



OXFORD ANALYTICA

POLAND

MONETARY TRANSPARENCY

Country Report 2006

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POLAND



COMPLIANCE RATINGS

<i>Monetary transparency</i>	2006	2005	2004	2003
Clarity of roles	●●●●	●●●●	●●●●	●●●●
Open decision process	●●●●	●●●●	●●●●	●●●●
Availability of information	●●●●	●●●●	●●●●	●●●●
Central bank accountability	●●●●	●●●●	●●●●	●●●●
Score	4.50	4.50	4.50	4.25

OUTLOOK & COMMENTARY

With a remarkable range of high quality monetary statistics and analytical publications easily accessible to the public, the National Bank of Poland (NBP) is broadly compliant with the best practices of monetary transparency.

The government's minority status will make it difficult to implement election threats of interfering in the NBP's policy-making independence. The appointment of a new governor to replace Leszek Balcerowicz when his term expires in January 2007 has aroused some comment in the media, but the governor has only one vote among ten.

A new Commission for Financial Supervision was established in September 2006 to replace the Polish Securities and Exchange Commission and the Insurance and Pensions Supervisory Commission. The new Commission will take responsibility for banking supervision at the end of 2007, but there are some concerns that the new body might be open to political interference.

EXECUTIVE SUMMARY

4.50 Compliance in progress

Poland is broadly compliant with the best practices of monetary transparency, with an impressive range of high-quality statistical and analytical publications available on the website of the central bank.

The National Bank of Poland (NBP) is widely regarded as a highly professional and independent institution. However, attempts to change the NBP Act, last amended in 2004, in order to make the Monetary Policy Council more responsive to government economic priorities have raised some concerns about NBP independence. Because the appointment process of Monetary Policy Council members is subject to some degree of political influence (as the two houses of parliament and the president of the republic share responsibility for nominating its members), the leading party in the governing coalition fears that changing the appointment process to exercise stronger influence on monetary policy might lead its more extreme partners to introduce undesirable changes.

A new Commission for Financial Supervision was established in September 2006 to replace the Polish Securities and Exchange Commission and the Insurance and Pensions Supervisory Commission. The responsibilities of the Commission for Banking Supervision will be transferred to the new Commission for Financial Supervision at the end of 2007, so continuing NBP involvement in banking supervision. Concerns have been voiced regarding the possibility that the new body might be more open to political interference.

While the NBP has taken a clear stance in favour of Polish euro-zone membership as soon as the Maastricht criteria are met, the government prefers not to set a target date in order to avoid losing credibility if the date has to be revised. However, the government's programme of fiscal consolidation envisages a public sector deficit of less than three percent of GDP by 2009.

Poland's overall score remains unchanged from last year.

1. CLARITY OF ROLES, RESPONSIBILITIES, AND OBJECTIVES OF CENTRAL BANKS

●●●●● Full compliance

The objectives and institutional framework of monetary policy

The Polish Constitution, together with the 1997 Act on the National Bank of Poland (NBP), sets out the responsibilities, objectives and institutional structure of the central bank. Under the constitution, the NBP enjoys “the exclusive right ... to formulate and implement monetary policy.”¹ The Act was updated in December 2003, effective on 1 January 2004, to ensure full compliance with EU standards, although some residual issues remain to be resolved.²

Monetary policy is set by the Monetary Policy Council (MPC), which is headed by the NBP president and is composed of the president, two vice-presidents and seven others. Members are appointed in equal numbers by the president of the republic, the Senate and the *Sejm* (the upper and lower houses of the Polish parliament) for a term of six years. The NBP president can be appointed for up to two consecutive six-year terms. The appointment is made by the *Sejm* following a recommendation by the president of the republic. The NBP president and members of the MPC cannot be removed from office, except under strict legal criteria.³

Central bank objectives and responsibilities

The NBP Act singles out price stability as the primary objective of monetary policy. The central bank “shall at the same time act in support of government economic policies, insofar as this does not constrain pursuit of the basic objective of the NBP.”⁴

The central bank has the exclusive right to issue currency and determine monetary policy. The NBP is further legally responsible for organising monetary settlements, managing the foreign exchange reserves, conducting foreign exchange operations, providing banking services to the central government, regulating the liquidity of the banking system and establishing the necessary conditions for its development, compiling data on the balance of payments -- including the foreign assets and liabilities of the central government -- and managing foreign exchange reserves.⁵ Other tasks can be introduced under the law.

