



THE REPUBLIC OF POLAND



NATIONAL
REFORM
PROGRAMME

EUROPE 2020

UPDATE 2018/2019

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Abbreviations:

AGS – Annual Growth Survey	IFPiLM – Institute of Plasma Physics and Laser Microfusion [<i>Instytut Fizyki Plazmy i Laserowej Mikrosyntezy</i>]
BGK – Bank Gospodarstwa Krajowego, the only state-owned development bank in Poland	IKZE – Individual Pension Security Accounts [<i>Indywidualne Konta Zabezpieczenia Emerytalnego</i>]
CAM – Centre for Arbitration and Mediation [<i>Centrum Arbitrażu i Mediacji</i>]	IP – Intellectual Property
CBCA – Cross-Border Cost Allocation	IT – information technology
CBR – R&D Centre [<i>Centrum badawczo-rozwojowe</i>]	KIR – National Clearing House [<i>Krajowa Izba Rozliczeniowa</i>]
CCO – Coordinated Care Organisation	KRIR – National Council of Agricultural Chambers [<i>Krajowa Rada Izb Rolniczych</i>]
CEIDG – Central Register and Information on Economic Activity [<i>Centralna Ewidencja i Informacja o Działalności Gospodarczej</i>]	KRZ – National Register of the Indebted [<i>Krajowy Rejestr Zadłużonych</i>]
CIT – Corporate Income Tax	kW – kilowatt of electric power
CLOR – Central Laboratory of Radiation Protection [<i>Centralne Laboratorium Ochrony Radiologicznej</i>]	LFS – Labour Force Survey
CMS – Centres for Medical Simulation	LKEC – Local Knowledge and Education Centres
CNG – Compressed Natural Gas	LNG – liquefied natural gas
CNP – Science and Industry Centre [<i>Centrum Naukowo-Przemysłowe</i>]	Mtoe – Million Tonnes of Oil Equivalent
CO₂ – carbon dioxide	MW – megawatt of electric power
CRRU – Central Register of Restructuring and Bankruptcy [<i>Centralny Rejestr Restrukturyzacji i Upadłości</i>]	MW_{th} – megawatt of thermal power
CSR – Country Specific Recommendation	NCBR – National Centre for Research and Development [<i>Narodowe Centrum Badań i Rozwoju</i>]
DMP – disease management program	NEET – not in employment, education or training
Dz.U. – Journal of Laws	NFZ – National Health Fund [<i>Narodowy Fundusz Zdrowia</i>]
EAPN POLAND – Polish Committee of the European Anti Poverty Network	NIP – tax identification number [<i>Numer Identyfikacji Podatkowej</i>]
EC – European Commission	NIT – National Institute of Technology [<i>Narodowy Instytut Technologiczny</i>]
ECDL – European Computer Driving Licence	NRP – National Reform Programme
ESIF – European Structural and Investment Funds	NRP 2018/2019 – National Reform Programme for Europe 2020 strategy implementation, revised for years 2018/2019
EPC – Engineering, Procurement and Construction	NSZZ – Independent Self-governing Labour Union [<i>Niezależny Samorządny Związek Zawodowy</i>]
ESA – European System of Accounts	OFE – Open-ended Pension Funds [<i>Otwarte Fundusze Emerytalne</i>]
ESD – Effort Sharing Decision	OHP – Voluntary Labour Corps [<i>Ochotnicze Hufce Pracy</i>]
EU – European Union	OHS – occupational health and safety
EU ETS – European Union Emission Trading Scheme	OOK – Coordinated Care Organisation [<i>Organizacja Opieki Koordynowanej</i>]
FGŚP – Guaranteed Employment Benefit [<i>Fundusz Gwarantowanych Świadczeń Pracowniczych</i>]	OP KED – Operational Programme Knowledge Education Development
FIP – feed-in-premium	OP SG – Operational Programme Smart Growth
FIRR – Institute for Regional Development Foundation [<i>Fundacja Instytut Rozwoju Regionalnego</i>]	OPI – Information Processing Centre [<i>Ośrodek Przetwarzania Informacji</i>]
FIT – feed-in-tariff	OPZZ – All-Poland Alliance of Trade Unions [<i>Ogólnopolskie Porozumienie Związków Zawodowych</i>]
FP – Labour Fund [<i>Fundusz Pracy</i>]	ORV – open-rack vaporizer
FUS – Social Insurance Fund [<i>Fundusz Ubezpieczeń Społecznych</i>]	OWES – Social Economy Centres [<i>Ośrodek Wsparcia Ekonomii Społecznej</i>]
GDP – Gross Domestic Product	
GERD – Gross Domestic Expenditures on Research and Development	
GIPL – Gas Interconnection Poland-Lithuania	
HCE – Host Card Emulation	
OHS – Occupational Health and Safety	
HTGR – high-temperature gas-cooled reactor	
IChTJ – Institute for Nuclear Chemistry and Technology [<i>Instytut Chemii i Techniki Jądrowej</i>]	

PAN – Polish Academy of Sciences [*Polska Akademia Nauk*]
PARP – Polish Agency for Enterprise Development [*Polska Agencja Rozwoju Przedsiębiorczości*]
PIP – Information Point for Entrepreneurs [*Punkt Informacji dla Przedsiębiorców*]
PIT – Personal Income Tax
PNPP – Polish Nuclear Power Programme [PPEJ]
POZ – Primary Health Care [*Podstawowa Opieka Zdrowotna*]
pp – percentage point
PPK – Employee Capital Schemes [*Pracownicze Plany Kapitałowe*]
PPKZ – vocational education and training occupations [*podstawy programowe kształcenia w zawodach*]
PPP – public-private partnership
PRP – Employers of Poland [*Pracodawcy Rzeczypospolitej Polskiej*]
R&D – research and development
RDP – Rural Development Programme

SRD – Strategy for Responsible Development
RES – renewable energy sources
ROP – Regional Operational Programmes
RP – Republic of Poland
SAE – *Society of Automotive Engineers*
SEZ – Special Economic Zone
SME – small and medium-sized enterprises
TFI – investment fund associations [*Towarzystwo Funduszy Inwestycyjnych*]
UK – United Kingdom
UN – United Nations
USA – United States of America
VAT – Value Added Tax
WHO – World Health Organization
YEI – Youth Employment Initiative
YG – Youth Guarantee
ZRP – Polish Craft Association [*Związek Rzemiosła Polskiego*]
ZUS – Social Insurance Institution [*Zakład Ubezpieczeń Społecznych*]

1. Introduction

The key instrument for each Member State to implement the Europe 2020 strategy is the National Reform Programme (NRP), revised on an annual basis in accordance with the European Semester cycle. The European Semester is the cycle applicable to the coordination of economic and social policies across the European Union. When revising NRP, Member States provide the European Commission with an updated versions of their Stability Programmes or Convergence Programmes, which enables it to link structural reform programming and budgetary planning processes.

The *National Reform Programme for Europe 2020 strategy implementation, update 2018/2019* (hereinafter referred to as NRP 2018/2019) is the eighth edition of NRP. The first document was the *National Reform Programme for Europe 2020 strategy implementation*, adopted by the Council of Ministers on 26 April 2011. The document described the method of fulfilment of Poland's commitments with regard to the five headline targets of Europe 2020 strategy by 2020.

At the same time, Polish Government declared that the following national targets would be achieved by 2020 with regard to the five headline targets of the strategy:

- 71% employment rate for the population aged 20-64;
- 1.7% of GDP invested in research and development (R&D);
- reduction of primary energy consumption to a level of about 96 Mtoe;
- reduction of the proportion of early school leavers to 4.5% and raising the proportion of 30–34 year aged university graduates up to 45%;
- reduction of the number of people at risk of poverty or social exclusion by 1.5 million.

The 2011 NRP was based on the assumption that the document and its subsequent revisions would take into account specific national conditions and directions of measures set forth in Polish strategic documents. At present, the key strategic document is the *Strategy for Responsible Development up to 2020, including the perspective up to 2030* (SRD), adopted by the Council of Ministers on 14 February 2017. The development vision proposed in SRD is an economic model based on sustainable and inclusive development, in line with the priorities of Europe 2020.

Moreover, the *Strategy for Responsible Development* included all Europe 2020 targets in its intervention and monitoring scope, and the target related to eliminating poverty and social exclusion was emphasised as one of the five main targets of SRD. Mid-term targets (by 2020) relating to employment, R&D, education, and energy were based on the national targets set in the 2011 *National Reform Programme*. The national targets remain valid. The current values of the indicators suggest that Poland is on the right path to achieve its goals, although the degree of their implementation varies (for more details, see Chapter 5.1. [Progress towards Europe 2020 targets](#)).

On the other hand, NRP 2018/2019 includes part of the key measures described in the *Strategy for Responsible Development*, the prospects of development, adoption or implementation of which is in line with the time horizon and the framework of this document.

The National Reform Programme is a document presenting the policies and measures of each Member State towards the achievement of the targets laid down in Europe 2020 strategy and in the key European Semester documents, beginning with the *Annual Growth Survey 2017* and ending with Council Recommendations for Poland of July 2017. The economic priorities set in AGS have been confirmed at the summit held on 9 and 10 March this year and provide an important guidance with regard to the Member States' economic policies for 2018. With regard to AGS priorities, NRP 2018/2019 presented the main measures to support investments, as well as a set of structural reforms aimed at restoring the competitive advantage of Poland and improving social cohesion (Chapters 4 to 6). Implementation of the third priority relating to responsible budgetary policy was presented in a separate document entitled *Multiannual State Financial Plan of the State for 2018-21*. Cohesion of that document with NRP was ensured by the Macroeconomic Scenario, which is Chapter 2.

Chapter 3 presents the general, [political response to the main challenges laid down by the Commission in the *Country Report Poland 2018*](#).

Three subsequent chapters describe the measures initiated by the Government, which respond to the [key challenges identified in the *Country Report Poland 2018*](#) (Chapter 4), [Europe 2020 strategy targets](#) (Chapter 5), and EU [Council Recommendations for Poland 2017 \(CSR\)](#)¹ (Chapter 6). Those Chapters focus on presentation of the reforms to be implemented throughout the duration of NRP 2018/2019, i.e. from Q2 2018 to Q1 2019, or which have been initiated earlier but their impact horizon falls within that period, and the scale of their impact justifies their inclusion. Chapter 4 focuses on projects which improve the investment climate and stabilise the conditions for doing business in Poland. The Chapter had also been complemented with measures relating to health care as the Government priority, although their impact on the key targets of Europe 2020 or CSR 2017 is indirect.

Each measure described in NRP was assigned to the ministry responsible for its implementation, as well as a schedule and estimated financial effects. The estimated financial effects of the measures planned for 2018 result from the Budget Act for 2018. The costs of measures for 2019 constitute merely estimated data and the final level of financing from the state budget will result from the Budget Act for 2019. Further financing may also be provided for in applicable legal acts in force. At the same time, the financial effects of measures at the project stage until their adoption by the Council of Ministers will not constitute state budget liabilities.

NRP 2018/2019 also reflects its integrity with the mechanisms related to the implementation of EU Cohesion Policy under the financial perspective 2014-2020. On the one hand, the Cohesion Policy funds form an important source of financing of the tasks set forth in NRP; on the other hand, Poland's commitments assumed in NRP, as well as the need to implement CSR, had been taken into account in the Partnership Agreement when deciding on the directions for measures to be implemented under respective ESIF targets.

As it was the case with the previous editions, NRP 2018/2019 presents the involvement of social and economic partners and the Parliament of the Republic of Poland in the European Semester cycle, as well as their participation in the works on NRP. An Interministerial Team for Europe 2020 Strategy (hereinafter referred to as the Team) has been operating with the Minister competent for the economy as an opinion-making and advisory body to the Prime Minister. [The institutional process of NRP revision and the involvement of stakeholders in the European Semester](#) have been presented in Chapter 7 and in Annex 3.

For the sake of document transparency, information about the planned measures has been separated from the information about the measures already taken. Therefore both the [summary of the implementation of measures covered by the previous edition of NRP](#) and the [information about the measures taken with regard to the implementation of CSR 2017](#) have been provided for in Annexes 1 and 2, respectively.

¹ Information about measures taken to implement Recommendation 1 (CSR 1) haven not been included in NRP 2018/2019; such information can be found in the Convergence Programme. 2018 update.

2. Macroeconomic context and scenario

In 2017, Polish GDP accelerated to 4.6% (from 3.0% in 2016) and it had been the highest since 2011. Growth was still mainly driven by domestic demand. Contribution of net exports to GDP growth was slightly positive, which was facilitated by the better economic conditions in the EU. The number of employed persons increased by 1.4%.² The increase in labour demand led to a further decline in the unemployment rate, which fell to 4.9% from 6.2% in 2016 and was lower than the EU average (7.6%). After two years of stabilisation, the labour force participation rate grew by 0.2 pp to 56.4%. The growth rate of private consumption in 2017 accelerated to 4.7%, compared to 3.9% in 2016, e.g. due to the improved situation on the labour market, implementation of the *Family 500+* Programme and very good consumer sentiments. Investments also contributed to GDP growth. In Q1 2017, inflation in Poland increased to 2.0% from 0.2% in Q4 2016. It remained relatively stable in the subsequent quarters of 2017. As a result, after two years of deflation, in 2017 the average consumer price index was 2.0% (HICP 1.6%).

In its winter forecast, the European Commission raised the GDP growth path for EU economies to 2.4% y/y for 2017 and to 2.3% and 2.0% y/y for 2018 and 2019, respectively. Good economic conditions in the external environment of the Polish economy would favour economic activity in the country.

It is expected that the number of persons working in the Polish economy would increase by 0.7% in 2018, and to a slightly lesser extent in the next two years, while the unemployment rate would be systematically decreasing. This would foster wage growth in the market sector. Taking into account the changes in wages in general government units, in 2018 the nominal growth rate of the average wage in the national economy is expected to be 5.7%. It would amount on average to 5.5% between 2019 and 2021. The expected increase in wages, taking into account the ease of finding a job and the low probability of losing a job, would translate into optimistic consumer sentiments. As a result, private consumption would remain the main engine of growth and in 2018 it would increase by 3.8% y/y in real terms. In subsequent years of the forecast horizon, the average real growth rate of consumption would amount to 3.5%.

Real increase in public consumption would depend on the fiscal rules in force and achievement of the medium-term budgetary target. Real growth rate in this economic category in 2018 is estimated at 3.0%, with stabilisation around 1.8-2.2% in years 2019-2021.

Good conditions in the external environment, continued price competitiveness, high capacity use and low cost of capital allow for expectations that the investment activity of enterprises would accelerate. It is projected that in 2018 the share of gross fixed capital formation in the private sector in GDP would amount to 14.1% to grow in the following years. High competitiveness of Polish enterprises would be conducive to maintaining the growth rate of exports above the growth rate reported on the export markets. In 2018, exports would increase by 6.2% in real terms, and in years 2019-2021, this rate would stabilise at 5.3% y/y. Imports would grow depending on the final demand. As a result, the share of net exports in GDP growth in 2018 would amount to -0.5 pp, whereas in the following years it would gradually become neutral.

In 2018, the current account deficit would remain low, below 1.0% of GDP. The main source of external imbalance would remain the primary income deficit. A slight increase in the current account deficit should be expected in the forecasted period. However, the deficit would be financed, with surplus, from long-term capital inflow.

In 2018 and 2019, GDP would increase in real terms by 3.8% y/y, respectively, to slightly slow down in the longer term. Investments would be an important growth factor in 2018; however, private

² Labour market information according to LFS (aged 15+).

consumption, supported by optimistic expectations of Polish consumers and good situation on the labour market, would remain the main determinant of growth.

The key risk for the main projection scenario is related to economic developments in the EU. Improved consumer sentiments may translate into higher than expected growth rates of consumption and investment, and consequently, of GDP in Poland. Among domestic factors, concerns about labour resources with very strong labour demand suggest that higher wages could increase core inflation and have a negative impact on growth in the coming years. Finally, the growing tensions in international trade relations in the recent past may affect the global economic situation, which would also be reflected in the performance of the Polish economy.

Table 1 Expected values of the main macroeconomic indicators in 2018-21

Category	2018	2019	2020	2021
Real GDP growth in %	3.8	3.8	3.7	3.6
Exports, growth in %	6.2	6.0	5.0	5.0
Imports, growth in %	7.6	6.9	5.2	5.2
Private consumption, growth in %	3.8	3.5	3.5	3.5
Public consumption, growth in %	3.0	2.2	1.9	1.8
Gross fixed capital formation, growth in %	9.1	8.4	6.4	5.7
GDP in current prices, PLN billion	2,104.6	2,233.7	2,372.3	2,517.7
Average annual CPI, in %	2.3	2.3	2.5	2.5
Employed persons ³ , growth in %	0.7	0.2	0.2	0.0
Unemployment rate ⁴ , in %	4.2	3.9	3.6	3.3

³ Average number of employed persons according to LFS (aged 15+).

⁴ Harmonised unemployment rate as per Eurostat definition.

3. Response to the *Country Report Poland 2018*

On 7 March 2018, the European Commission published the *Country Report Poland 2018*. The document contained a detailed assessment of macroeconomic situation in the Polish economy and the prospects for its growth, an analysis of economic and social policies, as well as an evaluation of progress of CSR 2017 implementation.

In the opinion of the Commission, Poland was experiencing strong economic growth. Domestic demand, in particular private consumption, had been the dominant growth driver in the last few years. Public investment started to recover in Q2 thanks to an increasing utilisation of EU structural funds. According to the Commission's forecasts, real GDP growth would reach 4.2% in 2018 and 3.6% in 2019. In the opinion of the Commission, the general government deficit contracted in 2017, due to stronger revenues resulting from a better economic situation and better collection of taxes.

Situation on the labour market was the best in history. Employment continued to grow and the unemployment rate hit new record lows (4.9% in Poland, compared to the EU average of 7.6%).

In the opinion of the Commission, the current economic and social situation offered a good basis for facing the medium-term challenges. Economic growth was strong, the financial sector was stable and there were no short-term threats to fiscal sustainability. The European Commission pointed out that Poland could safeguard medium-term growth prospects by addressing the challenges connected to shrinking working-age population. The Commission emphasised that higher labour force participation rate, a more skilled workforce, stimulation of innovation and associated productivity gains were key drivers of economic growth. It also underlined the role of stability and quality of law and institutions.

The Commission expressed concerns whether the currently implemented education system reform would ensure equal opportunities in access to quality education and whether the resources allocated to the change in the schooling structure had been involved to the best possible extent.

The European Commission appreciated Poland's efforts to increase the economy's innovative capacity and the ongoing legislative works to improve the conditions for doing business. The overall assessment of business environment was favourable, although investment was restrained by barriers related to the quality of regulation and legal-uncertainty. The key role of an effective and efficient public administration for the country's investment climate was emphasised, including procedures for public procurement, spatial planning, and building permits. The main barrier to Innovation was limited collaboration between business and research institutions.

In the opinion of the European Commission, Poland was in general following the right path to achieve the national Europe 2020 targets. The only exceptions included R&D investments and the share of RES in the energy mix. The Commission concluded that Poland had made little progress in the implementation of 2017 Council Recommendations.

Response to the analyses and conclusions in the Country Report

The assessment of the current economic condition of Poland is well balanced. According to the Commission, economic growth would be strong, which means that Poland would be among the fastest developing Member States. The key challenges identified by the Commission, i.e. shrinking working-age population, need to improve the skills of workers and to increase innovation and productivity, are in line with the diagnosis of the Polish Government.

The Government considers the reference to the threat to the rule of law in Poland unfounded. The matter in question falls beyond the scope of the European Semester, and the allegation that the reform of the justice system has a negative impact on the investment conditions in Poland is not supported by facts. It should be noted that macroeconomic data for 2017 indicate a significant recovery of investments in Poland. Moreover, the phrasing of the document is misleading in that it suggests that the dialog between Poland and EU institutions regarding the rule of law ended with the Commission's determination of a *clear risk of a serious breach of the rule of law*. Pursuant to the

Treaty, the Commission may only propose the determination of a clear risk of a serious breach of the rule of law, while the decision as such is made by the Council. The fact that the process is pending was not reflected in the Report. The Report untruly suggests that the rule of law in Poland is being violated. It should be pointed out that Article 7(1) of TEU activated against Poland does not imply sanctions, unlike Article 7(2), the provisions of which have not yet been and are not an issue falling within the scope of the dialog between Poland and EU institutions.

The Government shares the opinion of the Commission about the very good situation on the Polish labour market. In the opinion of the Commission, the gender employment gap is a problem due to the low availability of care for young children. The Government recognises the need to increase the number of childcare institutions and has consistently taken measures to improve the situation in this respect. Legislative changes have been introduced to facilitate the establishment and management of care institutions, while maintaining high quality standards and increasing the level of safety for children, and the funds for implementation of the Toddler+ Programme have been increased (see Chapter 5.2. [Employment target](#) and [Annexes 1 and 2](#)). As a result of those measures, the share of children covered by institutional forms of care is growing.

The Government shares the opinion of the Commission about the role of skills for the development of the economy. The Government has taken measures to develop vocational education and to improve the quality of higher education (see Chapter 5.5. [Educational target](#)). In addition, a strategy is being developed to ensure an integrated approach to the priorities relating to skills (see Chapter 6.2. [Supporting adequate skills](#)). At the same time, the Government does not share the Commission's opinion on the education system reform. The aim of the reform is to prepare the graduates who complete the full education cycle in any type of secondary or post-secondary school to the best possible extent to continue education on universities or to enter the labour market. Changes in the structure of education, including vocational education, were necessary to address the challenges relating e.g. to developing independent, creative and critical thinking and learning at each stage of life. A permanent priority of Poland's educational policy is to provide equal educational opportunities for children with different backgrounds.

The Government is happy to see appreciation of its efforts to improve business environment and innovativeness of the economy. Among others, the recent reforms relating to R&D tax incentives, preparation of the Constitution for Science and the Constitution for Business, introduction of industrial doctorates and the Act on supporting new investments were appreciated. New measures will be taken to stimulate investments (see Chapter 4.1. [Investment support](#)), improve business environment (see Chapter 4.2. [Business environment](#)) and innovation (see Chapter 5.3. [R&D investments target](#)).

The Government also recognises the challenges related to poor air quality in Polish cities and its consequences for human health. Air pollution also affects people in rural areas due to households' use of individual heat supply systems with insufficient pollutant emission parameters. Measures aimed at improving the situation in this respect are systematically implemented, including works on regulations concerning the quality of solid fuels (see Chapter 4.3. [Health care](#)).

The Commission claims that Poland has made limited progress in addressing 2017 CSR. However, the assessment of CSR implementation since 2011 is more positive, which is in line with the Government's opinion that the countries need more time to implement the Recommendations. The dialog on the European Semester reform should continue.

4. Measures addressing the challenges identified in the *Country Report*

4.1 Investment support

Excerpt from the *Country Report Poland 2018*: ...investment remains restrained by barriers related to the quality of regulation and investor-uncertainty (p. 3). High uncertainty appears to still hinder investment (p. 28)

Main measures planned for years 2018-2019:

SEZ – Poland – Support for new investments (Ministry of Entrepreneurship and Technology)

The draft Act on the rules of supporting new investments provides for the introduction of a new mechanism of granting support to entrepreneurs in undertaking new investments on the territory of Poland. The planned support concerns exemption from income tax (CIT or PIT) and free information services provided by entities responsible for supporting new investments. The mechanism will replace the existing support provided under Special Economic Zones (SEZ), which have been operating since 1994.

