The „Warsaw Consensus”



COMPARING REGULATION FOR DOMESTIC FIRMS IN 183 ECONOMIES

# The Ten Principles

- 1. High domestic savings**
- 2. High employment rate**
- 3. High labor productivity growth (skills, innovation and a friendly business climate)**
- 4. Controlled real exchange rate appreciation**
- 5. Labor markets open to immigration**
- 6. Strong financial sector supervision**
- 7. Efficient use of EU funds and further EU integration (single market)**
- 8. Diversified exports**
- 9. Low social inequality**
- 10. Focus on well-being and quality of life beyond GDP**



Thank you!



# Thank you. For more information: [www.doingbusiness.org](http://www.doingbusiness.org)




International Finance Corporation  
World Bank Group

THE WORLD BANK

English | Español | Français | Português | Русский | 中文 | العربية

## DOING BUSINESS

MEASURING BUSINESS REGULATIONS

[Home](#) | [DATA](#) | [RANKINGS](#) | [REPORTS](#) | [METHODOLOGY](#) | [RESEARCH](#) | [BUSINESS REFORMS](#) | [LAW LIBRARY](#) | [ABOUT US](#) | [CONTRIBUTORS](#) | [PRESS](#)

NEW! DOING BUSINESS 2012



### Doing Business in a More Transparent World

- ▶ Morocco is the most improved economy this year; Korea enters the top 10 economies on ease of doing business
- ▶ Singapore is first on ease of doing business
- ▶ Download the report (PDF, 4.6MB)

### Explore Economy Data

- OR -

OTHER OPTIONS

- ▶ Get all data
- ▶ Use reform simulator

The **Doing Business** project provides objective measures of business regulations for local firms in 183 economies and selected cities at the subnational level. [ABOUT US](#)



### 2012 Doing Business Report

[DOWNLOAD NOW](#)

RECENT PUBLICATIONS



### Doing Business in SE Europe

*Doing Business in South East Europe 2011* covers Albania, Bosnia and Herzegovina, Kosovo, FYR Macedonia, Moldova, Montenegro, and Serbia. It finds that all cities have improved business regulations since 2008, but there is still ample room for reform.

[Read more »](#)

STAY CONNECTED!





Subscribe to get alerts.



### Reform Simulator

See the impact of reforms in the areas measured by Doing Business.



### Research Conference

Learn about our Fall 2012 event and how to submit a paper.