The NBP is responsible for the implementation of foreign exchange policy formulated in agreement with the Council of Ministers.⁶ While there have been some past disagreements on the exact division of labour between the government and the central bank, the NBP has prevailed. The Polish zloty has been floating freely since 2000, and the NBP has no legal responsibility to intervene in support of it. However, it may do so if it thinks that exchange rate developments may jeopardise its main policy objective.⁷

Operational autonomy

The NBP conforms to European Central Bank regulations on central bank independence.⁸ The only area where the responsibility for monetary policy is shared with another body is in the requirement to set the exchange rate regime jointly with the Council of Ministers.

The simultaneous appointment of all nine external MPC members -- with the *Sejm*, the Senate, and the president of the republic each appointing three -- creates the theoretical possibility of political influence. The appointment

process, especially with respect to the members appointed by the two parliamentary chambers, is inevitably politicised to a degree. There are no plans to change the appointment process; Law and Justice (PiS), the leading government party, fears that if it tried to do so, its more extreme partners might attempt to introduce undesirable changes.⁹

However, in spite of the appointment process, the conduct of monetary policy has been highly consistent. The NBP Act sets basic professional standards for Council members requiring all of them to be “specialists in the field of finance.” They are, in addition, required to suspend their membership of any political party or union during their tenure.¹⁰ More importantly, however, and almost regardless of their background, members seem to be mindful of protecting the NBP’s reputation through a clear commitment to the inflation-targeting regime. While some individual policy decisions have generated a certain amount of controversy, when viewed over the longer term the central bank’s policy has matched the expectations of analysts and observers.

In recent years, the NBP has established a non-confrontational and even collaborative relationship with the Ministry of Finance. This has been formalised in part by the establishment of interdepartmental working groups. The Public Debt Management Committee, which meets monthly, includes representatives from both institutions.

Institutional relationship between monetary and fiscal operations

Lending to government

NBP lending to the government for the purposes of covering any part of the budget deficit is constitutionally forbidden.¹¹ The NBP can support the government’s economic policies through its monetary policy-making activities without, however, jeopardising its basic objective. The NBP is legally entitled to buy and sell treasury securities under open market operations, although it invariably uses its own securities.¹² The balance of government debt held by the NBP is disclosed as part of its balance sheet, but information on the maturity of government securities is not included with this data.

Central bank involvement in the rest of the economy

The NBP is required under the NBP Act to keep the accounts of banks, the state budget, the Bank Guarantee Fund, the National Saving and Credit Cooperative (*Krajowa Spółdzielcza Kasa Oszczędnościowo-Kredytowa, SKOK*), and other entities approved by the central bank president.¹³

The NBP is responsible for the operations of the banking system through its involvement in the Commission for Banking Supervision (*Komisja Nadzoru Bankowego*), which is headed by the NBP president. It supervises the activities of the financial sector and is authorised to impose penalties on entities found to contravene the existing legislation. The responsibilities of the Commission for Banking Supervision will be transferred to the newly established Commission for Financial Supervision at the end of 2007.¹⁴ The decisions taken by the Commission are implemented by the General Inspectorate of Banking Supervision (*Generalny Inspektorat Nadzoru Bankowego*), which is an organisationally independent branch of the NBP headed by a special inspector general. The Inspectorate is responsible for ensuring the safety and soundness of the banking system. Among other things, it licenses banks, monitors their ownership structure and the adequacy of their management, monitors their financial stability, prepares prudential regulation, and conducts on-site inspections.¹⁵ The NBP organises the inter-bank settlement system, conducts inter-bank settlements and is actively involved in the inter-bank money market.

