

FREE Network project
May 2020

COVID-19 in the Region of FREE Network

The Case of Poland



COVID-19
PAPER SERIES

Introduction

The Covid-19 pandemic is affecting all the inhabited continents of this planet and leaves none of us untouched. It has already killed thousands of people across the globe, closed down cities, borders and businesses and most countries are still just in the initial phase of this crisis. Although there is 24/7 reporting on the pandemic, much of the focus in international media has been on the most affected countries and richer countries in Eastern Asia, the EU and the US. Much less attention has been given to countries around the Baltics, in Eastern Europe and the Caucasus. However, these countries are home to more than 200 million people and to the institutes that form the Forum for Research on Eastern Europe and Emerging Economies, i.e. the FREE network. We have therefore started to collect data on this region from official sources with the ambition to offer a regularly updated, comprehensive and easily comparable overview of the health impact of the Covid-19 pandemics, as well as the policies and practices countries in the region adopt to deal with it. The countries in the network and the region we include are Belarus, Georgia, Latvia, Poland, Russia, Sweden, and Ukraine. For comparison we also include Italy as a point of comparison since it is a country that has been particularly badly affected and we have several people in our faculties that know Italian and follow these developments closely.

The quality of the health data will by necessity vary between countries and this also affects the comparability of numbers. For example, the ability and willingness to test the population for the virus differs significantly between countries and will obviously affect the number of infections that is reported to the European Centre for Disease Prevention and Control (ECDC), the main source of data on health outcomes in our tables and graphs. Other data that we report, such as border or school closures, are easier to compare, but there may still be differences in how these policies are implemented on the national level. However, we still believe that it is useful to compile this data for our region in one place as a starting point for discussions on how the virus is spreading and governments respond to the crisis.

Since the FREE network focuses on economic issues, we put particular emphasis on high-frequency indicators in this area and on measures governments have taken to deal with the economic consequences of the pandemic. In the initial phase of this collaborative project, the focus will be on providing a descriptive picture of the state of the situation using the best data we can find, but over time, this will be complemented by more in-depth policy analysis of the measures and implications for the economies in the region.

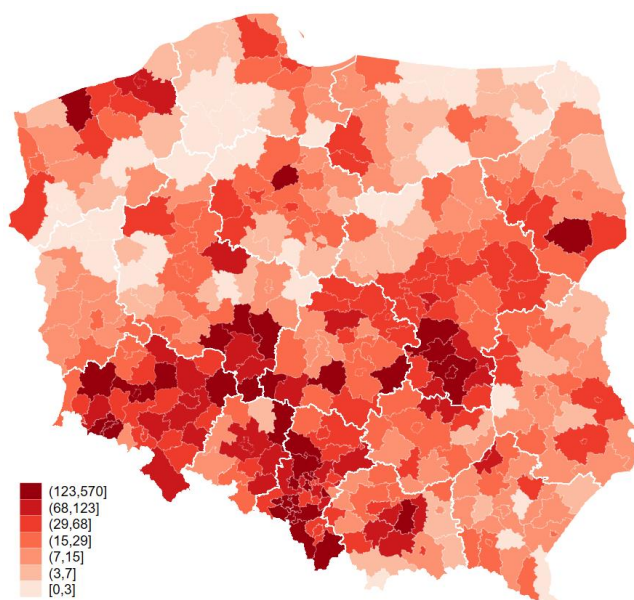
The main data is presented in a summary page that facilitates comparisons between countries, and this is complemented with more detailed country pages.

Poland in the FREE Network Covid-19 Project (May 26, 2020)

Current Health Situation in Poland

Poland noted its first coronavirus infection in early March 2020. After the initial rapid spread of the disease throughout the country and spike in the total number of registered infections, since early April the infection curve stabilized at a relatively low level (compared to other European countries) of 250-350 new daily cases. The flattening of the curve was a result of drastic health and social restrictions gradually imposed on society (more details below). Since the first reported case, the testing capacity has also been substantially improved, with the number of tests conducted daily increasing from 2K to 15-20K in late April, and holding steady since then.

Figure 1. Number of Covid infections per 100K inhabitants in districts in PL (as of May 25)



Source: own compilation based on data collected by Michał Rogalski (<https://www.micalrg.pl/>) from Voivodeship Offices, Voivodeship and Powiat Epidemiological-Sanitary Stations, media and materials sent on request. Note: first/last class covers 10% lowest/highest obs., other classes - 20% obs.

Even though Poland has not yet reached an apparent decrease in the number of new daily infections, since the end of April the government introduced a strategy of a slow, four-step re-opening of the economy (more details below). As of 26 May 2020, the total number of Covid infections in Poland approached 22K, with the number of fatalities as high as 1K, and cases reported in all but 7 districts of the country (out of over 300 - see Figure 1). At this point in time, Poland also found itself at the third phase of the lifting of restrictions on economic activity.