Key changes resulting from the draft act:

- Withdrawal from territorial restrictions. Under the new concept, tax incentives will be available throughout Poland.
- New access criteria. In order to benefit from the support, the investment will be assessed both in terms of quantitative criteria (size of investment outlays) and, mainly, in terms of qualitative criteria (consistent with the Strategy for *Responsible Development*), which will be adjusted to the conditions of a specific location.
- Temporary exemptions. The duration of the tax exemption will be determined and a transparent rule will be introduced - the higher the intensity of public aid allowed by the EU in the voivodeship, the longer the period of the exemption. The decision to support the investment will be issued for a definite period of 10 to 15 years.
- New standard of investor service. Companies managing SEZ to date will play a new, more important role in attracting investments and they will manage a new instrument provided for in the Act. They will be the main focal point in the region under the investor service system, as well as the regional coordinator of granting state aid in the area of the tax exemption and government subsidy instrument.

It is expected that the Act will particularly contribute to the increase in investments made by SMEs. Introduction of qualitative criteria is aimed at providing support to investments with a higher added value. Moreover, given the diverse requirements depending on the level of unemployment in a poviát, it is expected that investments will grow in less developed regions, including Eastern Poland. It is estimated that in 10 years, about 200,000 new jobs will be created directly under the investments covered by the support.

The draft Act was adopted by the Council of Ministers on 20 February 2018.

Schedule

- Entry into force of the Act – **Q2 2018**.

Financing

The draft Act does not cause direct expenditures from the state budget or budgets of Local Government Units, except for expenditures to create the Investment Database. On the other hand, the granted income tax exemptions will reduce tax revenues of the public finance sector. The scale of

this reduction will depend on the size of those exemptions and the time for which they will be granted. At the same time, the support will allow for the implementation of new investments and for the creation of new jobs, which will mean additional receipts for the state budget and budgets of Local Government Units under the PIT, as well as receipts for the National Health Fund and Social Insurance Institution. It is estimated that in the first year of the Act's implementation, total negative balance for the public finance sector will amount to PLN 1.03 billion, and in the following years it will gradually move towards a positive balance, so that in the tenth year of the Act's implementation, the positive balance would already amount to PLN 1.375 billion.

[New Public Procurement Law and state purchasing policy – \(Ministry of Entrepreneurship and Technology/Public Procurement Office\)](#)

One of the priorities of the Government's economic policy, set out in the Strategy for *Responsible Development*, is to increase the effectiveness of public procurement.

This would be implemented through the new Public Procurement Law, which will provide legal basis for the development and implementation of the state purchasing policy. The aim is the public procurement system paradigm shift by introducing the principle of effectiveness understood as the best ratio of outlays to the effects of procurement. It is assumed that the new solutions will contribute to the reduction of administrative costs of conducting public procurement and increase the quality of contracts at the expense of increasing expenditure on their preparation (reduction of the number of open procedures in favour of other procedures, including those conducted electronically). Preliminary works to determine foundations of the new Act began in 2017.

Those changes are also expected to increase the interest of contractors in bidding for public contracts, in particular with regard to the SME sector, and to provide a trigger for innovation.

Schedule

- Preliminary consultation of the foundations of the New Act and preparation of the draft Act – **Q2/Q3 2018.**
- Public consultation and interministerial agreement on the draft Act – **Q4 2018.**
- Adoption of draft Act by the Council of Ministers – **Q1 2019.**

Financing

The financial effects will be presented at the later stage of works on the new Public Procurement Law. Execution of tasks resulting from the Act's entry into force will not increase state budget expenditure.

[Increase in the scale and effectiveness of projects implemented under a public-private partnership \(Ministry of Investment and Economic Development\)](#)

On 4 January 2018, the Council of Ministers adopted a draft amendment to the Act on public-private partnerships. The project is aimed at increasing the contribution of private capital to the implementation of public investments and to increase the effectiveness of investments and the provision of public services in Poland.

Key solutions adopted in the draft Act include:

- strengthening the competences of the minister competent for regional development in the support of PPP projects, which should encourage public entities to participate in PPP projects, in particular local governments (creation of the Central PPP Unit on the basis of a department of the Ministry of Investment and Economic Development, the so-called PPP unit);
- introduction of an obligation to issue an opinion on the analyses concerning the selection of the formula to implement projects exceeding PLN 300 million of investment outlays from the state budget (the so-called PPP test);

- introduction of voluntary option to issue opinions on all projects (assessment of the state of preparation and legitimacy of project implementation under the PPP formula upon request of the promoter - the so-called certification);
- introduction of an obligation to assess the effectiveness of implementation of a PPP project;
- introduction of regulations facilitating the monitoring of the PPP market;
- allowing the implementation of PPP projects on the basis of existing public entity companies, which is not allowed under the current regulations (while maintaining the time limit of the PPP agreement);
- introduction of a clear basis for the conclusion of the so-called direct contracts;
- allowing Local Government Units to offer earmarked grants to private partners for the financing or co-financing of projects relating to the implementation of the tasks of such unit (at present, such grants are acceptable only for non-profit entities);
- exemption of buildings located in public road lanes and connected with business activity consisting in the maintenance or operation of public roads from real property tax.

The expected effect of the planned regulations is to increase the share of private capital in the financing of public investments, while spreading the burden of the public finance sector over time. It is also expected that the PPP formula will be more often applied to large infrastructural projects, e.g. in national roads sector. Due to the application of strict measures of the effectiveness of the implementation of public tasks under PPP (which is the rule in the private sector), one can also expect an increase in the effectiveness of public funds disbursement.

The establishment of the Central PPP Unit responsible for the state PPP policy will facilitate market stimulation (e.g. through a database of planned projects - project pipeline, supporting selected projects and developing model documents and guidelines). For the public sector, the activity of the knowledge centre also implies lower costs of project preparation.

Schedule

- Entry into force of the Act – **Q2 2018**.

Financing

The expenditures of the public finance sector on new, not yet implemented activities resulting from the amendment of the Act on PPP cover the PPP test and certification (i.e. the so-called optional opinion). It is estimated that in ten years from the entry into force of the Act, those expenditures will amount to approximately PLN 16.9 million. The expenditures planned for 2018 and 2019 will amount to PLN 1.56 million and PLN 1.89 million, respectively.

Raw Materials Policy of the State – (Ministry of the Environment)

One of the main objectives of the raw materials policy is to support the development of the national and European economy by ensuring the availability of raw materials. The overall objective of the raw materials policy of the state is to ensure access to the necessary raw materials, both at present and on a long-term basis, taking into account the needs of future generations. Access to raw materials should provide a stable basis for economic development and guarantee energy security in terms of the availability of raw materials, which will also ensure a high standard of living for citizens and improve access to goods and services. It will ensure the implementation of the circular economy model by minimising the amount of generated waste and maximising the recovery of raw materials from secondary sources, as well as introduce economic and fiscal facilitations for entrepreneurs.

The development of the raw materials policy of the state will be based on nine pillars:

- The demand for mineral resources in the national economy.
- Extraction of raw materials from mineral deposits and Earth's heat.
- Acquisition of raw materials from waste, their replacement, as well as their rehabilitation and remediation.

- Obtaining scarce mineral resources through imports and international cooperation.
- Legal conditions of the raw materials policy of the state.
- Dissemination of knowledge about geology, mining and mineral resources.
- Institutional framework for the development and implementation of the raw materials policy of the state.
- Risk and investment planning.
- Improvement of the tax and revenue system.

Schedule

- Second stage of consultations on the Raw Materials Policy of the State covering a series of 11 consultation conferences in the largest Polish cities - planned completion of consultations – **Q3 2018.**
- Adoption of document by the Council of Ministers – **Q1 2019.**

Financing

Measures related to the implementation of the Raw Materials Policy of the State will be financed from the National Fund for Environmental Protection and Water Management. The financing will relate to two components of this programme: (1) Implementation of the Raw Materials Policy in the area of *Raw materials information and use of Poland's raw material potential - pilot programme* and *Raw materials information and use of Poland's raw material potential - continuation of the pilot programme* will amount to PLN 1.49 million in 2018 and PLN 1.48 million in 2019, respectively; and (2) *Environmental education - Dissemination of knowledge about geology, mining and mineral resources* will amount to PLN 3.43 million in 2018 and PLN 3.46 million in 2019, respectively.

[Amendment of the Programme for the support of investments of considerable importance for the Polish economy for years 2011-2023 \(Ministry of Entrepreneurship and Technology\)](#)

The currently proceeded draft Resolution of the Council of Ministers amends the *Programme for the support of investments of considerable importance for the Polish economy for years 2011-2023*. The aim of the Programme, originally established for 2011-2020, is to increase the innovativeness and competitiveness of the Polish economy by supporting new investments implemented by Polish and foreign companies that meet the criteria specified in the Programme.

Key amendments include:

- redefinition of the types of supported projects (division of investments into Strategic, Innovative, Advanced Business Services Centres, Business Process Excellence Centres, R&D Centres, lowering the preconditions for investments, which will allow innovative Polish SMEs to apply for grants - so far, the grant has been awarded primarily to large projects carried out by foreign businesses);
- change of the project assessment criteria (in addition to quantitative criteria, an extended scope of qualitative criteria was introduced relating to the assessment of the project's compliance with SRD, as well as to the location of the project in areas with social and economic problems, which will allow for the bridging of the interregional development gap);
- improvement of the grant awarding process (all analyses carried out under the grant awarding process will be coordinated by the Polish Investment and Trade Agency, while the proposed support will be assessed by competent ministers under the circulation procedure);
- streamlining of the process of control relating to projects for which the grant was awarded (the basic form of control will be remote control);
- extension of the duration of the Programme by 2030, with the possibility to award grants until the end of 2025.

The introduced amendments should increase the share of high quality projects, stimulate the implementation of technological innovations, trigger the development of Polish SMEs, create high-

paid jobs, improve the quality of human capital due to additional bonuses for hiring employees with higher education in engineering, and the possibility to obtain support for training.

Schedule

- Adoption of the amended *Programme for the support of investments of considerable importance for the Polish economy for years 2011-2023* by the Council of Ministers – **Q2 2018.**

Financing

The amendment does not provide for an increase in Programme expenditures in years 2018-2019 compared to the current amount. In accordance with the Resolution of the Council of Ministers No. 3/2018 of 3 January 2018, in 2018 the budget of the Programme will amount to PLN 230 million, and in 2019, to PLN 174.5 million.

4.2 Business environment

Excerpt from the *Country Report Poland 2018*: The quality of the regulatory framework remains a weak element of the overall favourable business environment (p. 28)

Main measures planned for years 2018-2019:

Constitution for Business (Ministry of Entrepreneurship and Technology)

The *Constitution for Business* package introduces a comprehensive reform of economic law, as announced in the Strategy for *Responsible Development*. The amendments cover almost 200 acts of law. The package consists of five acts of law:

- Entrepreneurs' Law;
- Act on the Ombudsman for Small and Medium-Sized Enterprises;
- Act on the Central Register and Information on Economic Activity and on the Information Point for Entrepreneurs;
- Act on the rules of participation for foreign entrepreneurs and other foreign persons in trade on the territory of the Republic of Poland;
- Act implementing the Entrepreneurs' Law and certain other acts relating to business.

The Entrepreneurs' Law is a legal act which substantially reforms the system of economic law and bases it on the values reflecting the freedom of business activity. The Act introduces a canon of basic principles, offering guarantees to entrepreneurs in their relations with public authorities. As a central act of economic law, the Act will influence the manner in which all regulations concerning business activity will be construed, interpreted and applied. The Act provides for e.g.:

- Establishment of a list of rights and obligations of entrepreneurs and authorities, constituting guidelines for administration bodies and defining the limits of their interference in the freedom of business activity;
- Changing the relationship between the entrepreneur and the administration towards a more friendly-one, based on the principle of partnership, by introducing e.g. the principle of the presumption of the entrepreneur's integrity, the principle of interpretation of regulations and resolution of any doubts in favour of the entrepreneur, as well as the key principle of "what is not prohibited by law, shall be allowed";
- Introduction a legal status for unregistered business operations (in cases where business operations are carried out on a smaller scale the business need not be registered);
- Introduction of the so-called "relief for beginning entrepreneurs" (upcoming entrepreneurs would be exempt from the obligation to pay social insurance contributions in the first 6 months of operations);
- Introduction of the principle that entrepreneurs should only use their tax identification number (NIP) when dealing with authorities;
- Issuing of "legal clarifications" by administrative authorities using simple language to explain complex regulations governing business activity with regard to practical application of those regulations;
- Protection of the entrepreneur against negative consequences, if their actions were consistent with the current practice of the administration body with regard to interpreting regulations;
- Introduction of specific rules for drafting normative acts relating to economic law, as well as evaluation of the effectiveness of such acts.

The Ombudsman for Small and Medium-Sized Enterprises will be responsible for upholding and protecting the rights of entrepreneurs from the SME sector. The Ombudsman's scope of authority will include e.g.:

- issuing opinions on normative acts concerning the interests of entrepreneurs during the legislative process;
- requesting that the competent authorities prepare legislative initiatives, as well as from competent offices to issue legal clarifications of particularly complex business regulations;
- supporting mediation between entrepreneurs and administrative bodies;
- requesting for the Supreme Court and the Supreme Administrative Court to settle discrepancies in the interpretation of the law;
- requesting for administrative procedures to be opened and initiated;
- appealing against the decisions of the authorities before the administrative courts;
- cooperation with non-governmental, social and professional organisations;
- requesting for the competent authorities, organisations and institutions to take appropriate measures that may have a positive impact on the rights and interests of entrepreneurs.

The Ombudsman for Small and Medium-Sized Enterprises will be appointed within six months from the entry into force of the Act. The Act sets the maximum limits of state budget expenditures for the performance of the Ombudsman's tasks. For 2018 and 2019, those limits amount to PLN 7.5 million and PLN 19 million, respectively.

Key modifications concerning the Central Register and Information on Economic Activity (CEIDG) include:

- allowing disclosure of the register of powers of attorney and proxies in CEIDG;
- introduction of the principle of automatic resumption of operations at the end of the suspension period;
- possibility to suspend operations for both definite and indefinite period.

Information Point for Entrepreneurs (PIP) is a development of the current portal www.biznes.gov.pl. The Point will not only explain how to deal with respective official matters, but it will also allow e.g. for payment of official fees or obtaining a clearance certificate. The Point will remind entrepreneurs, by text or e-mail, of upcoming official deadlines and it will inform them about major legal amendments. It will also publish clarifications of the most questionable legal issues in terms of practical application.

The planned amendments to the CEIDG and PIP Act will have a minimal impact on the public finance sector. In the first year, additional expenses will necessary (about PLN 1 million) due to the adjustment of the CEIDG and PIP systems to the changes resulting from the Act. In subsequent years, the costs of maintaining the system will be covered from the state budget within the limits of the minister competent for the economy.

The new Act on the rules of participation for foreign entrepreneurs and other foreign persons in trade on the territory of the Republic of Poland has replaced the regulations which until now have been scattered over three different and inconsistent acts of law. At present, foreign investors have a single transparent and coherent legal act dedicated to them.

The abovementioned package of 5 acts containing regulations governing business activity was published in Dziennik Ustaw (Polish Journal of Laws) on 30 March 2018.

Schedule

- Entry into force of the package – **Q2 2018**.
- Appointment of the Ombudsman for Small and Medium-Sized Enterprises – **Q2/Q3 2018**.

Financing

Apart from the abovementioned cost components, the Acts do not generate any material direct effects for the public finance sector.

[Succession of a natural person's enterprise \(Ministry of Entrepreneurship and Technology\)](#)

In the current legal situation, the death of an entrepreneur running business on the basis of an entry in the Central Register and Information on Economic Activity (CEIDG) actually ends the legal existence of their enterprise. The prepared legislative changes are to ensure the continuity of business operations after the death of the entrepreneur. This is to be achieved by introducing into the legal system the new institution of a succession administrator, who will be able to manage, within a specified timeframe, a separated part of assets constituting the enterprise in their own name, but on behalf of the successors of the entrepreneur and with effect on successors assets. The succession administrator will be entitled to take judicial and extra-judicial action in connection with the running of the business, known as the “inherited enterprise” during that period. This institution will also apply to civil law partnerships.

In addition, the aim of the regulation is to strengthen the protection of the rights of third parties related the business of deceased entrepreneur, mainly including contractors, business partners, consumers and employees. The latter objective will be achieved e.g. under the bankruptcy law, as the deceased entrepreneur may be declared bankrupt throughout the entire period of succession administration, which significantly strengthens the protection of those entities. Creditors will also be able to actually continue their contractual relations with the entrepreneurs despite his death. They will also be able to claim their receivables and other rights during the successive administration, thus reducing the current complications of waiting for a formal inheritance proceedings to finalise through the appropriate channels. The situation of employees will also significantly improve. If the succession administration status is established upon the death of the entrepreneur, the employment agreements will be maintained, and if the succession administration status is established within a specific period after the death of the entrepreneur, the employment agreements will expire 30 days after the death of the entrepreneur (at the same time, employees will have priority of employment in the event of re-employment of employees from the same occupational group in the enterprise). In the transitional period from the date of death of the entrepreneur to the date of establishment of the succession administration status it will be possible to conclude an agreement on continuation of employment agreements on the current conditions.

The draft Act also introduces an exemption from inheritance and donation tax for the purchase of the enterprise by the persons who will run it, regardless of their kinship with the deceased entrepreneur.

With such comprehensive regulation of the succession of enterprise, legal successors of entrepreneurs will receive tools allowing them to make cautious decisions about the continuation of business operations. As a result, due to the continued operation of the enterprise, which will still be able to generate revenues and profits, jobs will be preserved and obligations towards employees and contractors, as well as public-law liabilities, will be settled and the chances for further development of the enterprise, often built by the personal efforts of the entrepreneur and their family members for many years, will increase.

The draft Act on succession administration of a natural person's enterprise was adopted by the Council of Ministers on 6 February 2018.

Schedule

- Completion of parliamentary works on the Act – **Q2 2018.**
- Entry into force of the Act – **1 June 2018.**

Financing

The implementation of tasks resulting from the introduction of the Act will not result in an increase in the level of expenditures compared to the current regulations and it will fall within the general pool of expenditures of the public finance sector assigned for specific tasks.

Introduction of simplifications for entrepreneurs in tax and economic law (Ministry of Entrepreneurship and Technology)

with regards to income taxes

A draft Act was prepared amending certain acts in order to introduce simplifications for entrepreneurs in tax and commercial law (UD278). The objective of the proposed regulation is to streamline procedures, eliminate unnecessary bureaucratic burdens and introduce solutions that will contribute to a noticeable improvement in the conditions for doing business in Poland, in particular for SMEs. The draft Act provides for amendments e.g. to i.a. tax, labour, commercial and social security laws and the Act on the administration of trade with foreign countries. The draft Act provides for the introduction of regulations aimed at reducing administrative burdens imposed on entrepreneurs, extending entitlements already in force to a broader category of entities, clarifying the identified interpretation of doubts related to business operations, and introduces tax exemptions for entrepreneurs and the tools mitigating the risk related to tax burdens and business contacts with contractors who turned out to be unreliable. Key changes will include:

with regard to income taxes

- elimination of information and documentation obligations that do not directly affect tax settlements and relate to circumstances that may be determined on the basis of other documents held by the taxpayer;
- introduction of a tax exemption relating to indemnities (received from an insurer) intended for reconstruction of damaged assets (fixed assets, except for a passenger car), and increasing the revenue threshold relating to the so-called "small taxpayer" status from EUR 1.2 million to EUR 2 million;
- introduction of the possibility to recognize as tax deductible costs receivables under an employment contract, a contract of mandate or a contract for specific work that have been paid to the taxpayer's spouse (in case of business activity carried out by a natural person) and paid to the spouses of partners in organizational units not being legal persons;
- introduction of the possibility of a one-off settlement of a tax loss amounting up to PLN 5 million;

with regard to the Accounting Act

- extension of the list of beneficiary microenterprises entitled to use simplifications in financial reporting to entities run by natural persons (the revenue threshold whose PLN equivalent would be at least EUR 2 million but no more than EUR 3 million);
- increasing the scope of entities eligible for simplifications for small enterprises by raising the threshold from PLN 17 million to PLN 25.5 million for total balance sheet assets and from PLN 34 million to PLN 51 million for net sales of goods and products;
- reducing the period during which the approved financial statements must be kept from an unlimited period to 5 years;

with regard to goods and services tax

- waiving the requirement to submit a separate duly substantiated tax refund application and an accelerated tax refund application with the tax return;
- reduction of the period allowing the creditor to apply the regulations governing the "bad debt relief";

with regard to local taxes

- introduction of single model information and declarations forms relating to real property tax, agricultural tax and forestry tax;
- introduction of the possibility for all taxpayers to submit information and declarations relating to those taxes and the tax on means of transport electronically;

with regard to trade administration

- repealing of the mandatory obligation to include translations of documents in the application (it is proposed that requests for such translations should be optional for the authorities);
- exclusion of the obligation (resulting from the Code of Administrative Procedure) for entrepreneurs to submit a power of attorney for each application;

with regard to occupational health and safety

- extending the possibility to perform the tasks of OHS services for employers employing up to 50 employees;
- limitation of the obligation to provide periodic occupational health and safety training to employees on positions with the lowest accident rates and working environment conditions with the least harmful effects on health.

Schedule

- Adoption of draft Act by the Council of Ministers – **Q3 2018**.
- Adoption of draft Act by the Sejm and Senate – **Q4 2018**.
- Entry into force of the Act – **1 January 2019**.

[New Tax Ordinance \(Ministry of Finance\)](#)

The measures taken in 2018 and 2019 are aimed at carrying out legislative works on two draft Acts prepared by the General Taxation Law Codification Committee, i.e. a draft Tax Ordinance and a draft Act implementing the Tax Ordinance. The government stage of the legislative process will be conducted (including agreement on the abovementioned draft Acts and their submission to the Council of Ministers).

The aim of the legislative changes is:

- to ensure the protection of the taxpayer's rights in their relations with tax authorities;
- to improve the efficiency and effectiveness of tax collection.

The draft Acts provide for:

- simplification of tax proceedings in less complex cases;
- promotion of the use of means electronic communications;
- unification of rules and less formal conduct of tax audits;
- introduction of a more streamlined procedure for recovering tax overpayments and refunds and for non-formalised (not subject to procedural requirements) face to face consultation for taxpayers offered by staff of the tax authorities in order to obtain information on the scope of the taxpayer's rights and obligations.

Schedule

- Adoption of draft Acts by the Council of Ministers – **Q4 2018**.

Financing

In 2018 and 2019, respective stages of the legislative process will be implemented without any impact on the public finance sector.