The NBP was legally obliged to sell all of its holdings in the rest of the economy by the end of 2002 and has fully complied with this requirement.¹⁶ The only exceptions are shares in international financial organisations and entities providing services to the financial sector and the Treasury, such as clearing houses.¹⁷

The NBP Act requires the central bank to produce an opinion on the government's budget bill. This typically takes the form of a short document that is submitted to the parliament in September-October. The NBP typically comments on the budget balance and fiscal sustainability, as well as the government's macroeconomic growth assumptions.¹⁸

Central bank profit allocation

The capital of the NBP consists of registered equity and reserve capital. The registered equity amounts to 1.5 billion zloty, and appropriation to reserve capital represents 5% of annual net profit.¹⁹ Following the revisions to the NBP Act, an external auditor will assess the operating costs.²⁰

Agency roles performed by the central bank on behalf of the government

According to the NBP Act, the central bank can act as a financial agent to the government for servicing the country's foreign debt and for concluding loan agreements under specific terms in each case. The NBP assumes none of the liabilities of the Treasury in this case. The procedures are specified on a case-by-case basis by agreement between the NBP and the Ministry of Finance.²¹

The NBP keeps the accounts of the state budget.²²

2. OPEN PROCESS FOR FORMULATING AND REPORTING MONETARY POLICY DECISIONS

●●●● Compliance in progress

The framework, instruments, and targets of monetary policy

Framework and monetary targets

The NBP has pursued an inflation targeting regime since 1998.²³ The current Monetary Policy Council (MPC) set a 2.5% target in February 2004, with a tolerance band of +/- 1%. The target was set with the Maastricht criteria in mind and is designed to ensure that Poland will meet this particular membership criterion.²⁴ In order to further enhance the credibility of the regime, NBP officials have repeatedly emphasised that the target is a point, rather than a band, with the +/-1% room for variation merely representing a safety margin.²⁵

The NBP is committed to exchange rate flexibility, and revisions to the floating exchange rate regime are now viewed as unlikely before ERM2 membership. While interventions have been rare of late, the central bank does have the right to operate a dirty float if it so chooses.²⁶ In practice, however, the central bank has repeatedly demonstrated its commitment to a free float, even against the backdrop of strong zloty appreciation.²⁷

The NBP has taken a clear stance in favour of Polish euro-zone membership as soon as the Maastricht criteria are met.²⁸ It has further signalled that it wishes to limit Polish ERM2 membership to the minimum two years and does not favour joining the mechanism without a clear plan of action that will result in membership by the end of the minimum period. The government's programme of fiscal consolidation envisages a public sector deficit of less than 3% of GDP by 2009 (with open pension funds classed as private). The government prefers not to set a target date in order to avoid losing credibility if it has to be revised, but the markets increasingly expect entry to be delayed until at least the early years of the next decade.²⁹

Monetary instruments

The NBP applies a series of monetary policy instruments, which are detailed under Title 6 of the NBP Act. Interest rates -- the reference, lombard, and deposit rates -- are in practice the main instrument used in the implementation of the inflation targeting regime. Owing to volatility in market rates caused by variations in the term deposits of the Ministry of Finance at the NBP, a decision was taken in 2004 to deposit some of the excess liquidity in the banking system.³⁰

Open-market operations are the main means of ensuring the compatibility of short-term interest rates with the inflation target. The basic open market operations are conducted using seven-day NBP money-market bills, which are auctioned once a week. Their nominal yield is determined by the NBP's reference rate. Fine-tuning operations can involve NBP bill issues and repo operations, and these are undertaken in the event of unexpected short-term changes in liquidity. Structural operations are aimed at changing longer-term liquidity levels and, in addition to operations in NBP bills, can involve market purchases of securities and issues of long-term bonds. Standing facilities include overnight (lombard) credit and end-of-day deposits. In addition, intraday credit, which is collateralised by Treasury securities, is an important element of the clearing system.³¹ Since October 2003, the compulsory reserve requirement has stood at 3.5% for all types of deposits. Since May 2004, interest has been paid on required reserves.³²

