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POLAND: COUNTRY PARTNERSHIP STRATEGY

CHAIRMAN'S CONCLUDING REMARKS

Meeting of Executive Directors

June 30, 2009

Executive Directors discussed the Country Partnership Strategy (CPS) for Poland. They noted its consistency with the Bank Group's strategy for engagement in middle income countries.

Directors noted that Poland entered the global financial crisis without large external or internal imbalances and with a sound financial system. They also observed that the deteriorating external environment has caused declining demand for Polish exports, tighter credit conditions, and lower FDI flows. In addition, growth in Poland has slowed sharply in 2009, which will likely turn slightly negative before recovering modestly in 2010; the general government deficit has widened, and will, as a result, delay Poland's euro entry plans. Directors remarked on the large, unfinished structural reform agenda and underlined the importance of implementing key reforms that could help Poland to emerge from the crisis in a strong and competitive position. The need for timely and effective implementation of reforms in the business environment, labor market and pensions would be essential if Poland is to meet its fiscal and social policy objectives.

Directors expressed broad support for the 2009-13 CPS and noted that it drew on lessons learned from the implementation of the previous CPS. They welcomed that the engagement is flexible and takes into account activities undertaken by other international and regional agencies. Directors noted its orientation towards selected critical areas of the development agenda where the Bank can add important value, such as the social sectors, public finance management, infrastructure, institution and capacity building. Some Directors suggested a continued focus on global public goods such as climate change. The importance of synergies with World Bank Group assistance, particularly in promoting private sector development was underlined.

Directors considered that a mix of lending and analytical work continued to be appropriate and welcomed the shift towards sub-national operations and cost-sharing on some activities. Some Directors noted that Poland is an upper middle income country on the verge of becoming a high-income country and suggested the Bank focus more on knowledge services. They emphasized the continued importance of a harmonized approach with other international and regional institutions.

Directors noted that at the broader level, the proposed regional framework paper would be a useful complement to the individual CPSs given the inter-linkage of the economies in Central Europe and the Baltic region, as well as their common context as EU Member States.

Finally, Directors looked forward to the mid-term Progress Report, which would chart the way forward and outline the program for the outer years of the CPS.