[Development of cashless payments \(Ministry of Entrepreneurship and Technology/Ministry of Finance\)](#)

Indicators of the use of banking services and e-payments in Poland (payment cards, BLIK, HCE, mobile payments etc.) confirm that modern electronic payment instruments are becoming increasingly popular. At the same time, the options available to customers to pay for purchases and services do not meet social expectations due to insufficient development of the network of points of sale accepting the abovementioned payment instruments. This concerns in particular smaller towns, where the lack of an extensive ATM network hampers or even prevents access to money on bank accounts.

The aim of the draft Act amending certain acts in connection with the development of cashless payments (UD329) is to promote the use of cashless payments and replace part of cash transactions with cashless transactions (also with the use of innovative payment instruments and services, mobile and contactless payments, transfers etc.) and to guarantee consumers the right to cashless payments at points of sale.

The draft Act provides for the facilitation of acceptance and the obligation to enable cashless payments in public administration institutions with regard to fees and taxes. Moreover, the new regulation will impose an obligation on entrepreneurs who, due to their revenues, are obliged to use cash registers, to ensure acceptance of at least one electronic payment instrument.

At the same time, other measures are being taken to assist public entities in accepting cashless payments. With regard to extending the network of public institutions accepting electronic payments, in cooperation with the Ministry of Economic Development (currently the Ministry of Entrepreneurship and Technology) and the National Clearing House (KIR), from April 2017 the *Programme for dissemination of cashless payments in public administration units* has been implemented. The aim of the Programme is to support local governments, voivodeship offices and the Police in accepting electronic payments.

On 8 January 2018, the *Programme to Support Cashless Transactions* was launched, managed by the Cashless Poland Foundation (Polska Bezgotówkowa). The Programme is a joint initiative of the payment services market participants: card issuers, clearing agents, and Visa and Mastercard payment organisations with the participation of the Polish Bank Association and the (then) Ministry of Economic Development. Under the Programme, a separate fund was also established using payments from card issuers, clearing agents and payment organisations, in accordance with the rules set forth in the Programme and allocated to its implementation.

Schedule

- Adoption of draft Act by the Council of Ministers – **Q2 2018**.

Financing

Funds for the implementation of the *Programme for dissemination of cashless payments in public administration units* are raised by the social partner – KIR's Digitalization Development Foundation "Cyberium" - and originate from donations made by KIR to the Foundation, as well as by other entities. Due to the subsidiary nature of the Programme, its implementation has no impact on public finance, also with respect to the effects of the entry into force of the Act related to the development of cashless payments.

Neither the operation of the Cashless Poland Foundation nor the Fund established by it involve any public funds. The Fund is based on financial resources paid by the participants of the *Programme to Support Cashless Transactions*.

Streamlining proceedings in business-related cases (Ministry of Justice)

In order to improve the efficiency of court proceedings in business-related cases while improving the broadly understood business security, the draft Act amending the Code of Civil Procedure and certain other acts provides for changes concerning business-related proceedings. The main solution in this part of the draft Act is to restore separate proceedings in business-related cases with simultaneous introduction of greater procedural rigour and subjective and objective limitation of such proceedings. At the same time, professionalism of parties to business-related proceedings allows for the tightening of the rigour of such proceedings, in particular to shorten the deadlines and to limit the possibility of disposal of the case. The assumed objective of separation is to accelerate the examination of business-related cases compared to those recognised under "ordinary" proceedings. To this end, it is planned:

- to exclude application of certain procedural institutions;

- to introduce binding deadlines for the court to take action in the case and to shorten certain deadlines binding the parties;
- to determine deadlines for the submission of claims and evidence;
- to introduce the possibility to charge the costs of the proceedings to the party who has evaded an attempt to resolve the dispute amicably before bringing action to court;
- to introduce the possibility to attribute the value of a security to the judgment, even before it becomes final.

Schedule

- Adoption of draft Act by the Council of Ministers – **Q4 2018**.

Financing

In 2018, the measure will not bring any financial effects for the public finance sector. The financial effects could be determined at the stage of preparation of the assessment of impact of regulations.

Reinforcement of amicable dispute settlement institutions (Ministry of Justice)

The expected objective of the Centres for Arbitration and Mediation (CAMs) is to improve the quality of judgments and effectiveness of their enforcement. Moreover, amicable settlement of cases in pre-trial proceedings will reduce the number of cases heard by the courts and accelerate the proceedings before the courts.

Under the measure, in 2017 works began on the development of standards of operation of the Centre for Arbitration and Mediation – Coordinator (CAM-K) and other Centres for Arbitration and Mediation (CAMs), as well as on the process of managing the planned CAM network. In January 2018, a competition entitled *Centres for Arbitration and Mediation* was announced in order to select 15 projects for the establishment and operation of 15 voivodeship CAMs forming part of the nationwide CAM network. Two types of projects are implemented under the competition: creation of CAMs and standardisation of operation of the already existing Training Centers, as well as training and post-graduate studies for judges, officers and other employees of common courts, prosecutors, officers and other employees of general organisational units of the prosecutor's office relating to business law, mediation in business-related cases, information technology, consumer protection, combating and preventing economic and fiscal crime, intellectual property rights, and bankruptcy law.

Schedule

- Completion of creation of a nationwide CAM network – **Q4 2018**.
- Ongoing operations of CAMs – **from Q1 2019**.

Financing

Allocation of funds for the competition amounts to over PLN 30 million and the maximum amount of co-financing for a single project is about PLN 2.1 million. The maximum level of project co-financing is 100% (84.28% from ESF funds and 15.72% from state budget funds).

Small business activity status (Ministry of Entrepreneurship and Technology)

The draft act on small business activity introduces reduced and proportional to the income social insurance contributions for persons running a sole proprietorship and earning an average monthly income not exceeding 2.5 times the minimum wage. The project aims to improve the survivability rate of enterprises, especially after the second year of operation. It will also contribute to increasing the profitability of low-income economic activities as well as increasing professional activity and reducing so-called “the gray economy”, especially in less developed regions.

Eligibility criteria of this regulation have been identified as follows:

- obtaining revenues not exceeding 30 times the minimum wage during the calendar year, however, if the business starts or suspends within a calendar year, the revenue limit is proportionally reduced;
- not using the flat-rate income tax in the form of a tax card;
- not using the preferential contribution assessment basis for persons starting a business (so-called "small ZUS");
- conducting business activity in the previous calendar year by min. 60 days;
- not conducting business with the previous (former) employer.

The entrepreneur will be able to use the proposed mechanism for a maximum of 36 months during the 60 months of operation.

At the same time, an appropriate solution will be introduced in the Act on the National Tax Administration aimed at enabling the transfer of information on taxpayer's income by the Social Insurance Institution (ZUS), in order to efficiently verify the correctness of determining the lowest assessment base by the insured.

Schedule

- Adoption of the draft act on small business activity by the Council of Ministers - **Q2 2018**
- Completion of parliamentary work on the Act - **Q3 2018**
- Entry into force of the Act on Small Business Activity - **Q1 2019**

Financing

In 2018, expenditures in the amount of PLN 15 million will be incurred referring to the organizational costs of the Social Insurance Institution resulting mainly from the necessity to adapt the IT system, they will be financed from revenues generated in accordance with art. 76 of the Act on the social insurance system.

The reduction of receipts from contributions to the Social Insurance Fund in the first year of the project's duration, ie 2019, will amount to PLN 554 million, in analogy the inflows to the Labor Fund will be reduced by PLN 87 million. There is also a positive financial impulse for the state budget and a total of PLN 108 million in the first year of operation, that is 2019 - a consequence of the increase in the tax base, as a result of the reduction of contributions deducted from income. The projection of the impact on the public finance sector assumes that the reduction in receipts from contributions will be compensated by an increase in subsidies / loans for the Social Security Fund from the state budget. The implementation of the proposed solutions will take place within the framework of the Labor Fund's financial plan for 2018 and subsequent years.

4.3 Health care

Main measures planned for years 2018-2019:

Excerpt from the *Country Report Poland 2018: The measured concentration of air pollutants continues to exceed EU standards and classifies Polish cities as top-polluted in Europe* (p. 35)

Clean air package (Ministry of Entrepreneurship and Technology, Ministry of Energy, Ministry of the Environment)

The aim of measures relating to clean air is to fully improve air quality to the point where there is no significant harm for health or for the environment in accordance with EU law and, in the longer perspective, with WHO guidelines, as well as to raise awareness of the negative impact of pollution on human health. To this end, on 25 April 2017 the Council of Ministers adopted 15 recommendations of the Economic Committee of the Council of Ministers - the so-called *Clean Air Programme*. In addition, under the National Air Protection Programme, measures are implemented to achieve, within the shortest possible time, the acceptable levels of particulate matter and other harmful substances in the air.

The last year's edition of NRP presented measures to improve air quality in Poland, a more detailed description of which can be found in Annex 1. They included e.g. the Ordinance on the requirements for solid fuel boilers, which entered into force on 1 October 2017. Other measures included the Ordinances of the Minister of Energy concerning solid fuels which, due to a large number of comments submitted during the entire legislative process and to the need to amend the Act on the system of monitoring and controlling fuel quality, were not adopted within the prescribed time limit. On 6 March 2018, the Council of Ministers adopted a draft Act on the quality of solid fuels and 4 accompanying Ordinances were prepared. The abovementioned Ordinances will prevent the use of the most harmful fuels, i.e. slurry and flotation concentrates, as well as the so-called unsorted coal, in household boilers. An important aspect introduced by the Act is the solid fuel quality certificate, which customers will receive from coal sellers, thus obtaining information on fuel parameters, such as total content of ash and, sulphur, calorific value, grain size, or total moisture content. Intensified works in this area should bring about the desired effect in the form of the entry into force of these regulations before the start of the heating season 2018/2019.

The problem of energy poverty has also been recognised in the context of measures to improve air quality. According to the estimates of the Institute for Structural Research, this problem may affect several percent of the population. Therefore, works are currently underway to prepare a draft Act regulating the rules of support for thermal modernisation of buildings in the case of people affected by energy poverty. The Thermal Modernisation and Repairs Fund provides a financial guarantee for the pilot project consisting in the financing of thermal modernisation and replacement of individual heating devices for the poorest people. The first stage of thermal modernisation will be carried out with regard to buildings in Skawina. Ultimately, the programme will target 23 towns and cities ranked among Europe's top 50 polluted cities by the World Health Organisation. The Government thermal modernisation programme provides for financial support for households with incomes below the minimum subsistence level which use solid fuels for heating purposes. A programme for the widespread thermal modernisation of residential buildings will also be launched, providing for separate instruments for more and less well-off households. Less affluent households in Poland can count on the coverage of 100% of the costs of thermal modernisation of their buildings from public funds. More affluent Poles will be able to use preferential credits and loans.

Schedule

- Preparation of a draft Act regulating the rules of support for thermal modernisation of buildings in the case of people affected by energy poverty – **Q2 2018**.
- Adoption of the Act regulating the rules of support for thermal modernisation of buildings in the case of people affected by energy poverty by the Council of Ministers – **Q3 2018**.
- Entry into force of the Act on the system of monitoring and controlling fuel quality with Ordinances on the qualitative requirements for solid fuels, the methods of assessing the quality of solid fuels and the method of sampling of solid fuels – **Q3 2018**.

Financing

The entry into force of the amended Act on the system of monitoring and controlling fuel quality and the Ordinances of the Minister of Energy concerning solid fuels will generate costs for the state budget amounting to PLN 8.4 million in the first year since their implementation and PLN 8.0 million in the following year.

In the Budget Act for 2018, PLN 20.6 million was planned to be allocated to the Thermal Modernisation and Repairs Fund. In addition, the Fund was supplemented with the amount of PLN 203 million.⁵

Excerpt from the *Country Report Poland 2018: Inefficiencies remain in the distribution of healthcare resources* (p. 27)

Change of the organisational model of primary health care (Ministry of Health)

In order to improve the efficiency of the entire medical care system, on 1 December 2017 the Act on primary health care (POZ) entered into force, which plays a crucial role in the health care system.

The planned solutions to improve the functioning of the health care system also include the introduction of the model of coordinated patient care through a broader list of diagnostic examinations and specialist consultations provided under POZ, addressed to patients suffering from selected chronic diseases. Its implementation will be preceded by a year-long pilot programme carried out by the National Health Fund (NFZ).

On 28 November 2017, an agreement was signed with the National Health Fund on the co-financing of a project concerning a pilot implementation of a model of coordinated care at the level of coordinated primary care, the so-called POZ+ model.

On 9 January 2018, the Minister of Health signed a Decree on the appointment of the Team for the implementation of the project *Preparation, testing and implementation of the coordinated care organisation (OOK) in the health care system - Stage II - pilot phase - POZ+ model*.

The main objective of coordinated care is to optimise the process of providing health services, as a result of which the patient's path in the health care system (in particular between different stages of treatment) is properly coordinated.

The new POZ model is considered as a patient-oriented strategy that transforms the system of service provision, which is largely based on in-patient care, into a more flexible model, using

⁵ PLN 180 million - decision of the Minister of Economic Development and Finance of 22 December 2017 pursuant to Article 15c of the Act of 2 December 2016 on special solutions for the implementation of the budget act for 2017, PLN 17.5 million - Decision of the Minister of Infrastructure and Construction transferring funds from Chapter 70015, PLN 5.5 million - Decision of the Minister of Infrastructure and Construction transferring funds from Chapter 70015 and Chapter 70017. The funds transferred by these decisions will be used by the Fund in 2018.

preventive care instruments to respond to the growing demand and modern challenges in the health care sector.

The priority of coordinated care under POZ+ is to cover all patients registered with the POZ family doctor and to offer them an active form of medical care under which not only the patient but also the health care provider initiates the patient's visits to the clinic. The patient is to be an active partner of the medical staff in joint decision-making process regarding the procedures for health and illness, and the care should focus on the actual health care needs of the patient (the current decision on the scope of the provided services is excessively influenced by the method of their settlement by the payer).

The new model of care will consist of typical services provided by primary health care doctors and nurses, while the scope and number of preventive and educational activities, additional services for patients with chronic diseases, diagnostic and rehabilitation services will be broadened. New tasks will be provided by health care teams supported by modern internal IT systems, ultimately synchronised with the national and regional IT systems which will facilitate the flow of information about patients in real time.

Through open and transparent recruitment, entities will be selected to ensure that the model is tested in all regions of Poland, both in urban and rural areas. POZ units will be required to adjust their organisational structure and internal IT systems in order to manage coordinated care. A OOK Platform will be created in order to collect and analyse data related to the current pilot implementation, exchange knowledge about the best practices and carry out educational activities. Provision of health care services financed from the EU funds under POZ+ will cover:

- carrying out periodic screenings of adults and a wide range of preventive care education activities;
- management/coordination of care in the 11 most common non-infectious chronic diseases, based e.g. on an extended scope of diagnostic tests and expert consultations.

Services financed from the funds of the relevant voivodeship branch of the National Health Fund include the disease management programme (DMP) for 11 chronic diseases, which will be implemented on the basis of diagnostic and therapeutic paths.

Monitoring and evaluation will be carried out on an ongoing basis in order to verify the effectiveness of the implementation of the adopted assumptions of the model, as well as quality monitoring concerning e.g. patient satisfaction.

Substantive and analytical support in the monitoring process will be provided by the World Bank, whose task will include e.g. evaluation of the achievement of reference values and goals of the assumed pilot project, regular information activities aimed at increasing the effectiveness of the implementation of the assumed objectives of the pilot project, ex-ante and ex-post analysis of the organisations joining the programme, and analysis of consultations with specialists and teleconsultation.

Training will also be organised for medical entities participating in the project with regard to coordinated care under POZ. Training will be carried out by an entity selected through an open tender, with the substantive support of the Head Office and voivodeship offices of the National Health Fund.

The effects of the new model will be the integration of care, organisational integration of services tailored to the needs of the patient and integration of clinical paths, as well as the increase in patient satisfaction.

Schedule

- Selection of project participants – **Q2 2018.**

- Creation of the OOK Platform for mutual cooperation between payers and service providers for the purposes of the pilot implementation of the model - selection of a contractor and construction of the platform – **Q2 2018**.
- Training for medical entities participating in the project with regard to coordinated care under POZ - **Q4 2018**.
- Uploading content to the OOK platform, creating educational materials in the form of publications, applications, videos and training – **Q4 2019**.
- Monitoring of the quality of care at the project level (NFZ - World Bank) – **Q4 2019**.

Financing

Name of measure or part of measure	2018			2019		
	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)
Testing of the coordinated care organisation (OOK) – POZ+ model	86,518 (of which 50,000 from NFZ funds)	5,741	30,777	136,431 (of which 100,000 from NFZ funds)	5,727	30,704

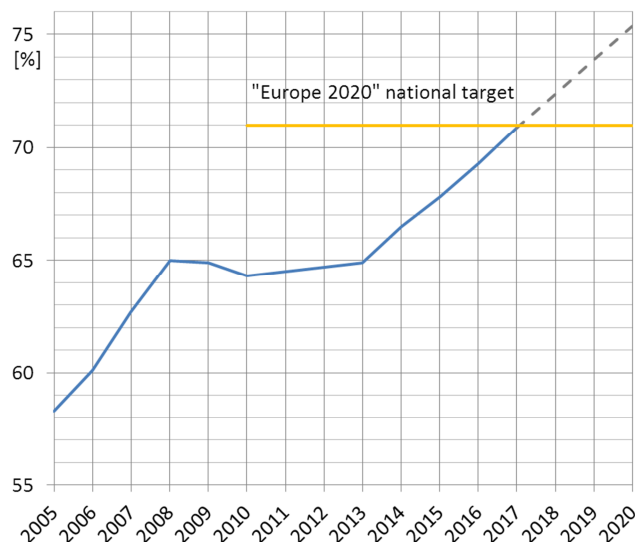
5. Achievement of Europe 2020 targets

5.1 Progress with target achievement

Progress with the achievement of Europe 2020 targets is monitored on the basis of indicators related to the five headline targets of the strategy: employment, R&D, energy and climate, education and higher education, and reduction of poverty and social exclusion.

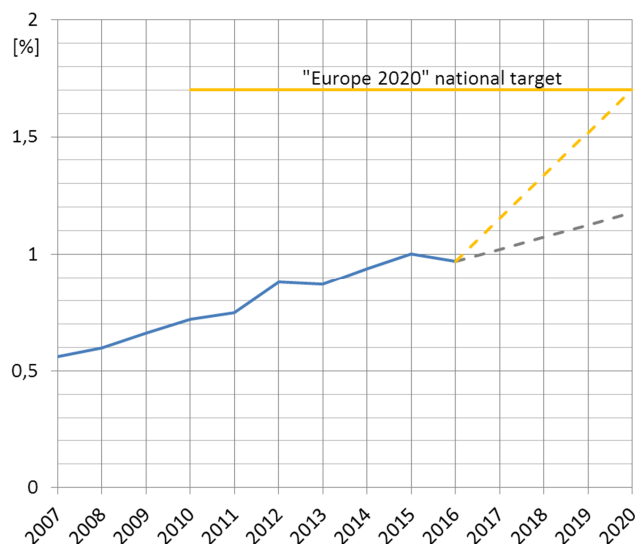
The first target is related to employment rate, i.e. the share of employed persons aged 20-64. **In 2017, employment rate in Poland was 70.9%** (Chart 1). The target value for Poland by 2020 is 71%, which means that Poland is close to its achievement; moreover, in line with the upward trend from years 2013-2017, in 2020 this indicator may exceed 75%. According to the available data, apart from the slowdown in years 2009-2013, this rate has been dynamically rising. The quarterly data for 2017 (Q1 – 70.1%; Q2 – 71.1%; Q3 – 71.3%; Q4 – 71.1%) confirm the still high demand for labour and indicate that the employment rate has been remaining above the target level already since Q2 2017.

Chart 1 Employment rate in the group aged 20-64 and forecasted rise in that rate on the basis of the 2013-2017 trend. / Own study. Eurostat data.



In 2016, gross domestic expenditure on R&D as a percentage of GDP (GERD/GDP) was 0.97% (PLN 17.9 billion) (Chart 2). Achievement of the assumed targets is a challenge both for Poland and for the European Union as a whole (1.7% vs. 3%). 18 EU Member States saw a decrease in this indicator, which may be related to the transition period between the end of the financial framework 2007-2013 and the beginning of the new framework 2014-2020. As a result, many support programmes were only launched in 2016 and payments for them will be made in subsequent years. This is reflected in the share of EU funds in total R&D expenditure, which saw a significant decrease from 14.6% in 2015 to 2.8% in 2016, expressed in absolute terms, i.e. a decrease from PLN 2.6 billion to PLN 0.5 billion.⁶

Chart 2 GERD to GDP; forecasted rise in that rate on the basis of the 2007-2016 trend (gray dotted line) and forecasted target achievement (yellow dotted line). / Own study. Eurostat data.

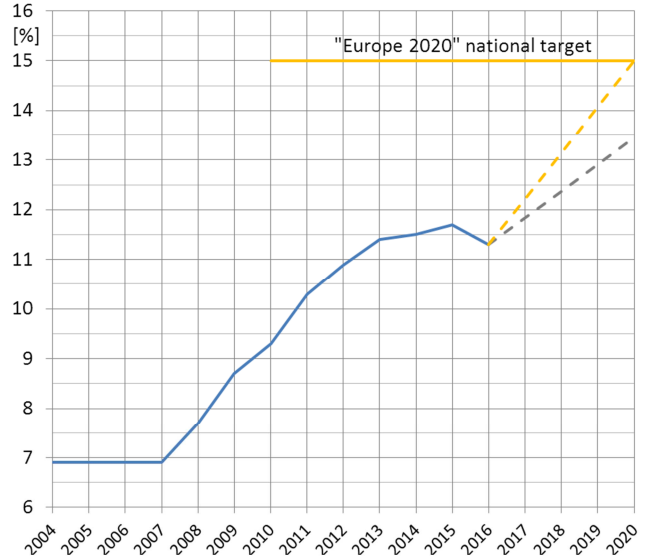


⁶ Research and experimental development in Poland in 2016. Statistics Poland

Achievement of the Europe 2020 energy and climate targets, i.e. the so-called 20/20/20 targets, is monitored on the basis of three indicators.

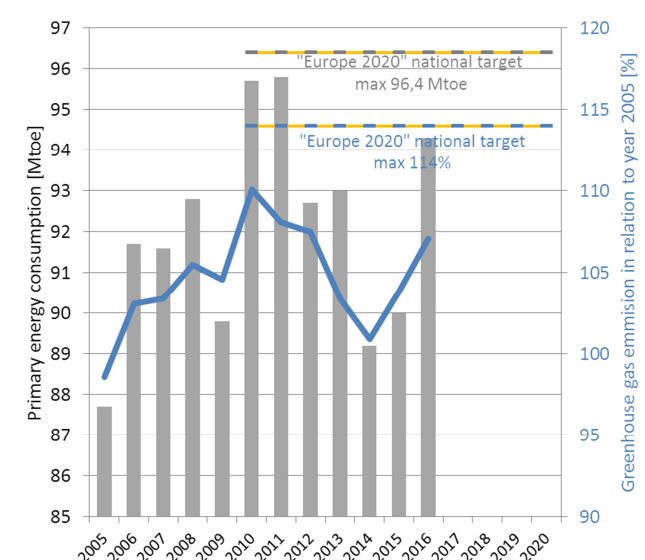
In 2016, the share of renewable energy in gross final energy consumption in Poland amounted to 11.3%, which means a slight decrease by 0.4 pp compared to 2015 (Chart 3). Although the share remained unchanged in years 2004-2007, from that moment on the trend has been upward. Lower rate is related to the identified increased exports of biofuels from Poland, which are not included in the target relating to the share of renewable energy in gross final energy consumption in Poland, and to the reduced share of biomass co-combustion in the energy balance. In order to eliminate the future problems with exports of biofuels from Poland, a package of legal solutions ensuring the elimination of this phenomenon in the future was introduced by way of the amendment to the Act on biocomponents and liquid biofuels (Dz.U. of 2017, items 285, 624, 2290 and Dz.U. of 2018 item 650). In particular, mandatory blending of liquid fuels has been introduced in 2018, which will result in biocomponents being added to liquid fuels used for transport in Poland.