The monetary policy-making body

Monetary board

The Monetary Policy Council of the NBP is responsible for the conduct of monetary policy. In addition to the NBP president, the council consists of nine members appointed simultaneously for a non-renewable six-year term in equal numbers by the president of the republic, the Senate and *Sejm*.³³

While the president of the republic has been viewed as largely impartial in his appointments, the parliament has been swayed by political pressures. The members appointed by the *Sejm* and the Senate are chosen by the parliamentary majority in either chamber with no formal requirement to heed the views of the opposition. The NBP Act stipulates that MPC members should be financial specialists, and the actions of the MPC have been remarkably consistent in recent years regardless of its composition. MPC debates have been characterised by a high level of professionalism, and any press criticism may be discontinued.³⁴

The MPC draws up the annual monetary policy guidelines, sets NBP base interest rates, sets the reserve ratio, and determines the principles applicable to open market operations.³⁵

Details of current MPC members are publicly available on the NBP website, and their voting record is published six weeks after its meetings. The board votes by simple majority. In the case of equal votes, the vote of the NBP's president is decisive. MPC meetings are held at least once a month according to a set calendar.³⁶

Poland is somewhat exceptional among the countries of the region in appointing all the external members of the MPC at the same time. In its comments on the proposed changes to the legislation governing the National Bank of Hungary, the European Central Bank in November 2004 commented that: "it would enhance the long-term independence of the decision-making body if vacancies in the Monetary Council are not filled 'en bloc,' but instead there is a system in place whereby members are appointed and their terms of office expire at different times, allowing sufficient interim periods between subsequent appointments. This would ensure that membership of the decision-making body is not determined by political cycles."³⁷ In this context, Poland must be deemed to fall short of the ECB recommendation.

The NBP Management Board's primary responsibilities involve implementing the resolutions of the Council, adopting the NBP plan of operations and financial plan, and performing other duties with respect to exchange rate policies.

Advance meeting schedule

The MPC meets monthly, in accordance with the NBP Act. In addition, as part of its 2003 amendments, a minimum of three MPC members can jointly request an extraordinary meeting.³⁸ The NBP publishes the date of its next meeting in the accompanying press release on its website.³⁹ Rate-setting meetings take two days, with the decision announced at midday on the second day, followed by a press conference.

Public statements on monetary policy

Periodic publications

The NBP publishes a wide range of materials, all of which are available on the central bank's website. Annual publications include the *Annual Report* (which covers general economic conditions, developments in the financial

sector, the performance of the central bank and the Polish balance of payments), the *Report on Monetary Policy* and the *Report on NBP Operations*. The main quarterly publications are the *Inflation Report* and the *Balance of Payments* accounts. In addition, the NBP produces three journals at least monthly, as well as a variety of other publications. The NBP website has a section of daily information which covers exchange rates, interest rates and other basic financial sector data. The website also reproduces other articles published about the central bank in the press.

In September 2004, the NBP began to publish full inflation projections for the first time, being at the time the last central bank pursuing inflation targeting to do so. The forecasts are produced by the NBP's technical staff and are published monthly on the NBP website, on the second day of every MPC meeting. The forecasting model was revised in 2005 to allow GDP to be considered an endogenous variable.⁴⁰ Forecasts are released on a quarterly basis.⁴¹

The NBP is very open about its macroeconomic modelling framework, and the models used by bank analysts are described in the central bank's research publications. Two of the central bank departments -- the Bureau of Macroeconomic Research (BMR) and the Department of Macroeconomic and Structural Analysis -- are engaged in modelling and analytical research. The two main BMR models form the basis for published projections.⁴² The NBP's staff, often working in collaboration with experts from other institutions, including international organisations, are quite active in the analytical debate in the country and often undertake research in areas outside of their primary responsibilities.

Public hearings

Press conferences are held after all rate-setting MPC meetings. The press releases circulated after MPC meetings include an explanation of its monetary policy decisions, making publication in practice instantaneous. The Council's voting record by name is released six weeks after each meeting, as required by the NBP Law. In contrast, minutes of the Council meetings are not made public, and there are no plans to do so. MPC members are free to express their views publicly, in spite of the short-term volatility this has sometimes caused on the financial markets.⁴³

The NBP regularly seeks advice from international financial organisations and domestic experts in connection with various aspects of its operations. Analysts are frequently consulted about their inflation expectations. However, there are no formal consultations or attempts to involve all affected parties in discussions on policy changes.