Government Health Policies

Lockdown introduction

The Minister of Health announced a state of epidemic risk in the territory of Poland on March 14 [7], raising it further to a state of epidemic 6 days later [8]. Measures counteracting the epidemic were introduced centrally in Poland by the Minister of Health, and were gradually extended:

- Restriction on the size of public gatherings: since 14.03.2020 limited to 50 [7]; since 25.03.2020 - 2 people (except for families and funerals up to 5 people) [9],
- Ban on all non-essential mobility since 25.03.2020 [9]; since 01.04.2020 limitations on access to public spaces like parks, playgrounds and recreational areas; distance of 2 meters between people in public places; further restrictions for minors [10],
- Bars and restaurants closed and allowed only to provide take-away food since 14.03.2020 [7],
- Childcare institutions, all schools and higher education institutions closed on 12.03.2020, formally online education provided since 25.03.2020 [11, 12],
- Since 15.03.2020 foreigners banned from travelling into Poland (with exceptions), while



- all Poles arriving from abroad quarantined for 14 days after arrival [7],
- Shopping malls, sports and recreation centers, sports events, cinemas, theatres, etc. closed since 14.03.2020 [7]; since 01.04.2020 - hairdressers, beauty salons, physiotherapy, hotels etc. [10],
- Restrictions on the number of people using public transport since 25.03.2020 [9],
- Since 01.04.2020 restrictions on the number of people in shops and designated shopping hours for 65+ only [10], since 02.04.2020 obligation to wear disposable gloves [10],
- Restrictions in workplaces since 02.04.2020: distance between coworkers, access to protective equipment [10],
- Since 16.03.2020 certain hospitals devoted exclusively to patients with (suspicion of) Covid-19 [13],
- Since 16.04.2020 mandatory covering of mouth and nose in all public places, inside and outside [17].

Gradual ease of restrictions

On March 16, 2020, the Minister of Health announced a gradual strategy of lifting the restrictions imposed on social life and economic activity. The plan is divided into four steps. The first stage was implemented on 20.04.2020 [18]:

- increase in the limit of customers in shops,
- public spaces like parks and recreational areas (except playgrounds) open,
- mobility restrictions lifted for minors over 13 y.o.

The second stage was introduced on 04.05.2020 [19, 20, 21]:

- shopping malls open with restrictions on the number of customers, shopping hours for 65+ cancelled,

- museums, libraries, physiotherapy, hotels open,
- sports facilities open with restrictions on the number of users,
- 14-day quarantine for workers from neighbouring countries cancelled,
- since 06.05.2020 some nurseries and kindergartens open.

The third stage took started on 18.05.2020 [22, 23]:

- mobility restrictions lifted for minors under 13 y.o.
- hairdressers, beauty salons, outdoor cinemas open, restaurants and bars - with restrictions on the number of customers,
- increase in the number of people using public transport,
- sport trainings allowed with restrictions,
- some classes (practical or individual) in post-secondary schools allowed,
- since 25.05.2020 classes for children from the 1st - 3rd grade in primary schools and final-year graduates allowed,
- since 01.06.2020 consultations with teachers at schools allowed.

The fourth stage is planned for the near future, without a specific date. It involves the opening of cinemas and sports centers.

Government Economic Policies

The government implemented several stages of the so called "Anti-crisis shield", the first of which came into force on April 1. The overall package includes a number of broad measures to support enterprises and workers for a period of three months and covers both direct financial support as well as provisions regarding financial liquidity for companies [14, 15]. In March the National Bank of Poland decreased interest rates and announced that it will support access to credit through targeted longer-term refinancing operations and if



necessary will provide monetary stimulus through large scale open market operations [16].

Short Summary of Measures

Labor market [14]:

1. Increased flexibility of employee daily and weekly hours of work;
2. Extension of childcare leave for parents with children aged 0-8;
3. In case activities affected by revenue reduction (revenue fall by 15% year-to-year or 25% month-to-month):
 - a. Self-employed or employees on non-standard contracts to receive a monthly benefit equivalent to 80% of minimum wage for up to three months;
 - b. Companies to receive support equivalent to 50% of the minimum wage for inactive employees due to the stoppage, provided individual salaries are not reduced by more than 50%;
 - c. Companies to receive support equivalent to up to 40% of average wage for employees whose hours are reduced by 20%;
 - d. Alternative support to employment provided to SMEs (up to 249 employees) in case of revenue loss from the Labour Fund: depending on the level of revenue loss (>30%, >50%, >80%) support to employees expressed as ratio of the Minimum Wage (respectively: 50%, 70% and 90%);
 - e. Relaxation of work and stay permits for foreigners.

Social transfers:

1. No specific measures have been implemented but the government is considering:
 - a tourism voucher of 1000 PLN paid to employees with a 90% contribution from the

government (10% paid by employers); paid to employees on wages below the national average wage;

- additional support to housing benefit for those who become eligible to housing benefits due to the economic slowdown;

Tax breaks [14]:

1. 100% of social security contributions to be paid by the government for self-employed and employees employed in micro enterprises (up to 9 employees) and 50% paid by the government in small enterprises (10-49) for three months;
2. Tax payments and social security contributions on earnings and profits can be delayed till 01.06.2020;
3. Losses from 2020 will be deductible from the 2021 tax base.

Emergency loans, guarantees and support [14]:

1. Small-scale loans to small companies;
2. Reduced administrative requirements and relaxation of numerous regulatory rules;
3. Increased liquidity of firms through channels supported by the Polish Development Fund (PFR):
 - a. extension of de minimis guarantees to SMEs;
 - b. subsidies to SMEs which suffered revenue losses due to the pandemic;
 - c. equities and bond issues to be financed by PFR;
 - d. subsidies to commercial loan interest payments from BGK;
 - e. commercial turnover insurance from Export Credit Insurance Corporation (KUKE);
4. Relaxation of regulations related to contracts with public institutions (e.g. related to delays).

Monetary policy [16]:



1. On 17.03.2020 NBP lowered the main reference interest rate by 0.5 pp and reduced the rate of obligatory reserves from 3.5% to 0.5%. The main reference rate was lowered further to 0.5% on 08.04.2020.
2. NBP announced the readiness to engage in large scale open market operations;
3. Targeted longer-term refinancing operations to allow credit refinancing by commercial banks.

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