Chart 3 Share of RES in the gross final energy consumption and forecasted rise in that rate on the basis of the 2007-2016 trend (gray dotted line) and forecasted target achievement (yellow dotted line). / Own study. Eurostat data.



The second indicator is related to reduction of greenhouse gas emissions on the basis of two mechanisms attributed to different sectors of the economy, i.e. the Emissions Trading System (ETS) at the corporate level and reduction of emissions in sectors not covered by ETS (non-ETS or ESD, Effort Sharing Decision). The latest (preliminary) Eurostat data for 2016 show that non-ETS emissions in Poland grew by 7.1% (Chart 4) compared to the reference year (with acceptable threshold of growth by 2020 at 14% compared to 2005). Average value of emissions in years 2005-2016 amounted to 188 million tonnes of CO₂ equivalent, which corresponds to the value of emissions about 4.5% higher than in the reference year. In addition, in this period all values are lower than the target for 2020. Considering the lack of a clear trend, it seems that by 2020 Poland should reach the value close to the average for years 2005-2016, which will mean the achievement of the target with a large margin.

Chart 4 Primary energy consumption (grey) and CO₂ equivalent emissions in non-ETS sector compared to 2005 (blue). / Own study. Eurostat data.



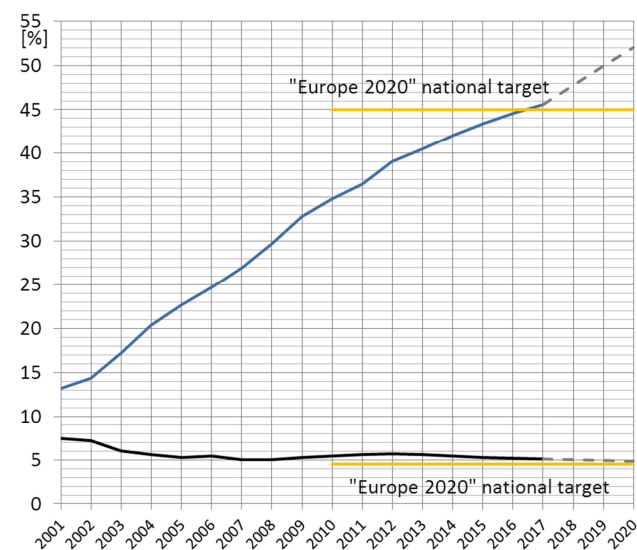
The third indicator concerns energy efficiency and it is expressed by the level of primary energy consumption, which amounted to 94.3 Mtoe in 2016 (Chart 4). The target for Poland in this respect is 96.4 Mtoe. As it has been the case with the CO₂ emission indicator, all values achieved so far by Poland have been better than the target set for 2020. Average value for years 2005-2016 amountd to

92 Mtoe. In the absence of a clear trend, energy consumption in 2020 is expected to be at the abovementioned average level, which will mean the achievement of the target with a large margin.

Europe 2020 targets related to education are reduction of the number of early school leavers and increase in the number of persons with higher education. In the case of the first indicator, the national target declared by Poland was very challenging (below 4.5% vs. 10% for the European Union as a whole). **The share of persons aged 18-24 with low education and not continuing education has been systematically decreasing in the last few years; in 2017, it amounted to 5.0%.**

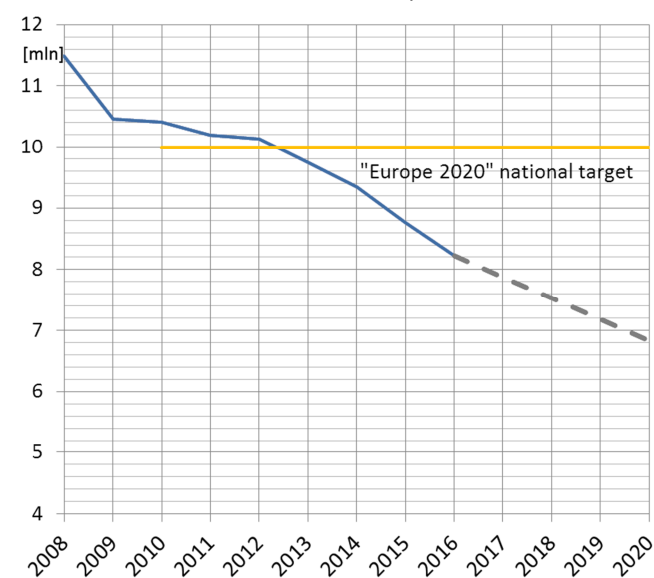
With regard to the improvement of the level of education, Poland has been achieving very good results. **The latest available data from 2017 show that 45.7% of persons aged 30-34 received higher education.** This means that Poland achieved the 2020 target three years ahead of schedule. It should also be noted that the rise of this ratio was very dynamic, with 13% in 2001.

Chart 5 Early school leavers (black) and persons aged 30-34 with higher education (blue) and forecasts on the basis of the 2001-2017 trend (grey dotted line). / Own study. Eurostat data.



The fifth Europe 2020 target is to reduce the number of persons at risk of poverty or social exclusion by at least 1.5 million compared to 2008. In absolute terms, in 2016 the number of persons at risk of poverty or social exclusion in Poland was 8.22 million, which corresponds to 21.9% of the whole population. **Between 2008 and 2016, the number of persons at risk decreased by 3.27 million. However, relative poverty remains at a high level of about 6.5 million and has not changed significantly since 2010. Poland achieved its national target already in 2013; moreover, assuming that the current trend is maintained, by 2020 the reduction would exceed 4 million.** In such case, the share of persons at risk of poverty or social exclusion would drop below 20% of the population (Chart 6).

Chart 6 Number of persons at risk of poverty or social exclusion and forecasted decrease in that rate on the basis of the 2008-2016 trend. / Own study. Eurostat data.



5.2 Employment target

Main measures planned for years 2018-2019:

Youth Guarantee in Poland (Ministry of Family, Labour and Social Policy)

Implementation of the Youth Guarantee programme in Poland began in 2014. At the initial stage, activation of the young unemployed was only carried out by labour offices and the Voluntary Labour Corps. In November 2014, a nationwide lending programme was launched by Bank Gospodarstwa Krajowego (BGK) (earlier, at the pilot stage, covering only 3 voivodeships), while in December 2014, the European Commission officially approved the Knowledge, Education and Development Operational Programme (KED OP), which gave the green light for the financing of central and regional competitions for NEET youth activation measures from the European Social Fund. Nevertheless, the basis for the financing of implementation of the Youth Guarantee are domestic funds, i.e. primarily the Labour Fund covering activation measures of poviats labour offices (as well as the *Work for Youth* programme in 2016-2018). Therefore, at the end of 2014 legal and organisational foundations were already in place for the implementation of the Youth Guarantee in all forms listed in the *Plan of Youth Guarantee implementation in Poland* drawn up in December 2013. In subsequent years, youth activation in labour offices (also through cooperation with BGK under the *First Business – Support for start* programme) and through the Voluntary Labour Corps (e.g. under the *YEI and ESF activation action* and *Awake your potential. YEI and ESF* projects) continued.

Under the current NRP implementation period, apart from standard measures of labour offices and BGK, Voluntary Labour Corps projects entitled *From training to employment. YEI and ESF* will continue for 2,800 vocationally passive persons aged 18-24 from NEET group. The projects will include individual and group career advice courses, workshops for active job-seeking, individual and group psychological support, youth depression prevention courses, vocational courses, , language courses, computer software courses, ECDL course or equivalent, driving course (category B driving licence), workshops preparing participants for becoming independent, assistance in finding jobs and organising internships, and internships offered by employers.

Central competitions are organised under KED OP Priority Axis I *Young people on the labour market - Measure 1.3 Support for young persons in particularly difficult situation*, Sub-measure 1.3.1. The aim of the competitions is to increase employability of young persons under the age of 29 who remain unemployed, in particular persons not in education or training (so-called NEET). Competitions announced by the Ministry of Family, Labour and Social Policy under the Youth Guarantee relate to projects supporting individual and comprehensive activation, both professional and educational, of young persons (unemployed, vocationally passive, and job-seeking, in particular persons not registered with the labour office). In 2018, three rounds of the 2nd central competition are planned. In 2019, the 3rd central competition will be announced. The expected number of persons aged 15-29 supported under central competitions is about 18,000.

Schedule

- Support under *From training to employment. YEI and From training to employment. ESF* projects – **by Q3 2018.**
- Continued support under projects selected due to announcement of the 2nd central competition – **by the end of Q1 2019.**
- Announcement of the 3rd central competition – **by Q4 2019.**

Financing

Name of measure or part of measure	2018			2019		
	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)
Activation of unemployed and jobseeking persons aged 18-29 in poviats labour offices and the <i>Work for Youth</i> programme	2,551,273	1,701,273* *Labour Fund	850,000	1,537,303	707,303* *Labour Fund	830,000
Implementation of non-competition projects by Voluntary Labour Corps under Measure 1.3 <i>Support for young persons in particularly difficult situation</i>	32,053	3,537	28,516	n/a	n/a	n/a
Regional competitions of voivodeship labour offices – Measure 1.2	136,073	0	136,073	148,443	n/a	148,443
2 nd central competition	75,000	11,790	63,210	75,000	11,790	63,210

Development of the social economy sector (Ministry of Family, Labour and Social Policy)

It should be noted that measures in the field of social economy, in addition to supporting the employment of disadvantaged people in the labour market, also aim at reducing poverty and social exclusion.

In 2018, works will be carried out on the preparation of the update of the National Programme for Social Economy Development - NPSED. NPSED activities have been divided into four areas.

In the first area, the reintegration function in social and solidarity economy entities will be supported. Measures will also be taken to permanently link social economy entities (SEE) with reintegration units and to facilitate the use of personalised reintegration paths for persons at risk of social exclusion. Moreover, creation of new, high quality jobs for persons at risk of social exclusion will be supported.

The second area of NPSED will include measures aimed at increasing the share of SEE in programming and implementation of tasks related to social development at the local level. Inclusion of SEE will be accompanied by a redirection of funds allocated by local governments to the implementation of social services of public interest in such a way so that social and solidarity economy entities would to a greater extent participate in the provision of those services.

Another area of public measures conducive to the development of SEE will concern equalisation of their potential to carry out economic activity on the open market. SEE should have access to

instruments allowing for compensation of their more difficult market situation. At the same time, measures will be taken to expand and create new financial instruments (in particular refundable ones) from non-public sources, enabling SEE to carry out competitive business activity. It is also planned to include SEE in the support system for micro-, small and medium-sized enterprises.

The last pillar of the social and solidarity economy development sector will include measures related to improving social skills among young people and building a brand of social and solidarity economy.

Legislative activities relating to the support for the development of social and solidarity economy have also been planned for 2018. Such measures mainly include preparation of a draft Act on social economy development. The planned regulation will define the basic concepts of social and solidarity economy. The rules of participation of social and solidarity economy entities, including social enterprises (SE), in the implementation of public tasks - in particular social services of public interest and public tasks relating to local development - will be comprehensively defined. Moreover, a framework for activation and reintegration measures taken towards persons at risk of social exclusion in social enterprises, as well as instruments supporting employment and reintegration of such persons in the SE, will be set out. The prepared solutions will also cover the subject of cooperation of social and solidarity economy entities with Local Government Units, in particular with regard to solving social problems at the local level. An institutional framework will be defined for the coordination of public policies concerning social and solidarity economy development at the national and regional level, as well as solutions enhancing the potential of social and solidarity economy entities, in particular by ensuring their access to support services and refundable forms of financing of their operations and development. Works on the draft Act will be carried out under the project entitled *Participatory system of management of the social economy area*.

As part of the project entitled *Integrated monitoring system for the social economy sector* implemented under OP KED, a comprehensive monitoring system for the social economy and solidarity economy sector will be constructed. The system is to provide key indicators related to the condition of the social and solidarity economy sector and its significance in the national economy. The collected data will be used to plan national and regional public policies for social and solidarity economy development.

Moreover, in years 2018-2019, the process of granting accreditation to Social Economy Support Centres (OWES) will continue - two calls for applications for OWES accreditation will be organised - and loans from the National Social Entrepreneurship Fund will be continued.

Schedule

- Adoption of updated NPSED by the Council of Ministers – **Q3 2018**.
- Adoption of draft Act on social and solidarity economy by the Council of Ministers – **Q4 2018**.
- Development of a tool/model allowing for creation of social economy programmes at the regional level – **Q3 2018**.
- Organisation of the 2nd Polish Forum on Social and Solidarity Economy – **Q3 2018**.
- Development of indicator sheets for the social and solidarity economy monitoring system – **Q3 2018 – Q1 2019**.

Financing

Name of measure or part of measure	2018			2019		
	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)
Organisation of a call for applications for	1,017	160	857	1,983	312	1671

OWES accreditation						
Implementation of the lending instrument	33,480	5,263	28,217	39,725	6,245	33,480
Project entitled <i>Integrated monitoring system for the social economy sector</i>	2,420	380	2,039	802	126	676
Project entitled <i>Creation of a participatory system of management of the social economy area</i>	1,233	194	1,039	1,263	199	1,064

Excerpt from the *Country Report Poland 2018: Insufficient access to early childcare... facilities is particularly detrimental to women's participation in the labour market (p. 28)*

Achieving work-life balance and counteracting gender-based discrimination at work (Ministry of Family, Labour and Social Policy)

In years 2018-2019, measures will continue under projects and competitions supporting equal opportunities of women and men on the labour market and achieving work-life balance.

A project selected in the competition entitled *Implementation of tools counteracting discrimination at work and in access to employment in small enterprises* under Measure 2.1 of OP KED will be implemented. The project will be implemented in a partnership, with the number of partners not exceeding 3 (i.e. Leader + 3 partners). Partners include a non-governmental organisation, a social partner representing the interests of employers, having a nationwide territorial structure, and a social partner representing the interests of employees (trade union).

In the project implemented under Measure 2.1 of OP KED, *Equal opportunities in business - a practical tool for the implementation of the principle of equal opportunities for men and women in enterprises*, a handbook of good practices will also be prepared relating to practical solutions in the area of equal opportunities which can be applied in medium-sized enterprises. It will be a list of best business practices in the area of equal opportunities applied by various enterprises operating in Poland. The handbook will be completed in Q1 2019.

Implementation of the *Toddler+* programme, supporting the development of childcare institutions for children under the age of 3, will be continued. Under the programme, initiatives relating to the creation by various entities (public and non-public) of new places of care, or maintenance of the already existing places in childcare institutions for children institutions for children aged up to 3 years (nursery, children's clubs and day carers) will be selected in the open call for proposals and co-financed from the state budget and Labour Fund. By supporting the development of childcare institutions for children under the age of 3, the programme creates conditions for parents to choose between home and institutional care, which enables them to reconcile their professional and family life. From 2018, the programme has been financed partly from the Labour Fund and it allows for preferential treatment of applications from entities that run or intend to run institutions in the area

of poviats with an unemployment rate exceeding 150% of the national average when allocating the funds. Moreover, the budget of the programme was significantly increased, in 2018 tripling the amount allocated in the previous years. With the 2018 *Toddler+* Programme edition, 24,500 places for children will be created, maintenance of about 56,000 places will be co-financed, including almost 640 for children with disabilities and children requiring special care.

Schedule

- Selection of a project aimed at implementing the tools counteracting discrimination at work and in access to employment in small enterprises – **Q2 2018.**
- Preparation of the concept of the 2019 *Toddler+* programme and programme announcement – **Q3 2018.**
- Presentation of the 2017 report on the implementation of the Act on the care for children under the age of 3 to the Council of Ministers – **Q3 2018.**
- Adjustment of the Handbook for Companies to medium-sized enterprises and its implementation – **Q1 2019.**

Financing

In 2018, Measure 2.1 of the OP KED will require financial outlays amounting to PLN 9.9 million, of which PLN 1.6 million from the state budget and PLN 8.3 million from EU funds. In 2018, the effects for the public finance sector of another of the described components, i.e. the *Toddler+* programme, amount to PLN 450 million, of which PLN 250 million from the state budget and PLN 200 million from the Labour Fund.

5.3 R&D investments target

Excerpt from the *Country Report Poland 2018: Despite efforts to enhance the economy's capacity to innovate, scientific and innovation inputs and outputs have been weak in recent years. (...) Poland scores low for most indicators of the European Innovation Scoreboard, including SME in-house innovations... (p. 32)*

Main measures planned for years 2018-2019:

Increased protection of industrial property rights (Ministry of Entrepreneurship and Technology/Patent Office of the Republic of Poland)

Measures under the project entitled *Intellectual property for inventors* are expected to encourage inventors (mostly micro-, small and medium-sized enterprises) to a more aware, efficient and economically useful exercise of their intellectual property rights, as well as of the rights of others. In 2017, works on the amendment of the Industrial Property Law began. In December 2017, interministerial arrangements and public consultation of the draft Act were conducted, and in Q1 2018 reconciliation conferences are planned.

The amendments proposed in the act mainly lead to:

- increasing the competitiveness of the national system in the proceedings before the Patent Office of the Republic of Poland in relation to the European Patent Office and the European Union Intellectual Property Office by simplifying and eliminating ambiguities with respect to the object of industrial property rights protection;
- adjustment of existing regulations to the EU and international standards and digitisation of proceedings;
- increase in the number of applications filed at the Patent Office of the Republic of Poland;
- reduced patent protection costs by exempting SMEs from additional fees;
- reducing the costs of proceedings in the case of granting protection of industrial property rights by increasing competition among professional attorneys in such proceedings related to the extension of powers to solicitors and legal advisers;
- raised awareness among SMEs of the importance and value of their industrial property rights and their effective inclusion in the company's development strategy.

In addition, a campaign is planned to promote industrial property arbitration and the profession of a patent attorney. This measure covers legal and institutional changes and the introduction of support instruments, facilitating the process of obtaining protection for invention projects and the enforcement of one's rights. The aim of the project is to conduct a campaign promoting the profession of a patent attorney in order to:

- raise the awareness of SMEs of the management of their industrial property and the possibility of effective enforcement of exclusive rights;
- increase recognition of the profession of a patent attorney and promote seeking the assistance of a patent attorney in the protection of industrial property rights;
- promote a patent attorney as a qualified attorney in proceedings concerning the protection of industrial property;
- allow out-of-court procedures, in particular arbitration;
- disseminate the knowledge about arbitration and conciliation as out-of-court methods of dispute settlement in the field of industrial property rights, their benefits and opportunities, among entrepreneurs and patent attorneys.

Under the project of the Electronic Services Platform of the Polish Patent Office, the assumptions for the project related to the construction of a system notifying of the time remaining until the end of protection of industrial property rights have been developed. The aim of the project is to launch, before January 2019, a notification system allowing to automatically send a reminder of the expiry of the protection period for trademarks. At a later stage of the project, a module will be launched to cover the remaining exclusive rights granted to industrial property objects. The main objective of the measure is to facilitate entrepreneurs' access to information on the expiring period of protection, and thus to create the possibility of making an informed decision on the extension of exclusive rights.

Schedule

- Adoption of Act amending the Industrial Property Law Act by the Council of Ministers – **Q2 2018**.
- Campaign promoting industrial property arbitration and the profession of patent attorney (analysis, workshops, training and conferences) - creation of an infrastructure for out-of-court dispute settlement in agreement with the Polish Chamber of Patent Attorneys – **Q1 2019**.
- Launch of the trademark notification system – ePowiadomienia module – **Q1 2019**.

Financing

Name of measure or part of measure	2018			2019		
	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)
Exemption of SMEs from periodic fees for the protection of exclusive rights*	-	-	-	-1,870	-1,870	-
Campaign promoting industrial property arbitration and the profession of patent attorney**	100	100	-	-	-	-
ePowiadomienia module relating to trademarks (as estimated by the Patent Office)***	271	42	229			

* The exemption is intended primarily to support enterprises from the SME sector at the beginning of their business activity, i.e. within 3 years from the start of their operations.

** 2018 funds are included in Part 20 (Economy) of the state budget.

*** Funds for 2018 were included in the budget of the project *Electronic Services Platform of the Polish Patent Office*, implemented under the Operational Programme Digital Poland, and they will be acquired from the special purpose reserve of the state budget for 2018. The above amounts result from the estimation of the contract value; the final amounts will be determined after the selection of the contractor.

Tax relief: Innovation Box (Ministry of Finance/Ministry of Entrepreneurship and Technology)

Innovation Box will be a tax relief consisting in preferential taxation of income from the use of intellectual property (IP) generated by taxpayers' R&D activities.

The aim of the proposed relief is to:

- increase the attractiveness of R&D activity in Poland and commercialisation of its results;
- increase employment in R&D area of enterprises;
- stimulation of R&D investments of companies which have benefited from the R&D relief and EU funds for construction/expansion of their own R&D centres;
- raise the awareness of enterprises concerning intellectual property rights as potential sources of revenue;
- increase the number of patent applications, in particular European and international ones, filed by Polish entities interested in their commercial use.

Schedule

- Public and interministerial consultation of the draft Act – **Q2 2018**.
- Adoption of Bill by the Council of Ministers – **Q3 2018**.
- Planned date of the Act's entry into force – **Q1 2019**.

Financing

The financial effects could be determined at the stage of preparation of the assessment of impact of regulations.

Global Inno Stars Programme (Ministry of Entrepreneurship and Technology)

Global Inno Stars programme is addressed to technological enterprises from the SME sector, which have solutions with high commercial potential on a global scale and which are characterised by insufficient demand on the domestic market. It is aimed at increasing the innovativeness of enterprises from the SME sector and stimulating their growth (scale-up) by facilitating their entry into foreign markets with innovative technologies. The support will consist in an active search for a partner on the foreign market, with whom the Polish company could establish a strategic partnership leading to the implementation of a technological solution for high input production and sales of innovative solutions on the foreign market. Apart from engaging in searching for an interested partner and covering costs resulting from the beneficiary's participation in negotiations and meetings with potential partners, participation in the programme should also enable co-financing of analysis/research confirming technological maturity and high market potential of the supported innovative solution.

Schedule

- Development of a detailed concept of the programme – **Q2 2018**.
- Development of call documentation – **Q2/Q3 2018**.
- Pilot launch of call for beneficiaries' applications – **Q3/Q4 2018**.

Financing

2018 budget of the Global Inno Stars programme is PLN 2.5 million, of which PLN 0.4 million will be financed from the state budget and PLN 2.1 million from EU funds.