The NBP president is required to appear at least once a year before the *Sejm*, with additional meetings possible as needed. About one to two appearances a year before the Economics Committee seem to be the norm. The Council of Ministers can invite the NBP president to its meetings as needed, although there are no formal public hearings.

Regulations on data reporting by financial institutions to the central bank

In accordance with the NBP Act, the central bank collates information from banks and other institutions on a monthly basis. These data are used to compile information on monetary policy, balance of payments and international investment position, and to evaluate the risk inherent in the banking sector. Data are publicly disclosed in regular briefs and reports.⁴⁴

Banking supervision is conducted by the Commission for Banking Supervision, which is now led by the head of the new Commission for Financial Supervision. At the end of 2007 it will be liquidated and its responsibilities transferred to the Commission for Financial Supervision, renewing NBP involvement in banking supervision.⁴⁵ The new Commission has already replaced the Polish Securities and Exchange Commission (KPWiG) and the Insurance and Pensions Supervisory Commission (KNUiFE) in September 2006.

The IMF, among others, has expressed concern that the reform will weaken banking supervision.⁴⁶ While it appears that the new body will be more open to political interference, some commentators have pointed out that banking supervision is not a core central bank activity, and that supervision of the banking sector could even strengthen NBP independence.⁴⁷

3. PUBLIC AVAILABILITY OF INFORMATION ON MONETARY POLICY

●●●●● Full Compliance

Release of central bank data

As a subscriber to the IMF Special Data Dissemination Standard (SDDS), Poland meets its specifications for the coverage, periodicity and timeliness of monetary data. The NBP publishes its analytical accounts on a monthly basis, within one week of the end of the reference month. The information is compiled in the *Information Bulletin*, which is fully reproduced on the website. The data cover the balance sheet of the NBP and, among other things, include details of reserve money, credit to the government and financial sectors, and net foreign assets. The data time series go back to 1999.

A methodological section describes the provenance and methods of compiling the data. Many of these data are also available separately.⁴⁸ The only shortcomings in Polish monetary statistics relate to a relative lack of data on inter-bank positions and difficulties in identifying gross and net positions of the government. The NBP is working with the European Central Bank to ensure full convergence with best international standards.⁴⁹ Some criticism has been voiced by observers about the consistency of Polish balance of payments data, and the way EU funds are accounted for.⁵⁰

The NBP Act establishes a statutory responsibility for the central bank to “draw up an account of the national balance of payments for reporting purposes, along with balances of the foreign assets and liabilities of the central government.” In addition, the NBP president is required to issue quarterly reports covering these areas. Requisite reporting requirements are imposed on banks and state bodies.⁵¹ The NBP is deemed to have adequate material and human resources to properly collect, process, and disseminate the data.⁵²

The central bank posts an advance release calendar on its website. The calendar for analytical accounts of the banking sector and of the central bank, interest rates, the stock market, the balance of payments, international reserves and foreign currency liquidity, merchandise trade, international investment position, external debt, and exchange rates is also available through the IMF website.⁵³

The central bank balance sheet

The NBP publishes a consolidated balance sheet, including a breakdown of the NBP’s assets and liabilities, in the monthly *Information Bulletin*. This publication also details the NBP’s open market activities and its reserve money stock.

An annual balance sheet, as well as an income statement, is published in the *NBP Annual Report*. Movements in assets and liabilities are fully described, and details on changes in their structure are provided. Assessments are also provided for the income and loss account. Movements in valuation allowances against financial assets are similarly described. The NBP Act specifies that the accounting principles of the NBP must conform to the International Accounting Standards. Since 1999, the balance sheet has been prepared in agreement with the accounting standards of the ECB. The *Annual Report* sets out these standards in detail.

