

**Polska**

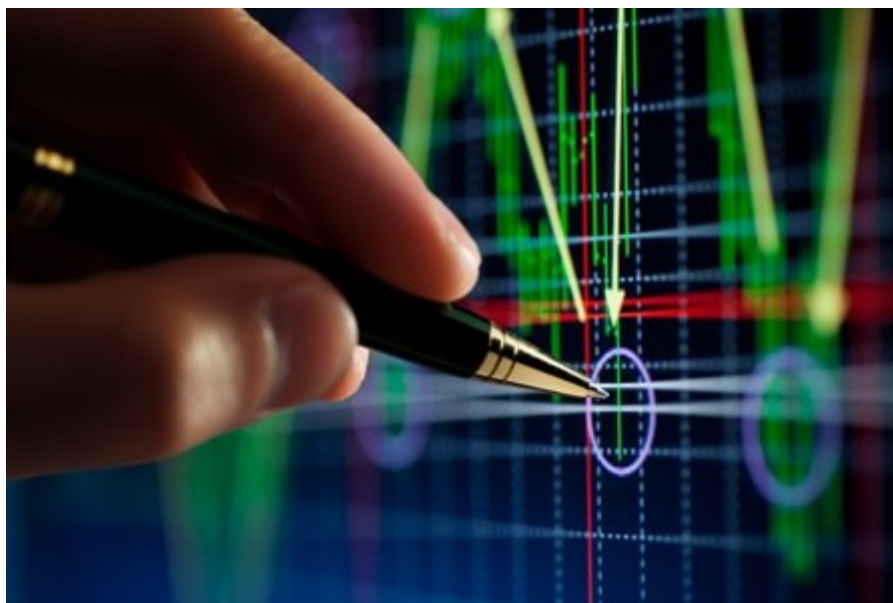


# Deficit and government budget

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Maintaining a high deficit of public finance increases the cost of capital and, by the need to handle the increasing debt, contributes to a reduction in the growth of potential GDP.



The discipline of public finances is a key element of macroeconomic stability, and thus the credibility of the national economy, which is of particular importance in the dynamic period of financial turmoil and the accompanying uncertainty and the risk of sudden capital flows.

The financial results of the public sector are largely dependent on fluctuations in the economy. Over the last years, we have seen this pattern – the unfavourable macroeconomic conditions resulted in the deterioration of public finances. In Poland, however, the negative changes were much smaller than in the entire economy of the European Union.

The 2015 government budget envisaged a deficit of 46,080.0 million PLN. Government spending had been estimated at 343,332.9 million PLN, with revenues amounting to 297,252.9 million PLN. In the end, the executed deficit in 2015 was 49,980.0 million PLN (almost 8.5% more than the planned value) because the revenues were approximately 10,500 million PLN lower than planned (96.5% of the estimated value), and the expenditure was around 6,600 million PLN lower than what the plan assumed (98.1% of the estimated value). In 2015/2016, an increase of nominal budget deficit is predicted. However, it should constitute a lower percentage (approximately 2.8% of the GDP).

According to EU methodology, at the end of 2015 calculated public debt amounted to nearly 51.1% of the GDP. In 2015 the ratio of public debt to GDP in Poland was significantly lower in comparison with the EU (85.5%) and also the euro zone (90.8%). In subsequent years, the share of public debt to GDP ratio is likely to decrease consistently. According to the Debt Management Strategy of Public Finance sector for the years 2015–2018, public debt in Poland is expected to drop to approximately 44.5% of GDP in 2018.

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Source: Polish Investment and Trade Agency, *Investor's Guide - Poland: How to do business 2016*.



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