Industry of the Future Platform Foundation (Ministry of Entrepreneurship and Technology)

The main assumption adopted in the implementation of this measure is the establishment of the Industry of the Future Platform Foundation.

The aim of the Foundation is to improve global competitiveness of Polish industry through digitisation of technical infrastructure. The nature of intervention is the reconstruction and integration of technical infrastructure based on forecasted growth of the Internet of Things, RES,

fossil fuels, energy warehouses and electric cars markets after 2020. Development of ICT technologies, in particular large-scale production of sensors and steering systems based on the information from those sensors, will contribute to the creation of new management models, e.g. for traffic, transport, energy consumption, as well as manufacturing models for other industrial sectors, e.g. automotive or aircraft industries. A new qualitative factor would also be the increasingly common use of cloud computing, as well as analyses and forecasts based on big data processing. As a result, the growth rate for innovations will accelerate, the marginal costs of production will decrease, platforms will be created to combine and accumulate different forms of activity in many sectors, and the scale of profits will increase.

Schedule

- Adoption of draft Act by the Council of Ministers – **Q2 2018**.
- Adoption of Act by the Sejm – **Q2 2018**.
- Official launch of the Platform – **Q3 2018**.

Financing

The state budget expenditures related to the Industry of the Future Platform Foundation are PLN 20.6 million in 2018 and PLN 21.1 million in 2019.

R&D works relating to nuclear technologies (Ministry of Energy)

Reorganisation of four research institutes (NCBJ, IChTJ, CLOR, IFPiLM) reporting to the Ministry of Energy into the National Nuclear Energy Laboratory (NLEJ) is planned. Apart from research in the field of new nuclear technologies, the Laboratory will act as a strategic support organisation for state institutions and the investor involved in the implementation of the Polish Nuclear Power Programme (PNPP). NLEJ will be a leading R&D centre in Poland modelled on the best foreign national laboratories successfully operating in OECD countries, e.g. UK - National Nuclear Laboratory; US – Sandia National Laboratory. The main task of the Laboratory, apart from supporting the Polish Nuclear Power Programme, will be to carry out research and scientific projects as well as development works, particularly those of an international nature, using large research infrastructure (including the MARIA research reactor). The research areas of the Laboratory will include issues related to the use of nuclear energy, nuclear physics, ionising radiation and nuclear technology used for peaceful purposes, including the development of nuclear medicine (production of radiopharmaceuticals).

Another measure supporting R&D will be the establishment of the **Science and Industry Centre (CNP)** at the National Centre for Nuclear Research (NCBJ), which will be responsible for the **project to implement high-temperature gas-cooled nuclear reactors (HTGR)**. CNP will include: [NCBJ, IChTJ, foreign partner] as owners of intellectual property rights; domestic companies as shareholders and contractors with majority share of Polish capital. Such reactors will produce heat in the form of high-temperature steam for industrial use, e.g. in the chemical sector, which would significantly reduce Poland's demand for imported natural gas and lower the CO₂ emissions. At the first stage, a test reactor in the range of 10-30 MW_{th} will be built, and in the second stage a commercial reactor will be constructed for use in the chemical industry or as a substitute for a standard power unit. In the longer term, HTGRs can also be used to produce hydrogen for electromobility purposes.

According to the analyses, under favourable financial conditions, the price of HTGR steam can be compared to that of gas-fired boilers with zero operational CO₂ emissions, which is an important factor from the point of view of climate policy. Implementation of HTGR is part of an innovative economy based on advanced technologies, and the project has been included in the Strategy for *Responsible Development* and is being implemented independently of the nuclear power plant construction programme.

Schedule

- Referral of the draft Act establishing NLEJ to interministerial arrangements and public consultation – **Q2 2018.**
- Adoption of the Act establishing NLEJ by the Council of Ministers – **Q3 2018.**
- Establishment of the National Nuclear Energy Laboratory – **Q4 2018.**
- Establishment of the Science and Industry Centre at NCBJ – **Q2 2018.**
- Agreement on cooperation with the foreign Strategic Partner and conclusion of relevant agreements – **Q3 2018.**
- Commencement of works on the design of the first test reactor (HTGR) – **Q3 2018 – Q1 2019.**

Financing

At the present stage, i.e. before the agreement and before the adoption of the Act, it is not possible to indicate the sources and amounts of financing for particular types of costs, as these will be finally determined by the Act. Assumptions concerning the financing will be included in the draft budget for 2019. The level of funding for NLEJ research institutes is planned to be maintained at its current level, with a revised disbursement structure, implemented as individual grants to NLEJ.

Financing of the Programme for the implementation of high-temperature nuclear reactors under the CNP will come from national sources, funds of energy companies of the State Treasury, foreign shareholders, without the involvement of funds from the state budget. The results of the Gemini+ Project works will be used in the Programme.

5.4 Targets relating to climate change and sustainable energy use

Main measures planned for years 2018-2019:

Excerpt from the *Country Report Poland 2018: Despite renewables becoming more competitive, their deployment was hampered by recent legislative changes* (p. 34)

Administrative and systemic facilitations for RES generators (Ministry of Energy)

The measure will provide for an amendment to the Act of 20 February 2015 on renewable energy sources (Dz.U. of 2017, item 1148, as amended) in the area of economic law, which will aim at improving the current regulations based on the experience of the participants of the new support system based on auction mechanisms, which was introduced in Poland in 2016.

The draft law (UC27), which was adopted by the Council of Ministers on 6 March 2018, contains regulations aimed at:

- Improvement of the auction system based on the experience of the participants themselves, i.e. RES producers (including in particular changes in the rules for calculating public aid);
- Improving the attractiveness of support mechanisms (i.e. emergence of new support mechanisms in addition to the auction system, based on a fixed price system known as feed-in-tariff (FIT) for specific groups of producers whose installations will have a capacity lower than 500 kW of installed electrical capacity and mechanisms allowing for the operation of specific groups of RES producers whose installations will have a capacity between 500 kW and 1 MW of electrical installed capacity based on the feed-in-premium (FIP) market price surcharge system;
- Announcement and conduct of RES auctions in 2018 and in subsequent years. The project will provide e.g. for setting the schedule and sequence of auctions in 2018 and in the following years, which will be an important signal for investors as to the direction of the Government's activities in the field of renewable energy;
- Amending the definition of energy cooperatives and clarification of the scope of activity of energy cooperatives;
- Introduction of systemic changes resulting from the necessity to adjust the binding regulations to the changing legal, market and economic conditions, including in particular those that are consistent with the implementation of the Strategy for *Responsible Development* (changes in definitions aimed at e.g. equal distribution of tax burdens among all RES generators, including changes in the construction law, e.g. changes in the definition of a building structures provided for in the Construction Law).
- In addition, the draft Act amending the Act on renewable energy sources and other acts also provides for the amendment of the Act on investments in wind farms, which in the future will affect the rules on taxation and operation of wind farms.

The proposed measures are expected to increase the share of renewable energy sources in final energy consumption to more than 13% in 2018. This will correspond to the total installed capacity of RES installations at the level of at least approximately 9,065 MW of installed electrical capacity, excluding co-combustion installations. Currently, at the end of 2017, the installed capacity of all RES sources, except for the installation of simple co-combustion, is 8,563 MW of installed electrical capacity.

Moreover, as agreed by the Council of Ministers on 6 March 2018, further amendments to the Act on renewable energy sources will be prepared to support the creation and operation of local initiatives aimed at the use of energy from renewable sources under energy cooperatives.

Schedule

- Entry into force of the amended Act on RES – **Q2 2018**.
- Launching the auction for sale of electricity from renewable sources which, in the light of the positive notification of the support system by the European Commission, will be possible immediately after the amendment of the RES Act on renewable energy sources – **Q2/Q3 2018** (this will take place as soon as possible after the amendment to the Act enters into force - the decision and setting the auction date is the responsibility of the President of the Energy Regulatory Office).
- Preparation of proposals for amendments to the Act on renewable energy sources to support the production and use of renewable energy sources under energy cooperatives– **Q3/Q4 2018**.

Financing

The draft amendment will have no direct impact on the public finance sector. With regard to e.g. the impact of the change in the definition of the buildings structures on the finances of Local Government Units, the financial consequences cannot be determined at this very moment.

Development of high-efficiency cogeneration (Ministry of Energy)

The measure will introduce a new support mechanism to for the production of electricity from high-efficiency cogeneration through the adoption of the Act on the promotion of electricity from high-efficiency cogeneration. It is expected that this measure will contribute to the improvement of energy efficiency and it will stimulate investments in the production and distribution of cogeneration energy.

The draft Act, which was referred to interministerial proceedings and public consultation on the turn of Q1 and Q2 2018, assumes e.g.:

- development of mainly small cogeneration units (up to 50 MW), which will be created at the level of smaller urban centres - support targeted at these areas;
- maintaining the production in existing combined heat and power plants, where necessary additional payment, at the level that ensures that production is maintained;
- special support for the smallest installations (up to 1 MW), designed for individual buildings away from district heating networks or for SMEs;
- dependence of the level of support on the production of heat for utility purposes;
- increase in investment certainty through the introduction of a maximum 15-year support period;
- improving the efficiency of the economy - high-efficiency cogeneration makes more efficient use of primary energy sources;
- increase in the level of investment in new cogeneration units;
- creation of a flexible mechanism for developing the national energy policy - the amount of funds available for new installations in a given year will be determined annually (depending on the macroeconomic situation and the needs of the energy system).

Schedule

- Entry into force of the Act on the promotion of electricity from high-efficiency cogeneration – **Q4 2018/Q1 2019**.
- Launch of support under the new system – **Q1 2019**.

Financing

The project will have no direct impact on the public finance sector.

Polish Nuclear Power Programme (Ministry of Energy)

The Multiannual Polish Nuclear Power Programme defines the scope and structure of organisation of measures necessary to implement nuclear power, ensure safe and efficient operation of its facilities and safe management of spent fuel. The update of the *Polish Nuclear Power Programme* (PNPP) will be presented to the Council of Ministers together with the conclusions and recommendations from the studies on the financing of the project relating to the first nuclear power plant and on ensuring its viability. Works then will be carried out to select the technology provider, followed by the selection of the contractor. The purpose of the tender procedure of PGE EJ1 will be to select a general contractor (the so-called EPC Contractor⁷), responsible for the preparation and construction of nuclear power units at the location indicated by the investor. At the same time, education and training activities continue, as well as works on the Human Resources Development Plan for the purposes of power industry, technology, chemistry and nuclear physics.

Schedule

- Presentation of a draft update of PNPP for interministerial and public consultation – **Q2 2018**.
- Adoption of draft update of PNPP by the Council of Ministers – **Q2 2018**.
- Commencement of the first stage of the tender procedure for the selection of the technology provider – **Q3 2018**.
- Completion of environmental and location studies for the power plant – **Q1 2019**.

Financing

State budget expenditures under the PEJ Programme in 2018 will amount to approximately PLN 20.3 million, of which funds of the Ministry of Science and Higher Education in accordance with the provisions of the Act⁸: PLN 15.0 million, and funds of the Ministry of Energy and National Atomic Energy Agency (funds from the multiannual programme and costs of participation in international organisations): PLN 5.3 million. Financing in 2019 will amount to approximately PLN 26.2 million, of which funds of the Ministry of Science and Higher Education in accordance with the provisions of the Act³: PLN 15.0 million, and funds of the Ministry of Energy and National Atomic Energy Agency (funds from the multiannual programme and costs of participation in international organisations, organisation of technical support): PLN 11.2 million. Environmental and location research and the tender procedure will be financed from PGE EJ1's own resources.

Electromobility (Ministry of Energy, Ministry of Entrepreneurship and Technology, National Fund for Environmental Protection and Water Management, Polish Development Fund, Polish Agency for Enterprise Development, National Centre for Research and Development)

The development of electromobility in Poland is one of the Government's key priorities. This sector is of great importance for the growth of innovativeness and competitiveness of the Polish economy, which is why it has been included among the 12 flagship projects of the Strategy for *Responsible Development*.

The previous edition of the NRP contained the key elements necessary to lay the foundations for the development of electromobility in Poland. This was the adoption of the *National framework for alternative fuels infrastructure policy* and the Act on electromobility, which entered into force on 22 February 2018. The adoption of these documents provides a clear vision of development and allows for further works and transition from a general strategy to preparations for the implementation of specific measures.

⁷ EPC – Engineering, Procurement and Construction

⁸ Act of 30 April 2010 on the rules of financing of science (Dz.U. of 2018, item 87)

The next step planned for implementation is an amendment to the Act on biocomponents and liquid biofuels, as a result of which the Low-Emission Transport Fund will be established. The overarching objective of the Fund is to stimulate the electromobility market by creating not only demand in this sector, but also by supporting Polish entities operating in it to maximise the added value generated by Polish industry. The Fund's resources are to be allocated to the financing of construction of infrastructure for recharging and refuelling vehicles (CNG/LNG); financing support for the purchase of a new cars and buses powered by alternative fuels; financial and capital support for Polish producers of means of transport in particular powered by electricity; education and public awareness; building; and pilot projects. The Fund will finance projects referred to e.g. in the *Electromobility Development Plan in Poland* and the *National framework for alternative fuels infrastructure policy*. The Minister of Energy will be the manager of the Fund, while the National Fund for Environmental Protection and Water Management will be the administrator.

Another important aspect of the development of electromobility is the *Emissions Free Public Transport* programme implemented by NCBR. The objective of the programme is to develop an innovative public transport vehicle based on modular construction of at least various types of energy storage; for example: traction batteries and hydrogen fuel cells with hydrogen storage tank and equipped with devices and software for autonomous driving at level 3 according to SAE classification. The effect of R&D works will be implemented in Polish cities which are co-contracting entities in the tender in the form of innovation partnership. Estimated number of vehicles: 200-1,000 in years 2020-2023. The *Low-Emission Public Transport Programme* is the first programme launched by NCBR in a new model of financing research programmes based on an innovative partnership where the state plays the role of a smart contracting entity, creating a market for innovative products. The programme is implemented in cooperation with the National Fund for Environmental Protection and Water Management, which provides for financing investments for the Partner Cities from the resources of the Low Emission Transport Fund.

Another component of the measure is the programme of acceleration of the electromobility industry, implemented by Polish Agency for Enterprise Development under the name of Elektro ScaleUp. The aim of the programme is to select (one) accelerator, which will become the centre of electromobile technology acceleration in Poland. The selected accelerator will bring together large and medium enterprises, which will act as advisors / experts, and after selecting the technologies of interest to them - the recipients of these technologies. Under the programme, the accelerator will offer acceleration rounds lasting from 3 to 6 months, during which start-ups will be able to obtain assistance in the form of: services enabling the development of their solution, opportunities to establish cooperation with medium and large enterprises from the industry interested in the implementation or testing of their solution and direct financial assistance of up to PLN 500,000. The programme will run for up to two years. It will start on the turn of Q2 and Q3 2018 and it will allow for the acceleration of at least 30 innovative start-ups from the electromobility sector.

Schedule

- Entry into force of the amended Act on biocomponents and liquid biofuels - establishment of the Low-Emission Transport Fund, commencement of the process of notification of executive acts (public aid) – **Q2 2018.**
- Elektro ScaleUp – selection of the accelerator and operational launch of the accelerator program - **Q2/Q3 2018.**
- Completion of the notification process of the executive acts of the Act on biocomponents and liquid biofuels (Commission decision)– **Q4 2018.**
- Emission-free public transport - signing of innovation partnership agreements with contractors – **Q4 2018.**
- Emission-free public transport - demonstration of innovative solutions and assessment of technical descriptions of vehicles – **Q1 2019.**

- Commencement of the financing of projects from the Low Emission Transport Fund – **Q1 2019.**

Financing

The Low Emission Transport Fund is financed primarily from earmarked subsidies from the state budget amounting up to 1.5% of receipts from excise tax on motor fuels planned in the previous financial year, with a gradual increase in 2018-2022 from 0% to the target of 1.5%. The second source is the interest on the Fund's free resources transferred to the Minister of Finance for management in accordance with the provisions of the Act on public finance. Another source of financing is the funds provided by the power transmission system operator (TSO) in the amount of 0.1% of the substantiated return on capital employed in the business activity relating to electricity transmission. According to the draft Act amending the Act on biocomponents and liquid biofuels and certain other acts, presented to the Council of Ministers, the Fund will have one more source of income, which will be a 15% share in the proceeds from the emission fee. The last source of financing is the revenue from the substitute fee referred to in the proposed Article 23(8) of the Act on biocomponents and liquid biofuels. In 2018, the only revenue of the Fund will be about PLN 0.5 million from TSOs. This amount is intended to launch the Fund. In 2019, the Fund will have a budget of PLN 340.6 million, where PLN 255 million will come from the emission fee, PLN 85 million from the substitution fee and PLN 0.6 million from TSOs.

Emission free public transport has two components to finance. The first one is the budget for research and development works: PLN 100 million gross for years 2017-2020 from NCBR funds. The second one is the budget of the NFOSiGW programme for 2020-2023 worth PLN 2.2 billion, which may be increased by the cities participating in the programme.

Elektro ScaleUp is a pilot project financed under the PARP system project – OP SG 2.4.1 *Analysis and pilot project centre for new inno_LAB instruments*. The allocation for the pilot project is PLN 10 million. The project selected in the course of the open call will not generate revenue - the selected accelerator will perform the tasks of the acceleration programme to which it will commit in the contract.

Interconnection development (Government Plenipotentiary for the Strategic Energy Infrastructure)

The natural gas transmission system in Poland, in its present form, is adapted, for historical reasons, to the off-take and transmission of gas obtained from domestic deposits and gas imported from the East. Imported gas is mainly supplied on the basis of a long-term contract. Dependence on a dominant supplier results in risks associated with restrictions or interruptions in gas supply or non-market pricing. Therefore, the Government's strategic goal is to ensure that gas can be supplied from alternative sources. Implementation of the above strategy requires a number of investments which, on the one hand, will enable the import of gas from new directions, including through the global LNG market, and, on the other hand, will ensure that the Polish transmission system will be ready to receive and distribute gas throughout the country. Key investments in this respect include:

The Baltic Pipe project, which will enable the transmission of gas from deposits on the Norwegian Continental Shelf to Denmark and then to Poland, as well as the transmission of gas from Poland to Denmark, which will contribute to the development of competition on the gas market and increase the security of supply of this fuel to consumers in Poland. Planned technical capacity from Denmark to Poland is 10 billion m³/year, while from the opposite direction, from Poland to Denmark, it is 3 billion m³/year.

Extension of the LNG terminal in Świnoujście includes the construction of the III LNG tank with a capacity of 180,000 m³, increasing the terminal's shipping capacity from 5 billion m³/year to 7.5 billion m³/year, the construction of additional infrastructure for reloading LNG to small vessels and

the installation of additional ORV regasifiers, as well as the construction of infrastructure for reloading to rail and the construction of the second quay.

The construction of the 164 km-long Poland-Slovakia gas interconnection with an annual throughput in both directions of 5 to 6 billion m³/year will be an important element of the regional North-South Gas Corridor. Slovak companies will be able to purchase gas on the Polish market - in the future also from LNG - while Central and Eastern European countries will be able to purchase gas from markets where the price is currently lower, i.e. Germany and Austria.

Other important projects under implementation include Strok II, a **Poland-Czech gas interconnection** (capacity in both directions within the range of 5-6.5 billion m³/year), a **Poland-Lithuania gas interconnection** (GIPL) and a **Poland-Ukraine interconnector** with capacity in both directions within the range of billion m³/year.

All of the above projects are included in the list of projects of common interest in 2017, which makes it possible to apply for co-financing under the *Connecting Europe Facility*. They will also be subject to simplified procedures for planning and granting environmental permits.

Schedule

- Baltic Pipe project. Adoption of a decision on Cross-border Allocation of Costs (CBCA) - Determination of the project financing structure – **Q1/Q2 2018**.
- Poland-Slovakia gas interconnection. Obtaining a construction permit – **Q2 2018**.
- LNG terminal. Completion of the design stage and commencement of the construction contractor selection procedure – **Q4 2018**.

Financing

The projects described under the measure will be implemented on the Polish side by the Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A., which is a joint stock company with 100% State Treasury share, and its counterpart in the participating Member States. The costs associated with the implementation of these projects will not be charged to the state budget. It is worth noting that the projects benefit from EU funds under the *Connecting Europe Facility*. Depending on the project, the co-financing amounts to 40-60% of the costs.

5.5 Educational target

Main measures planned for years 2018-2019:

Excerpt from the *Country Report Poland 2018: Developing the science base is critical for enhancing scientific excellence and translating it into innovations and technological progress*(p. 43)

New Law on Higher Education and Science (Ministry of Science and Higher Education)

In February 2016, the Ministry of Science and Higher Education announced a competition for the assumptions to "Act 2.0". Three independent research teams prepared a proposal of solutions, which were subjected to the process of consultation with the academic community at the conferences of the National Congress of Science. The draft Law on Higher Education and Science was presented in September 2017.

The reform provides for changes in the system of organisation, functioning and financing of higher education institutions, as well as in the quality assessment and management of the education process and academic and scientific career development. As part of the reform, a new model of education will be introduced, aimed at better matching the competences of students and doctoral students to the needs of the labour market. In order to strengthen the cooperation of higher education institutions with the social and economic environment in the development and implementation of curricula, the draft Act provides for two educational paths in fields at a practical profile, i.e. compulsory six-month apprenticeship or education in the form of dual studies. Diversification of the mission of vocational and academic higher education institutions will be fostered by different subsidy distribution algorithms and conditions for conducting education. Through the requirement to provide degree programmes at a purely practical profile only, vocational higher education institutions will focus on didactic activities aimed at providing local and regional labour markets with specialists in underdeveloped areas. On the other hand, an academic higher education institution shall provide education at a general academic profile, as well as, under statutory conditions, in doctoral schools. By improving the scientific level of universities and the high quality of education at doctoral schools, graduates will acquire skills and qualifications tailored to the needs of an innovative economy and society. The draft Act also includes projects aimed at the implementation of the idea of sustainable development of higher education, aimed at supporting regional universities, i.e. the Regional Initiative of Excellence and Didactic Initiative of Excellence. The *Initiative of Excellence - Research University* programme will be available to the best academic institutions.

Schedule

- Adoption of draft Act by the Council of Ministers – **Q2 2018**.
- Adoption of Act by the Sejm and the Senate – **Q3 2018**.
- Entry into force of part of the provisions of the Act – **Q4 2018**.

Financing

The presentation of the financial impact will be specified in the RIA to the draft Act.

Excerpt from the *Country Report Poland 2018: The supply of skilled labour has become a significant challenge. Companies are reporting shortages of skilled workers in various sectors* (p. 22)

Amendments to Education Law – vocational education development (Ministry of National Education)

The reform of vocational training provides for the introduction of programme, organisational and legal changes, from which will benefit employers interested in participating in the training of future employees of companies. Employers willing to cooperate actively participate in the preparation of programme changes, including modern curricula. Organisational changes will include a new model of cooperation between sectoral and technical education and the economy, in which the priority will be to develop practical skills in real-life working conditions. The Ministry of National Education announces competitions for employers for the best solutions in the field of practical vocational training.

The Ministry of National Education is also carrying out legislative works on the preparation of necessary amendments to the Education Law, the directions of which will be presented at the beginning of Q2 2018.