Lender of last resort

Under its responsibility for ensuring the stability of the financial system, the NBP is allowed to act as lender of last resort. The central bank discloses the aggregate amounts it provides as emergency financial support in the *NBP Annual Report*. All last-resort lending is fully collateralised.⁵⁴ The situation in the Polish banking system has recently been marked by excess liquidity, and this looks unlikely to change in the near term. However, the central bank is ready to use any monetary policy instruments to ensure adequate liquidity should the situation change, even temporarily.⁵⁵

Public information services

The NBP has some of the most extensive and exemplary public information services in the region. In addition to its regular reports, all press releases on the NBP's activities and bulletins are disseminated through the website. The website further reproduces a list of frequently asked questions and provides contact information for enquiries by the public. The research library is open to the public, and the NBP organises a variety of educational activities, including a special website for economic education.⁵⁶

Press conferences are held after every rate-setting MPC meeting. In addition, MPC members are frequently interviewed by the press with no formal restrictions on their freedom to express their views.

4. ACCOUNTABILITY AND ASSURANCES OF INTEGRITY BY THE CENTRAL BANK

●●●● Compliance in progress

Accountability before a designated public authority

The central bank is required under the NBP Act to submit the *Annual Report of Monetary Policy* and its financial results to the *Sejm*. The NBP president is required to present quarterly data on the balance of payments and annual data on the assets and liabilities of the state to the *Sejm* and the Council of Ministers.⁵⁷ However, there are few legal mechanisms for criticising the central bank's reports or requiring changes in them.

The NBP president and other representatives stipulated under the law are required to supply information about monetary policy and the activities of the NBP to the *Sejm*, the Senate, and their committees.⁵⁸

Financial statement

The NBP publishes a financial statement containing operational expenses and revenues in its *Annual Report*.

Audited financial statement

The central bank's activities are now subject to independent audits by an auditor appointed by the MPC. The audited statement is presented to the Council of Ministers for approval no later than 30 April of the year following the financial year in question.⁵⁹

External and internal audit

Since 2004, the NBP has been required to appoint an independent external auditor to examine its accounts. The independent external auditor for 2006 is *Ernst & Young*.

The NBP's 38-member Internal Audit Department (IAD) is responsible for internal audits of the NBP and its departments. The department prepares an annual audit plan focusing on areas of the greatest perceived risk. Less urgent topics are included in a three-year audit plan. The IAD is accountable to the NBP president. It reports on a quarterly basis to the Management Board on the most important findings, as well as on general progress in implementing its recommendations.⁶⁰

All recommendations by auditors are announced along with a timetable for their implementation, which is set up jointly with the auditee. All projects are included in a database, and there is a compulsory reporting requirement at the deadline. Auditors are required to monitor the realisation of earlier recommendations during their work. Formal follow-up audits can be ordered in areas of importance. Internal audits cover all areas of the NBP's activities and are submitted to the Management Board.

The Supreme Chamber of Control (*Najwyższa Izba Kontroli*, NIK) has a constitutionally defined right to audit the National Bank.⁶¹ The two primary areas of investigation are the administration of the state budget accounts and the performance of key NBP tasks such as monetary policy, management of reserves, and general finances.

Conduct of officials

The NBP fails to disclose internal governance procedures that prevent conflicts of interests for all NBP staff including members of the MPC. However, the Civic Code stipulates standards of conduct for public officials, including employees of the central bank. The NBP Act also prohibits the disclosure of any secret information by staff during and after their employment at the central bank.⁶²

INTERVIEWS

Representatives of *Oxford Analytica* interviewed the following individuals during a visit to Poland between 16 and 20 October 2006:

National Bank of Poland

17 October 2006

Zbigniew Polański	Advisor to the President	Macroeconomic and Structural Analysis Department
Adam B. Czyżewski	Director	Macroeconomic and Structural Analysis Department

Ministry of Finance

17 October 2006

Marek Szczerbak	Head	Public Debt Forecast and Strategy Division
Mauricy Michalski	Head	Public Debt Record and Methodology Division

18 October 2006

Małgorzata Litwin- Staszewska	Economist	Financial Policy, Analysis, and Statistics Department
Paweł Kolski	Economist	Financial Policy, Analysis, and Statistics Department
Katarzyna Szuster	Economist	Financial Policy, Analysis, and Statistics Department
Lukasz Stolarksi	Specialist	Organisation of Public Finances Sector Department
Gustaw Guterman	Head of Division	State Budget Department
Agnieszka Wawraszek- Loś	Senior Specialist	State Budget Department

ADDITIONAL INTERVIEWS

16 October 2006

Robert Sierhej	Economist	International Monetary Fund
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19 October 2006

Marek Góra	Professor	Warsaw School of Economics
Leszek Kąsek	Economist	World Bank

NOTES

¹ *Ustawa z dnia 29 sierpnia 1997 r. o Narodowym Banku Polskim (tekst jednolity ogłoszony w Dz.U. z 2005. Nr. 1, poz. 2)*. The Act on the National Bank of Poland (NBP Act) of August 1997 is published at the central bank website: www.nbp.pl; Constitution of the Republic of Poland, Article 227(1).

² *Ustawa z dnia 18 grudnia 2003 r. o zmianie ustawy o Narodowym Banku Polskim oraz o zmianie innych ustaw (Dz.U. Nr. 228, poz. 2260)*; *Convergence Report 2004*, Frankfurt am Main: European Central Bank, 2004, pp. 231-232.

³ The NBP Act specifies in Articles 9 and 12 the only circumstances under which the president and MPC members can be removed from office. They include: resignation, prolonged illness that does not allow for the carrying out of their duties, or a court sentence for a criminal offence.

⁴ NBP Act, Article 3.

⁵ NBP Act, Article 3(2).

⁶ NBP Act, Article 24(1); Zbigniew Polański, "Poland and the European Union: The Monetary Policy Dimension -- Monetary Policy before Poland's Accession to the European Union," *Bank i Kredyt*, May 2004, p. 8.

⁷ MPC Monetary Policy Guidelines for the Year 2007, NBP, September 2006 at www.nbp.pl/en/publikacje/o_polityce_pienieznej/zal2007a.pdf

⁸ *Ustawa z dnia 18 grudnia 2003 r. o zmianie ustawy o Narodowym Banku Polskim oraz o zmianie innych ustaw (Dz.U. Nr. 228, poz. 2260)*; *Convergence Report 2004*, Frankfurt am Main: European Central Bank, 2004, pp. 231-232.

⁹ Interviews in Poland, 16-20 October 2006.

¹⁰ NBP Act, Article 13(1)2, 14.

¹¹ Constitution of the Republic of Poland, Article 220(2).

¹² NBP Act, Articles 48, 49.

¹³ NBP Act, Article 51.

¹⁴ NBP Act, Articles 30(2), 44-46; www.nbp.pl > Nadzór bankowy > Komisja Nadzoru Bankowego.

¹⁵ www.nbp.pl > Nadzór bankowy > Generalny Inspektorat Nadzoru Bankowego.

¹⁶ The NBP and the government agreed on such a timetable in a process of phasing in the NBP Act.

¹⁷ NBP Act, Article 5.

¹⁸ NBP Act, Article 23(2); for the latest report see www.nbp.pl/en/publikacje/o_polityce_pienieznej/opinia2007.pdf

¹⁹ Interviews in Poland, 16-20 October 2006.

²⁰ NBP, Annual Report 2005, Warsaw 2006, p. 136.

²¹ NBP Act, Article 52

²² NBP Act, Article 51(2).

²³ NBP, Annual Report 1998, Warsaw 1999, p. 20.

²⁴ MPC Monetary Policy Guidelines for the Year 2007, NBP, September 2006 at, p. 3.

²⁵ "Wciąż daleko od OK," *MAKROskop: Polska Gospodarka i Rynki Finansowe*, Warsaw: Bank Zachodni WBK, July 2004, p. 6.

²⁶ MPC Monetary Policy Guidelines for the Year 2007, NBP, September 2006 at www.nbp.pl/en/publikacje/o_polityce_pienieznej/zal2007a.pdf, p. 15.