Schedule

- Adoption of the draft amendment Education Law by the Council of Ministers – **Q3 2018**.
- Adoption of amended Act by the Sejm and the Senate – **Q4 2018**.
- Entry into force of part of the provisions of the Act – **Q1 2019**.
- Entry into force of key changes introduced by amendments to the Act – **Q3 2019**.

Financing

The presentation of the financial impact will be specified in the RIA to the draft amendments to the Education Law introducing changes in vocational education.

Enhancement of the teaching excellence system (Ministry of National Education)

Works are underway on the draft Ordinance of the Minister of National Education on definition of detailed conditions for common accreditation of in-service teacher training institutions .

Moreover, further measures are planned to develop a system of validation and certification of the teaching excellence system staff, as well as measures aimed at preparing the final version of the model of training schools (verification and modification of the model as part of the pilot project).

Accreditation is a confirmation of the high quality of services offered by the in-service teacher training institutions . Until now, accreditation of in-service teacher training institutions has been optional and granted for an indefinite period of time. Only some of them, in particular public in-service teacher training institutions , have applied for it. Out of 406 in-service teacher training institutions which may apply for accreditation, only less than 20% are accredited, including more than a half of public in-service teacher training institutions (52 out of 95) and less than 9% of non-public in-service teacher training institutions (27 out of 311). This means that the quality of service provided by about 80% of all in-service teacher training institutions is not confirmed, including about 45% public and about 91% non-public ones.

In accordance with Article 184 of the Education Law, all public and non-public in-service teacher training institutions have been obliged to obtain accreditation. Accreditation is granted for 5 years and requires the teaching excellence institution to meet the requirements set out in the Act. Failure to comply with any of the requirements shall result in the withdrawal of the accreditation. It is necessary to define detailed conditions and procedure of granting and withdrawing accreditation, as well as composition and method of operation of accreditation teams appointed by curators of education.

Similarly to measures related to accreditation of teaching excellence institutions, the development of a system for the validation and certification of the teaching excellence system staff is aimed at improving the quality of services provided by persons supporting schools and providing teaching excellence, both those employed in accredited teaching excellence institutions and those acting as external experts. Certification will be a form of recommendation. This will enable schools and institutions to choose and use the services of people with high and proven competences. The system will be pilot tested and 200 trainers responsible for training and counselling of the education system staff will be validated. On this basis, recommendations for systemic measures will be prepared. Recommendations will be used to prepare standards relating to qualifications and competences required from the teaching excellence and support system staff. Development of a system for the validation and certification of the teaching excellence system staff is a part of the project *Supporting schools in the development of key competences of students*.

The pilot implementation of the training school is carried out in schools in Mazowieckie Voivodeship. The aim of the pilot project is to implement the concept of training school developed by experts, its verification and formulation of conclusions, as well as to modify the concept. The result of the project will be the preparation of the final version of the training school model. During the pilot project, measures will be taken to verify the proposed forms and methods of work of the training school, prepared materials, roles and tasks of particular participants of the model and recommendations concerning the principles of organisation and functioning of such schools. Moreover, teachers will prepare scenarios of demonstration lessons, which will constitute a basis for developing training materials for future training schools, including those created under competition projects.

Schedule

- Adoption of the Ordinance of the Minister of National Education on definition of detailed conditions for common accreditation of teaching excellence institutions – **Q2 2018**.
- Acceptance of the substantive assumptions for the competition projects for the training school – **Q2 2018**.
- Preparation of the final version of the model of the training school and recommendations for changes in the law enabling the functioning of training schools in the education system – **Q2 2018**.
- Announcement of competition projects for the creation of training schools – **Q2 2018**.
- Establishment in the Centre for Education Development of a team for the development of training schools, whose task would include e.g. monitoring of training schools established under competition projects, and afterwards, training schools operating in the process of training future teachers and teaching excellence – **Q2 2018**.
- Preparation of proposals for changes in the provisions of the education law and the higher education law regarding the functioning of training schools – **Q2 2018**.
- Submission of recommendations for the role of training schools in the process of teacher training to the Ministry of Science and Higher Education, which are planned to be completed in **Q2 2018**.
- Entry into force of the Ordinance of the Minister of National Education on definition of detailed conditions for common accreditation of teaching excellence institutions – **Q4 2018**.

Financing

Strengthening the teaching excellence system under developing the system of validation and certification of the teaching excellence system staff and launching the pilot training school will involve expenditure amounting to PLN 3.7 million, of which PLN 0.6 million will be provided from the state budget and PLN 3.1 million from EU funds.

The project *Support for the creation of training schools* will be implemented until June 2018, while the project *Supporting schools in the development of key competences of students* will be implemented until May 2018.

Excerpt from the *Country Report Poland 2018: Poland has amongst the lowest number of practising doctors and nurses relative to population size. The shortages in particular affect certain specialisations. This has implications for access to healthcare* (p. 27)

Development programmes at medical universities (Ministry of Health)

Under the *Implementation of development programmes for medical universities participating in the process of practical education of students, including creation of Centres for Medical Simulation (CMS)* programme initiated in 2017, whose current measures have been described in Annex 1, further works are planned to improve the quality of education at medical universities in connection with the introduction of education based on multi-profile Centres for Medical Simulation. The above objective will be achieved through the development of practical training, understood as e.g. achievement by a higher education institution of minimum conditions in the field of simulation education or the development of a Centres for Medical Simulation depending on identified needs.

Under the projects, the following measures are planned:

- establishment/development and maintenance of a CMS;
- organisation of internships, courses, training for instructors, simulation technicians and for the management of Centres for Medical Simulation in foreign or domestic centres;
- organisation of training courses, courses for teachers planning to use medical simulation, concerning the method of preparing and conducting simulation classes in the scope in which the given institution plans to use the simulation;
- additional classes for students (e.g. organisation of interdisciplinary classes for students of various faculties, including teaching teamwork and cooperation between various specialisations; organisation of joint classes for students of medical faculties and emergency services);
- development of a simulation manual including rules for the preparation and conduct of simulation classes;
- development of a database of simulation scenarios;
- implementation of a standardised patient programme (recruitment of a group of people who will be adequately prepared to realistically and accurately reproduce the history of a given disease, demonstrating the physical and emotional symptoms of a real patient).

Schedule

- Acceptance of all University Development Programmes – **Q2 2018.**
- Launch of all Centres for Medical Simulation – **Q3 2018.**
- Organisation of internships, courses, training for instructors, simulation technicians and for the management of Centres for Medical Simulation in foreign or domestic centres – **Q3 2018.**
- Organisation of trainings and courses for teachers planning to use medical simulation – **Q3 2018.**
- Commencement of the simulation-based classes at all the universities covered by the support – **Q4 2018.**
- Development of a simulation manual including rules for the preparation and conduct of simulation classes - **Q4 2018.**
- Development of a database of simulation scenarios – **Q4 2018.**

Financing

In 2018, the financial impact of measures under the development programmes at medical universities amounted to PLN 85 million, of which PLN 13 million were allocated from the state budget and PLN 72 million from EU funds. In 2019, the financial effects for the public finance sector amounted to PLN 26 million, of which PLN 4 million from the state budget and PLN 22 million from the EU budget.

Specialisation training of doctors in areas important from the point of view of epidemiological and demographic needs (Ministry of Health)

The main aim of the project is to increase professional qualifications of doctors by supporting specialised education of doctors in areas that are crucial from the point of view of epidemiological and demographic needs of Poland, i.e. specialisation in oncology (clinical oncology, radiation oncology, surgical oncology, pathomorphology, hematology), broadly understood geriatrics (geriatrics, rheumatology, orthopedics and traumatology, physical medicine and rehabilitation), as well as family medicine. By providing a sufficient number of specialised courses and other forms of support (internships, conferences) for doctors pending specialisation, the number of specialists in areas covered by the project should increase, thus ensuring an adequate number of specialists in areas that are vital for the health care needs of Poland. The effect of the implementation will be an increase in the number of specialist doctors and the availability of specialist services.

402 courses have been organised since the beginning of the project, i.e. from 1 August 2015 to 31 December 2017.

Schedule

- Organisation of 340 specialised courses – **Q2 2018 – Q1 2019.**

Financing

Name of measure or part of measure	2018			2019		
	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)
Specialisation training of doctors in areas important from the point of view of epidemiological and demographic needs	16,432	13,850	2,582	16,046	13,523	2,523

Integrated University Programmes (Ministry of Science and Higher Education)

The implementation of the Integrated University Programmes is aimed at supporting effective implementation of systemic changes introduced under the higher education and science reform, in particular at improving the competences of persons participating in higher education, responding to the needs of the economy, the labour market and the society; increasing the quality and effectiveness of doctoral education; improving the accessibility of international degree programmes; organisational changes and increasing the competences of staff in the higher education system.

In 2018, a competition will be announced regarding the implementation of Integrated University Programmes supporting universities in the introduction of comprehensive systemic changes, taking into account the specific nature of regional universities. The competition provides for three project implementation paths, differentiated on the basis of e.g. the criterion concerning parametric evaluation and the number of students at a given university. Integrated university programmes shall include the following measures:

- adjustment and implementation of educational programmes to social and economic needs at the national and regional level, aimed at equipping students with practical skills;
- support for the studies at a practical profile, developing simultaneously practical vocational skills and soft competences of students, by taking into account e.g. internship programmes related to the curriculum;
- implementation of study programmes in foreign languages addressed both to students from Poland and foreigners;
- inclusion of teachers from abroad with achievements in scientific, professional or artistic work to run educational programmes at Polish universities;
- improving competences of persons participating in higher education, in areas of key importance for the economy and the country's development;
- high-quality internship programmes for students;
- support for the provision of high quality services by units operating within the structure of a higher education institution (e.g. academic career offices), assisting students in entering the labour market;
- support for the use of information from the labour market for designing education tailored to the needs of the social and economic environment in the region;
- developing and implementing high-quality doctoral studies and integrating complementary measures into them;
- measures improving teaching competences of the staff of a higher education institution in the following areas: teaching skills, IT skills, teaching in a foreign language, information management, presentation skills and teaching internships;
- support for IT tools for university management, creation of open educational resources, information management in order to improve the quality of education;
- activities improving management competences of managerial and administrative staff in higher education institutions.

Schedule

- Announcement of the *Integrated University Programmes* competition – **Q2 2018**.

Financing

The financial impact may be presented after the project has been approved by the Monitoring Committee of the Knowledge Education Development Programme.

Excerpt from the *Country Report Poland 2018*: *In particular, the Polish research system lacks openness and does not create favourable conditions for knowledge flows (p. 32)*

Industrial doctorate (Ministry of Science and Higher Education)

The *Industrial doctorate* programme aims at creating conditions for the development of cooperation between the scientific community and the social and economic environment conducted under doctoral studies and at introducing the possibility of education of an Industrial doctorate Programme participant in cooperation with the entrepreneur employing such participant.

Under the announcement of the 2nd edition of the Minister's programme competition *Industrial doctorate*, 500 students are planned to be accepted to doctoral studies.

Entities have the possibility to apply for funds under the programme and to establish relations with the social and economic environment and the possibility to intensify implementation works.

An entrepreneur employing a programme participant may deduct from the tax base personnel costs related to the employment of a PhD student and the establishment of relations with a research unit, which may be useful for conducting R&D works.

The doctoral student shall have access to laboratories and financial support in the form of a doctoral scholarship.

In the first year of the Industrial doctorate programme of the Minister of Science and Higher Education, 54 entities with the scientific category A+ or A joined the programme, and out of 21 higher education institutions and 6 research and development units, the largest number of applications was submitted by universities. In the academic year 2017/2018, 378 PhD students take part in the *Industrial doctorate* programme. 232 companies participate in the programme, 171 of which are SMEs and 61 are state-owned.

Schedule

- Announcement of the 2nd competition – **Q1 2018.**
- Announcement of the 3rd competition – **Q1 2019.**

Financing

State budget expenditures related to the Minister's programme *Industrial doctorate* will amount to PLN 26 million in 2018 and PLN 47.5 million in 2019.

5.6 Target related to combating poverty and social exclusion

Main measures planned for years 2018-2019:

Social policy for older people (Ministry of Family, Labour and Social Policy)

The document *Social policy for older people 2030. Security. Participation. Solidarity* will be adopted. It is the first document to cover all areas of life affecting older people, including broadly understood security, health, active participation in society and the need to adapt infrastructure, the health care system and the labour market to the needs and potential of older people.

The proposed social policy for older people has been planned until 2030, which is a result of e.g. the course of demographic processes. In 2030, the first baby boom generations (1946-1959) will be 84 years old (the oldest) and 71 years old (the youngest).

The policy is based on three pillars - security, participation and solidarity. Measures planned in the three areas guarantee a significant improvement in the quality and standard of living of older people.

In addition, for the first time, measures have been designed for older dependent people, including reducing dependency, ensuring optimal access to health, rehabilitation and care services, a system of support for informal carers of older dependent people by public institutions, and a network of community and institutional services provided for older dependent people.

The document also provides for the large-scale implementation of standardised telemedicine with a range of services tailored to the fitness of users. The development of standards for telecare and telehelp will improve the quality of life of a large number of older people. In addition, projects have been planned aimed at adapting the living environment to the functional capabilities of older people.

The effects of the policy implementation will be presented in subsequent editions of the *Information on the situation of older people in Poland*.

Schedule

- Interministerial and public consultation on the project – **Q1/Q2 2018**.
- Adoption of document by the Council of Ministers – **Q3 2018**.
- Launch of the programme – **Q3 2018**.

Financing

Adoption of the document *Social policy for older people 2030. Security. Participation. Solidarity* will not result in additional costs for the public finance sector, and its financing will be implemented through appropriate allocation of funds at the disposal of units of the public finance sector.

Friendly Poland - Accessibility Plus – (Ministry of Investment and Economic Development)

In 2018, the Government programme *Friendly Poland - Accessibility Plus* will be developed and launched. The main objective of the programme is to improve the quality and independence of life of all citizens, including in particular older people and persons with permanent or temporary barriers to mobility and perception. This is to be achieved by improving the accessibility of public space, products and services in terms of architecture, information and communication. Specific objectives of the programme are defined around three pillars concerning:

- creation of a legal and institutional framework for the implementation of accessibility;
- improvement of physical, digital and service accessibility; and
- use of the accessibility of products and services to increase the competitive advantage of Polish enterprises, including on international markets.

Among other things, measures are planned to improve the accessibility of public places for all citizens (e.g. walkways, parks, community centres, schools, libraries and churches) and universal services (e.g. banking, postal, transport, audiovisual). It is assumed that the organisation of public institutions and entities will take into account the diversity of needs of customers with different mobility and spatial constraints.

Schedule

- Preparation and consultation of the programme assumptions – **Q1/Q2 2018.**
- Adoption of the *Friendly Poland - Accessibility Plus* programme by the Council of Ministers - **Q2 2018.**
- Launch – **from mid-2018.**

Financing

Adoption of the programme will have no additional impact on the state budget in 2018.

Apartment Plus (Chancellery of the Prime Minister/Ministry of Investment and Economic Development)

Apartment Plus is the most important package of solutions of the National Housing Programme, which aims at increasing the number of apartments available for people with low and moderate income. To this end, support is planned for:

- building for the poorest (in terms of increasing the number of beds in shelters for the homeless, social housing, council housing and sheltered housing);
- social rental construction carried out by gminas, social housing associations and housing cooperatives;
- commercial development for rent, including the use of public real property.

Coordination of further measures under the *Apartment Plus* programme is the responsibility of the Housing Council appointed on 29 January 2018 and chaired by the Prime Minister. One of the tasks of the Council is to develop recommendations of legislative changes aimed at increasing the number of apartments available on the market. Key objectives include acceleration of administrative procedures, unblocking the supply of land for housing development, rationalising construction regulations to reduce investment costs and supporting tenants with regard to rent-related charges.

Schedule

- Development of recommendations of legislative changes – **Q2 2018.**

Financing

Measures are carried out within the budget managed by the minister competent for construction, land use planning and management and housing.

Modern tools supporting the activity of persons with disabilities (Ministry of Family, Labour and Social Policy)

In years 2018-2020, a project will be implemented under OP KED, the aim of which is to review and expand the existing statutory solutions implemented by public and non-public entities for the benefit of social inclusion of persons with disabilities and to develop new solutions in this respect, as well as to develop and implement instruments supporting employment and maintenance on the labour market of persons with disabilities. This is planned to include:

- an instrument to support employers in adjusting a person with disability to employment, attracting a worker with disability and retaining them in employment by reducing the impact of disability;
- an instrument to support persons with disabilities in finding jobs, including the transition between social and vocational rehabilitation;

- an instrument to support persons with disabilities in taking up business activity.

The project will be implemented based on seven milestones. In 2018-2019 (during the current NRP revision period) 4 milestones will be reached:

1. An analysis of all legal solutions in the field of social and vocational rehabilitation of persons with disabilities and their functioning will be carried out on the basis of criteria of relevance, effectiveness and efficiency.
2. Then a possible modification of the existing instruments and new ones within the system of support for persons with disabilities will be proposed, including a proposal for the rules of financing.
3. In the next step, community consultations will be conducted on the developed proposals.
4. Then a of modified and new instruments of the system of social and vocational rehabilitation of persons with disabilities and a mechanism for providing support will be pilot tested on a representative sample of potential recipients and implementers. The pilot project will end with a report and recommendations.

Schedule

- 1st milestone (no later than 3 months from the date of signing the co-financing agreement) - analysis of existing legal solutions – **Q2 2018.**
- 2nd milestone (no later than 4 months from the completion of the 1st milestone) - presentation of proposals for legal changes – **Q4 2018.**
- 3rd milestone (within 2 months from the completion of the 2nd milestone) - community consultations on the developed changes – **Q4 2018.**
- 4th milestone (within 12 months from the completion of the 3rd milestone) - pilot project– **from Q1 to Q4 2019.**

Financing

The planned project budget for 2018-2020 amounts to PLN 39.7 million. The project is co-financed from ESF and the state budget under OP KED.

Facilitations in bankruptcy or restructuring proceedings aimed at solving the issue of insolvency of natural persons (Ministry of Justice)

In order to facilitate the declaration of consumer bankruptcy, works are underway on the Act amending the Bankruptcy Law and certain other acts. The main aim of the proposed solutions is:

- to ensure efficient recognition of a much larger number of proceedings related to the insolvency of natural persons than is the case at present (including mainly persons not conducting business activity);
- to reduce the duration of bankruptcy proceedings where debtors do not have assets allowing them to liquidate their assets, by approximately 6 months;
- to possibly reduce the number of bankruptcy proceedings in cases where debtors have a fixed income and will be able to use the composition approval procedure, where the role of the court is limited to deciding whether to approve the composition or not.

The draft Act will contain provisions enabling the composition with creditors using the composition approval procedure provided for in the Restructuring Law and currently reserved exclusively for entrepreneurs. The draft Act also provides that the court will be able to suspend the consideration of the petition for bankruptcy for a period of up to 5 months until it has determined whether a composition with creditors could be possible. This solution should allow the debtor to preserve their assets, skip individual or bankruptcy enforcement proceedings and restructure their debts in cooperation with a restructuring advisor and after the court has approved the composition. If a composition is not possible, there is still the path of consumer bankruptcy. This should be a solution

dedicated to all those who, having income at the level of the national average or higher, have become indebted to the extent it prevents them from normal functioning.

It is proposed to exclude the examination of intent and gross negligence when declaring consumer bankruptcy. The consequence of faulty behaviour before insolvency is not the impossibility to declare bankruptcy, but the extension of the repayment plan for a period of 4 to 7 years.

It is also proposed to introduce security proceedings, in which the possibility of combining the declaration of bankruptcy and the determination of the repayment plan or the decision to redeem the liability in a single court decision is assessed. This solution will eliminate bankruptcy proceedings involving the receiver in all cases where the debtor's assets do not allow for the satisfaction of creditors through a division plan.

Schedule

- Referral of the draft Act to interministerial arrangements and public consultation – **Q2 2018**.
- Adoption of draft Act by the Council of Ministers – **Q3 2018**.
- Entry into force of the Act – **Q1 2019**.

Financing

The project will have no additional impact on the expenditure side of the budget in 2019.

6. Measures towards the implementation of the 2017 Council Recommendations

6.1 Increasing labour market participation and permanent types of employment

Recommendation 2: *Take steps to increase labour market participation, in particular for women, the low-qualified and older people, including by fostering adequate skills and removing obstacles to more permanent types of employment.*

Main measures planned for years 2018-2019:

New labour law (Ministry of Family, Labour and Social Policy)

On 14 March 2018, the Codification Commission of Labour Law concluded its works and adopted a resolution on the adoption of two draft acts: the Labour Code and the Collective Labour Code. The Codification Commission of Labour Law was appointed on the basis of the Ordinance of the Council of Ministers of 9 August 2016 on the Codification Commission of Labour Law (Dz.U. item 1366). The purpose of the Commission was to prepare two draft acts - the Labour Code and the Collective Labour Code with justifications. The Commission was composed of representatives designated by the minister competent for labour, representatives of social partners from the Social Dialogue Council, as well as representatives of science and experts.

Draft acts: the Labour Code and the Collective Labour Code, developed by the Codification Commission of Labour Law, were submitted to the Minister of Family, Labour and Social Policy. Proposals of legal solutions included in both bills will be used in legislative work carried out in the Ministry of Family, Labor and Social Policy. On the basis of these proposals, draft legal acts will be presented, which will gradually change the regulations in the field of labour law. These will be first of all suggestions regarding, in particular, working time.

6.2 Fostering adequate skills

Recommendation 2: *Take steps to increase labour market participation... including by fostering adequate skills.*

Main measures planned for years 2018-2019:

This Chapter does not repeat the measures related to education which have been presented in Chapter 5.3.

Development of strategic framework for education and training (Ministry of National Education)

Works will be carried out to develop an Integrated Skills Strategy. The Integrated Skills Strategy will cover the whole education and training system - general education, vocational education, lifelong learning and higher education. It should take into account both the demand side (the need for specific skills and qualifications) and the supply side (the availability of qualifications and skills in the society).

In 2018, the general part of the document, i.e. an orientation document, will be prepared and adopted by the Council of Ministers. The adopted document will then be developed over a period of 2-3 years in cooperation with the OECD as part of its support for member states in developing their national skills strategies.

Schedule

- Adoption of general part of the document by the Council of Ministers – **Q2 2018.**

Financing

Adoption of general part of the document – PLN 497,000 from the state budget. The cost of developing the specific part will be in 75% financed from the EU funds (to be defined in the second half of 2018).

Initiatives towards the learning of adults (Ministry of National Education)

New initiatives for adult learning with low skills and competences have been launched since autumn 2017. Three coordinating organisations, selected by competition as part of a project funded from the Operational Programme Knowledge Education Development, jointly support the creation of 50 Local Knowledge and Education Centres (LKECs).

The project assumes the use of schools as local centres for animating non-formal education of adults. In mid-2018, the first stage of development of new centres is to be summed up and models of local centres capable of further development are to be developed. It is assumed that in the second stage of the project, by 2023 at least 118 centres will be established.

Schedule

- Summary of LKECs pilot activities – **Q2 2018.**
- Development of LKEC models – **Q3 2018.**
- Competition for the second stage of LKEC development – **Q2 2019.**

Financing

The budget of projects implemented in 2017-2018 amounts to PLN 15.4 million, of which PLN 2.4 million will be financed from the state budget, and PLN 13.0 million from EU funds. The amount of PLN 41.9 million (including PLN 35.3 million from EU funds) is planned for projects to be implemented from 2019 onwards.

6.3 Pension system

Recommendation 2: *Ensure the sustainability and adequacy of the pension system by taking measures to increase the effective retirement age and by starting to reform the preferential pension arrangements.*

Main measures planned for years 2018-2019:

During the period of the NRP 2018/2019, the Government of the Republic of Poland does not plan to make any systemic changes to the pension regulations for farmers and miners. Nevertheless, measures shall be taken to improve cross-sectoral mobility of workers, as described in Annex 1.

Capital Building Programme (Ministry of Finance)

Changes in pension systems are an important element of the Capital Building Programme, which is an instrument for achievement of the objectives set out in the Strategy for *Responsible Development* in the areas of *Sustainable Economic Growth* and *Capital for Development*. The Capital Building Programme will serve to create a voluntary capital saving system in Poland and long-term investment products. The programme aims to increase the financial security of Poles and the stability of the public finance system, develop the local capital market, increase the savings rate and investments rate, and thus increase the potential of the economy.

It is planned that in the period of the NRP 2018/2019 two legal regulations will be adopted:

1. Act on the transfer of funds from Open Pension Funds to Individual Pension Security Accounts, which will determine the proportions of division of Open Pension Fund (OFE) assets between the Demographic Reserve Fund and Individual Pension Security Accounts (IKZE). According to the assumptions, 25% of OFE assets, in the form of assets other than Polish shares, will be transferred to the Demographic Reserve Fund in order to strengthen the financial buffer of the pension system. In the future, these funds will also serve to secure co-financing of pensions of current OFE participants. 75% of the current assets of OFEs in the form of Polish shares will be transferred to the Polish Equities Investment Funds transformed from OFEs. These funds shall be credited to the Individual Pension Security Accounts.
2. Act on Employee Capital Schemes (PPK), which by definition should be established in all enterprises employing persons for whom social security contributions are remitted.

PPK are designed to increase household savings rate and reduce the income gap between professional activity period and retirement. PPK is a voluntary and fully private long-term savings scheme, which will improve the financial security of Poles. It will be available to over 11 million employees, including about 9 million persons employed in the enterprise sector and over 2 million people working in public finance sector entities.

The draft Act on Employee Capital Schemes provides for e.g.:

- creation of universal PPK by all employers for all persons for whom social insurance contributions are remitted;
- obligation on employers to conclude contracts for and on behalf of their employees for the maintenance of PPK for the purpose of collecting funds under PPK;
- providing employees with the opportunity to suspend savings in PPK;
- definition of the rules for the co-financing of PPK by the state in the form of fiscal incentives, i.e. subsidies to the scheme and exemptions from social insurance contributions on the part of the employer;
- determination of the amount of contributions to the PPK which will be financed by the employer and saving person.

The amount and structure of contributions and fiscal incentives provided for in the draft Act are as follows:

- one-off welcome contribution, from the state - PLN 250;
- annual subsidy from the state - PLN 240;
- employer's basic contribution - 1.5% of the base for pension insurance contributions;
- additional employer's contribution - up to 2.5%;
- basic contribution of the employee - 2.0%;
- additional contribution of the employee - up to 2.0%.

Total minimum contribution to be paid (by the employer and the employee) can therefore be 3.5%, while the maximum would amount to 8%. Contributions paid by the employee will be calculated on the basis of the net salary.

The draft Act assumes that the new solutions will be introduced in stages. The order in which PPK are created will depend on the size or type of employer. At the earliest, at the beginning of 2019, the largest employers, with at least 250 employees, are to join the PPK. Small enterprises and public finance sector entities will be the last to join (in mid-2020). The institutions serving PPK will be investment fund associations (TFIs), which will meet certain statutory requirements, such as holding appropriate share capital and 3 years of experience in managing investment funds.

Schedule

- Adoption of draft Act on PPK by the Council of Ministers – **Q2 2018**.
- Entry into force of the Act on PPK – **1 January 2019**.
- Public and interministerial consultation of the draft Act on OFE – **Q3 2018**.
- Adoption of draft Act on OFE by the Council of Ministers – **Q4 2018**.

Financing

Due to the gradual introduction of PPK, the (negative) balance for the public finance sector will amount to PLN 1.13 billion in the first year of operation of the Employee Capital Schemes.

6.4 Construction and spatial planning

Recommendation 3: *Take measures to remove barriers to investment, particularly in the transport sector.*

Excerpt from the *Country Report Poland 2018: Deficiencies in the spatial planning framework and in the issuing of building permits affect the investment climate and regional development* (p. 39)

Main measures planned for years 2018-2019:

Simplification of the development and construction process (Ministry of Investment and Economic Development)

The urban planning and construction code is a comprehensive regulation assuming the achievement of three main objectives: (1) restoring and strengthening spatial order; (2) streamlining the development and construction processes; (3) ensuring the efficient and timely implementation of public purpose projects. The Code establishes a new normative basis for a spatial planning system at all levels. It prevents chaotic suburbanisation and restores the rationality of spatial management processes. It establishes a strong basis for efficient implementation of development and construction processes, ensuring stability of investment conditions for investors. It secures public interest in the area of public purpose projects, replacing all existing special acts with a single path of project preparation and execution. The proposed regulations will improve the functioning of spatial planning in order to rationalise public expenditure on the development and subsequent use of infrastructure.

In 2017, interministerial consultations and arrangements on the Urban Planning and Construction Code were carried out. On 23 November 2017, at the [website](#) of the then Ministry of Infrastructure and Construction (currently the Ministry of Investment and Economic Development) a new version of the draft Urban Planning and Construction Code was published.

Works on the Urban Planning and Construction Code will continue, but the draft act requires a thorough analysis in the context of legislative works on other draft acts of law included in the *Apartment Plus* programme.

The analysis carried out so far has shown that the proposed solutions will require serious modification.

Schedule

- New draft Urban Planning and Construction Code – **Q4 2018.**

Financing

In 2019, the possible financial impact on the state budget is the cost of creating the Urban Planning and Construction Register. The estimated cost is PLN 6 to 6.5 million, depending on the selected option.

7. Institutional National Reform Programme revision process and engaging stakeholders

On one hand, the rhythm of the revision process of the National Reform Programme is determined by the schedule of the European Semester; on the other hand, by the rules for developing programme documents. The draft document is subject to interministerial consultations and public consultations; afterwards, it is considered at the forum of competent Committees of the Council of Ministers and then adopted by the Council of Ministers.

Taking into account both ensuring of the accuracy of the measures proposed for carrying out under the new revision of the National Reform Programme and acquiring the greatest possible approval for them, the Government invites a large group of stakeholders from the economic and scientific community and from the civil society to take part in the works on creating, implementing and monitoring the National Reform Programme. Polish parliament is also engaged in the revision of the National Reform Programme and in the implementation of the European Semester.

The parliament becomes engaged during key periods of the European Semester, when the EU Council adopts Country Specific Recommendations (CSR) at the end of the cycle and the European Commission initiates a new cycle by publishing the Annual Growth Survey (AGS). Published by the European Commission on 22 May 2017, the draft recommendations for Poland were discussed at a joint meeting of the EU Affairs Committee, the Public Finance Committee and the Economy and Development Committee of the Sejm of the Republic of Poland on 7 June 2017 (the recommendations were discussed by the Foreign and EU Affairs Committee of the Senate of the Republic of Poland on 26 July 2017). The EC Communication on AGS 2018 and the respective position of the Government of the Republic of Poland were considered by the EU Affairs Committee of the Sejm of the Republic of Poland on 7 February 2018.

Furthermore, the Polish parliament was engaged – as every year – in the consultations on the draft National Reform Programme. Information on the draft NRP and the Convergence Programme was presented on 11 April 2018 at a joint meeting of the EU Affairs Committee, the Public Finance Committee and the Economy and Development Committee of the Sejm of the Republic of Poland.

Operating under the lead of the minister competent for the economy (Minister of Entrepreneurship and Technology), the Inter-Ministerial Team for Europe 2020 strategy makes it possible to engage social and economic partners in the revision and implementation of the National Reform Programme. This opinion-making and advisory body to the President of the Council of Ministers brings together not only representatives of the government administration bodies, but also a wide group of representatives of local government authorities, entrepreneurs' organisations, trade unions, economic and agricultural chambers, non-governmental organisations, and scientific and research units.

The tasks of the Team include of e.g. expressing opinions on draft versions of the National Reform Programme and other documents prepared in relation to the implementation and monitoring of the implementation of the Europe 2020 strategy in Poland. The Team also participates in the monitoring and evaluation of the implementation of structural reforms described in the NRP and in the preparation of recommendations concerning the increased effectiveness of the implementation of the Europe 2020 strategy. Participation of non-governmental partners in the Team also consolidates their joint responsibility for the implementation of the Europe 2020 strategy at the national and local level. Such a broad participation formula makes the Team a space where different views on social and economic problems are confronted. This allows for the better understanding of the Europe 2020 targets, their more efficient implementation and more effective monitoring, as well as for an in-depth knowledge about the European Semester.

Meeting as a rule at least once a quarter, the Team for Europe 2020 strategy discusses documents and projects emerging at the following stages of the European Semester, starting from the Country Specific Recommendations, through the Annual Growth Survey, the Country Report, to individual stages for preparing the following revision of the NRP. In particular, the forum of the Team provides social and economic partners with an opportunity to specify problems which they find important and which, in their opinion, should be reflected in the tasks proposed for implementation in the revised document.

Along with expressing opinions on the documents, the Team discusses horizontal topics at plenary meetings or working meetings of the interested Team members. In particular, in the period since the previous NRP update, a working meeting devoted to poverty in Poland was held where, in the light of the latest data, the range of poverty and the effectiveness of family benefits in combating it (including the *500 Plus Family* programme) were discussed; moreover, the tasks of the Team for reducing energy poverty in Poland, appointed by the Minister of Energy, were discussed. In addition, the Team discussed EU Council Recommendation relating to VAT and the increase in innovativeness of Polish enterprises in the era of digital economy, as well as the closer cooperation between science and business.

Annexes:

1. Summary of the implementation of the measures included in NRP 2017/2018

Employment target

Main measures taken since April 2017

The implementation of the *Youth Guarantee* was continued under the following components: central competitions, regional competitions, Voluntary Labour Corps projects, constant support for poviats labour offices under measures provided for in the Act, loan programme *First Business – Support for start*. The Voluntary Labour Corps projects *Awake your potential. YEI and ESF* and *YEI and ESF activation action* were completed. From April to December 2018, the Voluntary Labour Corps projects supported about 3,800 people. The implementation of Voluntary Labour Corps projects *From training to employment. YEI and ESF* started, under which support will be provided to 2,800 persons.

The 2nd central competition was announced in December 2017. The amount allocated for co-financing of projects selected in the competition is PLN 150 million. The competition is an open competition. Applications will be submitted in separate competition rounds until the allocation is exhausted. At the same time, projects selected as part of the 1st central competition announced in May 2015 were implemented.

Loans were continued under the *First Business – Support for start* Programme. From 2014 to 2017, persons under 29 were granted a total of 1,845 loans amounting to more than PLN 117 million. At the same time, the companies created as a result of support from the Programme report a very high level of "survival" - 18 months after their establishment, 95% of companies established in 2014 and 92% of companies established in 2015 are still in operation. Of the companies created in 2016 and conducted over 18 months, there are still 96% of companies in operation.

A number of measures were taken in support of the [development of the social economy sector](#). On 21 December 2017, the call for proposals under the accreditation system of Social Economy Support Centres was announced. Financial intermediaries selected by BGK pursuant to the Public Procurement Law: Towarzystwo Inwestycji Społeczno-Ekonomicznych TISE S.A. and Fundusz Regionu Wałbrzyskiego granted loans from the National Social Entrepreneurship Fund. From 1 March until the end of 2017, financial intermediaries granted 214 loans for the amount of PLN 25.24 million.

Measures were taken within the project entitled *Integrated monitoring system for the social economy sector*, e.g. an operational definition of social and solidarity economy entities was determined for the purposes of project implementation; a process of identification and utility analysis of existing data sources was carried out; works were organised and carried out on revising indicators of the National Programme for Social Economy Development (NPSED); information gaps were identified. The implementation of the measure *Creation of a participatory system of management of the social economy area* was initiated.

In order to support [equal opportunities of women and men on the labour market](#), in May 2017 an online platform was launched containing a compendium of knowledge on the existing systemic mechanisms of work-life balance. Knowledge about the tool's launch and possibility to use it was disseminated as part of the information campaign carried out in the project *Family and work – this pays off!*.

Within the framework of the project implemented under Measure 2.1 OP KED *Equal opportunities in business - a practical tool for the implementation of the principle of equal opportunities for men and women in enterprises*, a tool was developed consisting of 3 e-learning courses (for the employed, for

the employers and for trade unions) and specific solutions ready to be implemented in medium-sized enterprises (e.g. regulations and anti-discrimination procedures, recruitment rules, remuneration regulations, presentation for the management board on business benefits from equal opportunities for women and men in enterprises etc.).

On 28 November 2017, a competition was announced for the *Implementation of tools counteracting discrimination at work and in access to employment in small enterprises*. The call for proposals ended on 17 January 2018.

On 31 August, 2017, a competition was announced to improve competencies of representatives of entities other than gminas, who plan to create and run a care centre for children aged up to 3 and who reside in gminas with population of less than 5,000. The call for proposals ended on 13 November 2017. In response to the competition, 11 applications for co-financing were submitted for a total amount of PLN 15.5 million. 4 projects will be selected for support, 1 for each of the 4 macroregions (the selection of projects will take place by the end of Q1 2018).

In June 2017, a competition for a special edition of the *Toddler+* 2017 programme was announced with regard to the co-financing of guaranteed care facilities for children under the age of 3 with disability certificates or requiring special care. The special edition was addressed to gminas. On the basis of 5 agreements with gminas, 77 new places were created - the amount of subsidy was about PLN 1.1 million. On the basis of 28 agreements with gminas, 266 places were adjusted to the needs of children from the target group - the amount of subsidy was about PLN 1.8 million. There were 233 places for which operating grants were granted on the basis of 10 contracts with gminas. The amount of co-financing was about PLN 0.9 million. A [competition under the Toddler+ 2018 programme](#) was announced in October 2017. Co-financing for the establishment or maintenance of childcare facilities may be granted to Local Government Units, in particular gminas, as well as natural persons, legal persons and organisational units without legal personality. In the 2018 edition, PLN 450 million was allocated for this purpose (in the special purpose reserve - PLN 250 million, in the financial plan of the Labour Fund - PLN 200 million) - 3 times more funds than ever before (after the competition was settled and declarations on acceptance of co-financing were collected, about PLN 372.5 million, i.e. 83% of funds for the Programme, will be disbursed). 24,500 places will be created for children, 56,000 will be financed, including nearly 640 for children with disabilities and children requiring special care.

The Act amending certain acts relating to family support systems, which was adopted in July 2017, introduced [changes in the care of children under the age of 3](#), including an extension of the list of entities that may set up a nursery or children's club; optimisation of the requirements for the premises where a nursery or children's club is to be operated; changes in the qualifications of the staff working at the nursery or children's club. The introduced changes are aimed at reducing the costs of operation of those institutions, which should be associated with a reduction in fees paid by parents. The amendments to the Act on the care for children under the age of 3 came into force on 1 January 2018.

From 1 September 2017, [the right of 3-year-olds to pre-school education came into force](#). Children who were 4 and 5 years old had previously obtained a similar right. On this basis, dissemination of pre-school education in Poland should reach the reference level agreed under the European cooperation in the field of education and training (ET 2020), i.e. at least 95%, by 2020 at the latest.

As part of the changes aimed at [adjusting the system of vocational education and training to the needs of the labour market](#), on 1 September 2017 the Act of 14 December 2016 - Education Law and the provisions implementing the Education Law entered into force, which initiated changes in vocational education. The structure of education was made more flexible and access to further education was ensured through the introduction of sectoral education (sectoral VET schools - stage I and stage II), ensuring full permeability of vocational education and the possibility to take the

external secondary school leaving exam. The sectoral VAT stage I school started on 1 September 2017, while the sectoral VET stage II school will start on 1 September 2020.

In order to increase the accuracy of the decisions related to the choice of a profession, compulsory vocational counseling classes were introduced in grades VII and VIII of primary school and in secondary schools. In addition, the non-competition project *Effective educational and professional counseling for children, youth and adults* was carried out by the Centre for Education Development, under which professional counseling programmes for respective educational stages and types of schools and recommendations for the Ordinance of the Minister of National Education on vocational counseling were developed.

As part of measures aimed at better adjustment of education and learning to the needs of modern economy, the influence of companies and organisations associating enterprises on the functioning of the vocational training system was increased. Any employer interested in establishing cooperation with the school can use the help of the Coordinators for vocational training appointed in each voivodeship school superintendent's office. In addition, the Board of Directors of Vocational Schools, set up at the Ministry of National Education in January 2018, is involved in preparing changes in vocational training and in consulting them in the school environment.

At the same time, a project entitled *Partnership for vocational education and training* was initiated, including the development of draft curricula for all occupations included in the classification of vocational education and training occupations (PPKZ). It is worth noting that between October 2017 and January 2018, 12 industry seminars were organised, during which the participants discussed how vocational education can respond to the needs in terms of preparing staff for particular industries, 56 diploma supplements were drawn up (for 55 occupations according to the modified PPKZ) and 63 qualification supplements were prepared. As regards the adjustment of qualifications and occupations to the needs of the labour market, 75 PPKZ projects were developed, and with regard to the creation of vocational education responding to the needs of the labour market, another 73 projects were developed. Recommendations for teaching plans and curricula were prepared on the basis of 55 modified curricula for vocational education and teaching plans and curricula were prepared for 55 modified curricula for vocational education.

As part of the measure aimed at introducing a new quality of examinations in crafts, 10,945 examination tasks were developed and approved (445 in the analysed period) for candidates for apprentices and masters in 15 occupations, including upholsterer, locksmith, electrician, fitter of buildings. In addition, 1,004 master and apprentice examinations were conducted with the use of new tasks in 26 qualifications (14 apprentice and 12 master), 382 employer representatives - members of examination boards prepared to conduct examinations based on new tasks - were trained. Implementation of the application for co-financing for the second stage of the measure began, the measure having been launched on 1 January 2018. A call for proposal was announced for authors in construction, wood and mechanical engineering - precision engineering industries.

As part of the measure entitled *Development of banks of tasks for vocational examinations*, 27,545 tasks were created in cooperation with employers, of which 20,987 were subject to teacher's review and 18,282 to employers' review. 11,693 tasks underwent test application and academic review.

An "industry line" has been launched to allow for the introduction of new occupations to the classification of vocational education and training occupations in an accelerated manner. On 1 September 2017, the Ordinance of 13 March 2017 on the classification of occupations of vocational education and training (Dz.U. item 622) entered into force, while on 7 December 2017, an Ordinance amending the Ordinance on the classification of occupations of vocational education and training was signed, which introduces a new occupation of joinery fitter (Dz.U. of 2018, item 2356).

R&D expenditures target

Main measures taken since April 2017

In order to stimulate and develop innovation, the so-called "[Second Innovation Act](#)" was developed. The Act entered into force on 1 January 2018. The facilitations introduced by the Act include: increasing the amount of tax relief for research and development activities to 100% (and 150% for Research and Development Centres - CBR), clarifying and extending the list of costs eligible for the R&D relief, enabling the use of the R&D relief, the possibility of benefiting from the R&D relief for the zone entrepreneurs with respect to eligible costs that were not taken into account in the calculation of income exempt under the zone permit, extending the exclusion of the so-called double economic taxation of companies and limited joint-stock partnerships involved in R&D activities until 2023, facilitating the financing of start-ups: clarification of the method of taxation of a loan converted into shares, introduction of the possibility for PARP and NCBR to use financial instruments and provide refundable financial assistance, broadening the scope of operation of special purpose vehicles created by universities and scientific institutes of PAN to business activities, enabling the creation by universities and scientific institutes of PAN of companies to manage research infrastructure, provision of legal instruments to monitor the career path of PhD students and graduates by the Ministry of Science and Higher Education.

Works were carried out to establish the National Institute of Technology (NIT), including works on the NIT Act. As a result of the comments submitted at the stage of consultation of the draft NIT Act, the scope of the draft Act and the name of the Act were changed. The new solution provides, among other things, for maintaining the legal personality of the institutes joining the Network and for maintaining the financing of the institutes outside the Network through a statutory grant. It is currently entitled "draft Act on the Research Network: Łukasiewicz". In accordance with the new schedule, the [Research Network: Łukasiewicz](#) should be launched in Q2 2018. The draft act was adopted by the Council of Ministers in December 2017 and submitted to the Sejm in January 2018.

Under the project *Intellectual property for inventors*, a review of legislation was carried out and new legal solutions were proposed in the [Industrial Property Law](#). In December 2017, public consultations and interministerial agreements were held on the draft amendment to the Act. Adoption of the draft Act by the Council of Ministers is planned for Q2 2018.

Moreover, in 2017 a number of projects were carried out, i.e. a number of competitions were settled under the following sectoral and R&D programmes: INNOCHEM 2nd competition - chemical industry, INNONEUROPHARM 1st competition - pharmacy, INNOVATIVE RECYCLING 1st competition - recycling, WoodINN 1st competition – forestry and wood industry, GAMEINN 2nd competition - video game production, PBSE 1st competition – electric energy sector; INNOSBZ 2nd competition - unmanned systems; IUSER 1st competition - smart distributed energy devices and systems; INNOMOTO 1st competition - automotive; SYNChem - chemical industry; CyberSecIdent - cybersecurity and e-identity. Moreover, measures were carried out in the scope of launching competitions under the following programmes: INGA - gas market; NCBR-PKP PLK - railways; TECHMASTRATEG 2nd competition - modern material technologies.

As part of commencing works on establishing the Industry of the Future Platform Foundation, preparatory measures were initiated, including, among others, a pilot edition of the *Industry Leaders Incubators 4.0* programme aimed at preparing staff for the Foundation and the Competence Centres, as well as introducing teaching about Industry 4.0 at Polish universities. In addition, the name of the Act on Foundation - Industry of the Future Platform was changed to the Act on the Industry of the Future Platform Foundation. In October 2017, a draft Act was sent for interministerial consultations and public consultations. At present, the draft Act is being finalised in terms of submitted comments. In Q1 2018, it is expected that the interministerial arrangements will be completed with a reconciliation conference.

Targets relating to climate change and sustainable energy use

Main measures taken since April 2017

On 1 October 2017, the [Ordinance of the Minister of Development and Finance on solid fuel boilers](#) came into force (Dz.U. of 2017, item 1690). The Ordinance should ensure that only boilers with the best emission parameters will be available for sale and approved for installation.