²⁷ "Central-Eastern Europe: Currency Gains Will Persist," *Oxford Analytica Daily Brief*, 25 January 2005.

²⁸ MPC Monetary Policy Guidelines for the Year 2007, NBP, September 2006 at www.nbp.pl/en/publikacje/o_polityce_pienieznej/zal2007a.pdf, pp. 6, 10, 12.

²⁹ Interviews in Poland, 16-20 October 2006.

³⁰ *Założenia polityki pieniężnej na rok 2005*, p. 10.

³¹ *Założenia polityki pieniężnej na rok 2005*, p. 11.

³² NBP Act, Article 24(1), (2); www.nbp.pl : O NBP > Polityka pieniężna.

³³ NBP Act, Article 13.

³⁴ Interviews in Poland, 16-20 October 2006.

³⁵ NBP Act, Article 12.

³⁶ Schedule on NBP website, www.nbp.pl/home.html?asperrorpath=/Homen.aspx

³⁷ "Opinion of the European Central Bank of 4 November 2004 at the Request of the Hungarian Ministry of Finance on a draft law amending the law on Magyar Nemzeti Bank" (CON/2004/35), www.ecb.int/ecb/legal/pdf/en_con_2004_35_f_sign.pdf

³⁸ Amending Act of December 2003, Article 1(8)a.

³⁹ www.nbp.pl

⁴⁰ Tatiana Fic, Marcin Kolasa, Adam Kot, Karol Murawski, Michał Rubaszek, and Magdalena Tarnicka, "Model gospodarki polskiej ECMOD," *Materiały i Studia*, Paper No. 194, Warsaw: National Bank of Poland, June 2005; www.nbp.pl/publikacje/materialy_i_studia/Ms194.pdf

⁴¹ Interviews in Poland, 29 September-4 October 2006.

⁴² Bohdan Klos, Ryszard Kokoszczyński, Tomasz Łyziak, Jan Przystupa, and Ewa Wróbel, "Modele strukturalne w prognozowaniu inflacji w Narodowym Banku Polskim," *Materiały i Studia*, Paper No. 180, Warsaw: National Bank of Poland, October 2004.

⁴³ Interviews in Poland, 16-20 October 2006.

⁴⁴ NBP Act, Article 23.

⁴⁵ Interviews in Poland, 16-20 October 2006.

⁴⁶ IMF Country Report 06/391, Republic of Poland: 2006 Article IV Consultations (October 2006), pp. 8, 17, 44, 49.

⁴⁷ Interviews in Poland, 16-20 October 2006.

⁴⁸ *Biuletyn Informacyjny (Information Bulletin)*, 7/2003, Warsaw, October 2003. Available at: www.nbp.pl

⁴⁹ "Poland: Report on the Observance of Standards and Codes—Data Module; Response by the Authorities; and Detailed Assessments Using the Data Quality Assessment Framework," *IMF Country Report No. 03/311*, Washington, D.C.: IMF, October 2003, pp. 15-17.

⁵⁰ IMF Country Report 06/391, Republic of Poland: 2006 Article IV Consultations (October 2006), pp. 10, 400.

⁵¹ NBP Act, Articles 3(2)7; 23(1)1, (2)2.

⁵² "Poland: Report on the Observance of Standards and Codes—Data Module; Response by the Authorities; and Detailed Assessments Using the Data Quality Assessment Framework," IMF, October 2003, pp. 9-10, 14.

⁵³ <http://dsbb.imf.org/Applications/web/sddscountrycategorylist/?strcode=POL>

⁵⁴ *Raport Roczny (Annual Report) 2002*, www.nbp.pl

⁵⁵ *Założenia polityki pieniężnej na rok 2005*, p. 11.

⁵⁶ www.nbportal.pl

⁵⁷ NBP Act, Article 23.

⁵⁸ Amending Act of December 2003, Article 1(10).

⁵⁹ NBP Act, Article 61(1), (3).

⁶⁰ NBP Act, Article 8; Information provided by the Internal Audit Department of the National Bank.

⁶¹ Constitution of the Republic of Poland, Article 203(1).

⁶² NBP Act, Article 55.