Adoption of the [Ordinances of the Minister of Energy on quality requirements for solid fuels, methods of testing the quality of solid fuels and the method of sampling solid fuels](#) proved impossible within the planned deadline. The delay is due to the close link between the Ordinances and the draft Act under way on the system of monitoring and controlling fuel quality. Due to the large number of comments on draft Act and Ordinances submitted during the entire legislative process, it is necessary to conduct additional arrangements with the ministries and the mining industry. In addition, it became necessary to notify the draft Act to the European Commission, which will extend the legislative process by another 3 months. The planned date of adoption of the draft Act by the Parliament of the Republic of Poland is Q2 2018. Other measures that were implemented as part of the *Clean Air* package include the [introduction of a special antismog tariff](#), which has been in force since 30 December 2017. It aims to encourage household owners to replace obsolete boilers and to heat their homes at night (10 pm. to 6 am.) using electricity at a reduced price.

At the request of the Minister of the Environment, the National Fund for Environmental Protection and Water Management carried out a [cross-sectional analysis of the instruments supporting air protection measures](#). Financing of measures in this respect takes place within the Operational Programme Infrastructure and Environment 2014-2020 (OP I&E) and priority programmes of the National Fund for Environmental Protection and Water Management.

As a result of the analysis of the applicable legal regulations, it was found that the [issue of connection of entities which are not connected to the heating grid](#) is regulated by Article 7b of the Energy Law of 10 April 1997 (Dz.U. of 2017, item 220, as amended).

The Chief Inspectorate of Environmental Protection conducts the [expansion of the network of measurement stations](#) comprising the state air monitoring system, which will enable in particular identification of sources of pollution.

Due to the fact that the transport sector in large cities is the main reason for exceeding the nitrogen dioxide limit value, the following measures were taken: (1) the [obligation to document the quality of exhaust fumes by vehicle inspection stations](#) - this issue was included in the draft Act amending the Road Traffic Law and certain other acts. (2) Possibility of [establishing limited transport emission zones](#) - the Ministry of Environment commissioned an expert study, the results of which would substantiate the decision to create limited transport emission zones in Poland. (3) [Establishment of clean transport zones](#) - the gmina council, by way of a resolution, pursuant to the Act on electromobility and alternative fuels in conjunction with the emission of pollutants from means of transport, may establish a clean transport zone in the area of compact housing development with concentration of public utility buildings, where the entry of vehicles other than electric, hydrogen-powered or natural gas-powered is restricted.

The Ministry of Energy carried out an [analysis of the possibilities of financing the project of the first nuclear power plant and of ensuring the profitability of the project](#). In the course of works it was found necessary to conduct supplementary analyses by the end of Q1 2018. Conclusions and recommendations will be presented by the Minister of Energy for approval of the Council of Ministers together with a revision of PNPP in Q2/Q3 2018.

On 29 March 2017, the Council of Ministers adopted the [National framework for alternative fuels infrastructure policy](#). The [Electromobility Act](#) was signed by the President on 5 February 2018 and it

will enter into force on 20 February 2018. The adoption of these key documents will enable more measurable steps towards the development of electromobility to be taken in the near future.

Education targets

Main measures taken since April 2017

In 2017, within the framework of the non-competition project *Development of model teacher education curricula*, 5 meetings of the Team for the development of model teacher education curricula took place. 7 meetings diagnosing the needs in the field of teacher education and 15 consultation meetings were held in order to develop the final version of teacher education curricula. The expert team produced a draft version of the model teacher education curricula and a final version of the model teacher education curricula, which were submitted on 31 January 2018. The project *Development of model teacher education curricula* was extended until the end of March 2018.

The announcement of the competition *Teacher education curricula* was postponed by NCBR to Q2 2018. At present, the competition regulations are being prepared on the basis of the preliminary versions of teacher education curricula submitted by the Ministry of Science and Higher Education.

As part of a better transition from education to employment, works on the draft Law on *Higher Education and Science* continued in 2017. Consultations were held on proposals for statutory solutions developed by three independent teams selected in an open competition organised by the Ministry of Science and Higher Education. Three conferences were held within the framework of the National Congress of Science: 1. Diversity of models of universities and research institutes - the direction and instruments of change (26-27 April 2017); 2. Financing of science and higher education (25-26 May); 3. Organisation and management in higher education (19-20 June). The draft Law on Higher Education and Science was presented during the National Congress of Science in Kraków on 19-20 September 2017. At the end of the year, the process of three-month public consultations and interministerial arrangements of the draft Law on Higher Education and Science were completed.

Moreover, in May 2017, the *Integrated University Programmes* competition was announced, and from June to October 2017, the call for proposals was in progress. The competition was divided into 3 paths: Path I - The project applicant may be only a public or private higher education institution with at least 200 full-time students (allocation: PLN 500 million); path II - The project applicant may be only a public or private higher education institution with at least 200 full-time students and no more than 20,000 full-time and part-time students with at least half of the evaluated organisational units having a parametric grade of B or lower (allocation: PLN 250 million); path III - the applicant of the project may be only a public or private higher education institution, educating at least 20,000 students, full-time and part-time, where at least half of the evaluated organisational units have a parametric grade of A or higher (the allocation envisaged is PLN 250 million). Evaluation of path I projects is ongoing: 101 proposals are under negotiation. The announcement of the results is planned for March 2018. For path II, in January 2018 the competition was settled and the process of concluding 28 co-financing agreements is underway. For path III, in 2017 all agreements were concluded (10 projects with a total value of PLN 369 million).

On 9 May 2017, the Council of Ministers adopted a draft Act on the *National Agency for Academic Exchange*. The Agency started its activity on 1 October 2017. After changing the scope of OP KED 2014-2020, it will be possible to implement three non-competition projects of a conceptual nature planned by the National Agency for Academic Exchange: 1. The National Agency for Academic Exchange. The main objective of the project is to support the institutional capacity and functioning of the National Agency for Academic Exchange, including the development of operating standards, networking, improving competencies and qualifications of the staff. The planned budget of the project is PLN 4.5 million, the planned date of its implementation is January 2018 - December 2020.

2. International scholarship exchange for doctoral students and academic staff. The main objective of the project is to create a financial support mechanism through scholarship programmes in order to improve the competences and qualifications of doctoral students and academic staff from Poland and abroad, including those from outside the EU. The planned budget of the project amounts to PLN 66.7 million and is to be implemented from January 2018 to March 2021. 3. Improving the competences of academic staff and the potential of institutions to receive people from abroad - Welcome to Poland. The main objective of the project is to support the institutional capacity of Polish higher education institutions through academic cooperation with foreign entities, creation of academic cooperation networks, improving the competences of academic staff and the potential of institutions to receive persons from abroad. The planned budget of the project is PLN 33.3 million, the planned implementation date is January 2018 - March 2022.

Considering the insufficient availability of medical care and the consequences of a decrease in the number of health care workers, the Ministry of Health undertook measures aimed at [increasing the number of professional health care staff](#) in the period from April to December 2017 by organising 195 courses for 4,400 participants. The trainings covered such areas as: oncological surgery, internal diseases, geriatrics, haematology, clinical oncology, orthopaedics, medical rehabilitation, family medicine, pathomorphology, rheumatology and courses common to all areas of public health.

In order to improve the quality of education of medical staff and increase patient safety, the project entitled [Implementation of development programmes for medical universities participating in the process of practical education of students, including creation of Centres for Medical Simulation \(CMS\)](#) was launched. Project beneficiaries undertook measures related to the purchase of equipment for CMS, training of medical staff conducting future classes in CMS. Moreover, works were underway on the final form of the university development programmes, which assume an increase in the number of classes conducted with the use of medical simulation. 12 co-financing agreements were signed with medical universities for the implementation of projects. As part of 7 projects, construction/adaptation of premises for CMS commenced. Moreover, in order to ensure proper implementation of development programmes of medical universities participating in the process of practical training of medical, medical and dental, nursing, midwifery students, courses/trainings for simulation instructors, simulation technicians and management staff of Centres for Medical Simulation in foreign or domestic centres began.

With a view to [enhancement of the teaching excellence system](#), in March 2017 standards were developed for cooperation between training schools, universities, teaching excellence institutions, psychological and educational counselling centres and pedagogical libraries. Within the framework of launching the pilot training school, 4 training schools and 11 cooperating schools were selected.

As part of the development of model training materials, including multimedia and e-learning for teachers of training schools, 40 sets for teachers of foreign languages, mathematics, computer sciences and natural sciences were developed. In addition, 10 learning courses have been prepared and an additional 4 courses are planned by the end of June 2018.

The conditions for general accreditation of teaching excellence institutions have been prepared under the Ordinances of the Minister of National Education on definition of detailed conditions for common accreditation of teaching excellence institutions. Due to the fact that the above Ordinance has not been completed within the deadline set in NRP 2017/2018, i.e. Q3 2017, works will continue in 2018 (see point 5.5).

As part of the development of the system for the validation and certification of the teaching excellence system staff, the first stage of works consisting in the development of descriptions of qualifications and procedures for the validation of trainers was completed. Descriptions of 4 qualifications of persons responsible for professional development of education system staff were developed, i.e. conducting training for education system staff, counseling for education system staff, coordinating networking and self-education for education system staff, conducting support for

schools and institutions. The above descriptions were consulted with the stakeholder group and the IBE and subsequently revised. In addition, 4 validation toolkits have been developed to suit the individual descriptions.

With regard to the [amendment of the Education Law](#), on 1 September 2017 the Education Law of 14 December 2016 entered into force.

In connection with the reform of the education system, on 1 September 2017 a new Ordinance entered into force on pre-school curricula and general education curricula for primary schools, including students with moderate or significant intellectual disabilities, general education for stage I sectoral VET schools, general education for special schools preparing for work and general education for post-secondary schools, as well as a new Ordinance setting out framework curricula for public schools. Programme and organisational changes will be implemented successively, in accordance with the reform implementation schedule.

On 30 January 2018, the Minister of National Education signed the Ordinance on general education curriculum for general secondary schools, technical secondary schools and stage II sectoral VET schools - in these types of secondary schools, the programme changes will be implemented as of the school year 2019/2020.

In March 2018, works that started in 2017 on the preparation of new Ordinances of the Minister of National Education on granting an earmarked subsidy for equipping schools with textbooks, educational and training materials and on the levels of indicators increasing the amount of the earmarked subsidy for equipping primary schools with textbooks, educational and training materials for students with disabilities, were completed, enabling the school governing bodies to provide students with free access to textbooks and materials in the school year 2018/2019.

Target relating to eliminating poverty and social exclusion

Main measures taken since April 2017

In connection with the implementation of the [Family 500 Plus Programme](#), statutory changes were introduced in accordance with the recommendations included in the Review of family support systems. The Act amending certain acts related to family support schemes entered into force on 1 August 2017 (with the exception of a group of provisions which entered into force on 1 January 2018 or will enter into force on 1 January 2019). The process of submitting applications for the right to childcare benefit for the new benefit period by the beneficiaries, their examination by the gminas and issuing administrative decisions as well as the process of payment of the due benefits by the gminas were monitored on an ongoing basis.

On the basis of a Review of family support systems adopted by the Council of Ministers on 4 April 2017, in 2017 the Ministry of Family, Labour and Social Policy prepared an Act amending certain acts related to family support systems, which changed the provisions of, inter alia, the Act on state aid in bringing up children (implementing the [Family 500 Plus Programme](#)). On the one hand, the changes in the scope of the abovementioned Act were of an orderly and detailed nature (unification - as a rule - of the provisions of individual systems of financial support for families with dependent children). On the other hand, the changes concerning the rules of functioning of the [Family 500 plus Programme](#) served the purpose of the so-called tightening of the system of child care benefits (elimination of the occurring abuses in applying for child care benefits, among others in the case of persons declaring single parenthood, alternating child care, earning income from activities subject to taxation under the provisions on lump-sum income tax on certain income earned by natural persons).

Support under the [Family 500 Plus Programme](#) in the April 2016/September 2017 benefit period covered 3.995 million children raised in 2.619 million families. In the new benefit period (i.e. from

October 2017), 3.654 million children raised in 2.392 million families are supported (data as of December 2017). The drop in the number of families / children supported under the "Family 500 plus" program in 2/3 is a result of the improvement in the income situation of families with dependent children (resulting in a smaller number of entitled to benefit for the first child), and in 1/3 results from the above sealing the system of educational benefits. Since the beginning of the Programme's operation, PLN 41.4 billion has been allocated to its implementation from the state budget, and in 2017 - PLN 23.8 billion.

Measures addressing the key economic and social challenges specified in the *Country Report Poland 2017*

Main measures taken since April 2017

In view of the need to accelerate the disbursement of funds under the financial framework 2014-2020, the Ministry of Development initiated a number of works on the simplification of the system, in particular with regard to amendments to the Act of 11 July 2014 on the rules of implementation of the Cohesion Policy programmes financed under financial framework 2014–2020. The Act of 7 July 2017 amending the [Act on the rules of implementation of the Cohesion Policy programmes financed under financial framework 2014–2020 and certain other acts](#) entered into force on 2 September 2017.

In the area of measures taken under the new investment policy, which are to favour the implementation of an increase in the investment rate in the economy, on 8 June 2016 the amended [Programme for the support of investments of considerable importance for the Polish economy for years 2011-2023](#) was adopted, followed by further improvements through amendments of 15 September and 27 November 2017.

In order to strengthen the institution for the amicable settlement of disputes, in 2017 works began on the development of standards for the functioning of the [Centre for Arbitration and Mediation - Coordinator \(CAM-K\)](#) and other Centres for Arbitration and Mediation (CAMs), as well as on the process of managing the activities of the planned CAM network. By the end of 2017, rules and standards for the operation of the CAM network had been developed, as had training programmes conducted at CAMs. Works have begun on the development of model documents: a mediatory agreement, a mediation agreement, and model reports. Procedures are also underway to select a contractor for tools for the CAM network: an IT tool and a nationwide hotline. In 2018, the Centre for Arbitration and Mediation - Coordinator conducts works aimed at improving the standards of the Centre's operation. The Ministry of Justice carried out tasks related to the selection of other projects for the CAM network, in particular the rules and standards for the operation of the CAM network, training programmes conducted at CAMs together with training materials were developed. Model documents such as mediatory agreements, mediation agreements, mediation reports, as well as model organisational documents of individual CAMs were prepared. The final works on the tools of the CAM network are in progress: IT tools and a national hotline (external contractor).

In order to improve the efficiency of the functioning of the restructuring and bankruptcy courts, work has started on the introduction of a Central Register of Restructuring and Bankruptcy (CRRU). In the course of project works related to the analysis of business processes concerning the CRRU, the Ministry of Justice began works on a draft Act on the National Register of the Indebted (KRZ), which repeals Article 5 of the Restructuring Law (introducing CRRU) and creates KRZ instead. The National Register of the Indebted will provide information on entities that are insolvent, at risk of insolvency or towards which ineffective enforcement has been discontinued. The scope of the register goes beyond the regulations of restructuring law and requires regulation in a separate act. The draft Act is currently awaiting the opinion of the Committee for European Affairs.

As part of the measures related to the closed loop management and waste management, the [ordinance of Minister of the Environment of December 29, 2016 on the detailed method of selective collection of respective waste fractions](#) (Dz.U. of 2017, item 19), was adopted. The Ordinance entered into force on 1 July 2017. Similarly, the [Ordinance of the Council of Ministers of March 6, 2017 amending the Ordinance on environmental fees](#) (Dz.U. 2017, item 723), entered into force on 1 January 2018.

With regard to the draft [Roadmap within the Circular Economy Team](#), in February the Interministerial Team determined 4 thematic groups (waste, promotion and education, bioeconomy, business models), whose aim was to develop subscriptions to the draft Roadmap. The adoption of the Roadmap has been delayed and is planned for Q2/Q3 2018.

Part of the provisions of the [Water Law](#) (Dz.U. of 23 August 2017) entered into force on 24 August. The new system of financing water management, based on flexible financial instruments, should significantly contribute to effective and efficient management of water resources and to disbursement of funds on measures related to ensuring the availability of water of appropriate quality parameters and in appropriate quantities. By adopting the Act, Poland fulfilled the ex-ante condition, which resulted in the mobilisation of funds from the operational programmes of the European Union for 2014-2020 relating to water management.

By implementing the provisions of the [Act on primary health care](#), which entered into force on 1 December 2017, it is possible to provide preventive health care tailored to patients' needs, including education on responsibility for one's own health. The changes concern therapy carried out in accordance with individual diagnostic, treatment and care plans; real cooperation of the POZ team with persons providing the patient with specialist health care services and exchange of information about the patient; offering an extended package of diagnostic tests and specialist consultations to patients with selected chronic diseases.

Measures relating to support for the mobility of agricultural workers towards other sectors of the economy

Measures were taken to improve cross-sectoral mobility of workers. Within the framework of the RDS strategic project [New opportunities for rural areas](#), vocational activation of people leaving for the non-agricultural labour market is carried out. By the end of 2017, projects relating to vocational activation and entrepreneurship supported 175,600 persons from rural areas in OP KED and 106,200 in ROPs. Unemployed persons living in rural areas most often started their internship with an employer – 77,200 persons, training - 22,000 persons. As part of the relocation voucher, 5,000 unemployed people living in rural areas took up employment outside their place of residence. In addition, 6,000 unemployed were sent to employment agencies as part of commissioning activation measures.

In 2017, two calls for applications for aid were conducted under the *Business start-up aid for non-agricultural activity* type of operation provided for in the Rural Development Programme 2014-2020 (RDP 2014-2020). A total of 1,724 aid applications were submitted, of which 1,060 were granted by the end of 2017 for starting non-agricultural business activity in rural areas.

Between January and November 2017, 221,400 unemployed persons living in rural areas and registered in labour offices benefited from active labour market programmes carried out by poviats labour offices. This included internships with employers, training and business start-ups.

Moreover, under RDP 2014-2020 measures supporting improvement of vocational mobility of persons related to agriculture through the operation *Payments for farmers transferring small farms* were implemented. This operation grants aid to farmers who participate in the small-farm scheme laid down in the Ordinance on direct payments and who permanently transfer their holding to

another farmer. After the transfer of the holding, the beneficiary will not be subject to farmers' social insurance with the Agricultural Social Insurance Fund.

2. Implementation of CSR 2017 to date

Table: Description of the measures initiated from June 2016 to April 2017 and qualitative information on their impact

		Information on the planned and already undertaken measures					Expected impact	
CSR	CSR subcategory	Measure No.	Description of the main measures directly related to the CSR		Targets of the Europe 2020 strategy	Challenges/Risks	Impact on the budget	Qualitative/quantitative assessment
			Main objectives of the implemented measures and their significance for the CSR	Description of the initiated measures (June 2017 - April 2018)	Assessment of the impact on the targets of the Europe 2020 strategy	Challenges/Risks related to the initiated measures	General and annual changes in income/expenditure of the state (in PLN million) Share of the EU funds (source and value)	Qualitative description of the expected effects of the initiated measures and their dates
CSR 2	a) Take steps to increase labour market participation, in particular for women, the low-qualified and older people, including by fostering adequate skills.	1	Increasing employment of young people, including NEET.	<p>Activities under the <i>Youth Guarantee</i>:</p> <ul style="list-style-type: none"> - Completion of non-competition projects of the Voluntary Labour Corps: <i>Awake your potential. YEI and ESF and YEI and ESF activation action</i> - Commencement of implementation of non-competition projects of the Voluntary Labour Corps: <i>From training to employment. YEI and ESF</i>, under which 2,800 persons will receive support - The second central competition was launched in December 2017. The competition shall take the form of an open competition. Applications will be submitted in separate competition rounds until the allocation is exhausted. At the same time, projects selected as part of the first central competition announced in May 2015 were implemented - Activation measures carried out by poviats labour offices, implementation of projects selected in competitions of voivodeship labour offices and granting loans under the <i>First Business – Support for start programme</i> continued. 	<p>The measure will contribute to an increase in employment of young people under 29.</p> <p>In 2013-2016, the employment rate for people aged 15-29 increased by 4.9 pp (to 47.7%).</p> <p>In the same period, the NEET rate for people aged 15-24 decreased by 1.2 pp (to 11.1%).</p>	<p>Risk related to YG project implementation:</p> <ol style="list-style-type: none"> 1. Problems with the recruitment of people with disabilities and young people from the most disadvantaged situations on the labour market who are not registered with labour offices, e.g. those who have left youth educational/social therapy centres, correctional facilities, for project purposes 2. Failure to complete specific forms of support leading to the undertaking of training or acquiring qualifications, to the commencement of a professional internship and to the undertaking of work by the participants, or their failure to complete their participation in the project 3. Prolonged procedures for selection of contractors resulting in delays in project schedules <p>In addition, as the youth unemployment rate decreases, the effectiveness of Youth Guarantee interventions can be lower. This will be a result of the growing share of NEET youth among people activated within</p>	<p>The amount of approved expenditure under the projects implemented in the first central competition in 2017 amounted to PLN 7.328 million.</p> <p>Moreover, projects implemented by the Voluntary Labour Corps were disbursed on:</p> <ul style="list-style-type: none"> - the project <i>Awake your potential. YEI</i>: European Funds Budget (EFB) - PLN 11,020 million, State Budget (SB) - PLN 0 - the project <i>Awake your potential. ESF</i>: EFB - PLN 4,694 million, SB - PLN 673,000 - <i>Activation action - YEI</i> project: EFB - PLN 15,487 million, SB - PLN 0 - <i>Activation action - ESF</i> project: EFB - PLN 6,140 million, SB - PLN 987,000 - the project <i>From training to employment. YEI</i>: EFB - PLN 604,000, SB - PLN 71,000 - the project <i>From training to employment. ESF</i>: EFB - PLN 152,000, SB - PLN 31,000 <p>The amount allocated for co-financing of projects selected in the second central competition is PLN 150 million</p>	<p>Within the framework of the first central competition, support was granted to approx. 1,100 young people.</p> <p>Support under the projects implemented by the Voluntary Labour Corps covered a total of 3,809 persons.</p>

						YG. The problems with recruiting NEET youth for activation projects and measures, as well as the phenomenon of NEETs falling out of these projects, may further increase.	(including PLN 126.42 million from European funds) in 2018-2020. 2017 saw no disbursement of funds under the second central competition, as the projects have not yet been accepted for co-financing (the first round of the call for proposals will take place from 1 February to 28 February 2018). Under the First Business – Support for start Programme, 290 loans were granted under YG by Bank Gospodarstwa Krajowego for business start-up in the total amount of PLN 20.5 million. (April-December 2017).	
CSR 2	a)Take steps to increase labour market participation, in particular for women, the low-qualified and older people, including by fostering adequate skills.	2	Increasing the availability of childcare facilities for young children.	In June 2017, a <u>competition for a special edition of the 2017 Toddler+ Programme</u> was announced to co-finance the provision of care facilities for children under 3 who have a disability certificate or require special care. The results of the competition were announced in August 2017. <u>In October 2017, the Toddler+ competition for 2018 was announced.</u> Co-financing for the creation or maintenance of childcare facilities may be granted to local government units, as well as natural persons, legal persons and organisational units without legal personality.	The measure will contribute to the increase in employment of women .	A short deadline for submitting proposals poses a risk of failure to obtain premises for childcare activities, as well as problems with preparing competition and institution-building documentation (e.g. in the case of gminas - tender documentation, construction permits, construction design). Participation of private entities in the competition is also a risk. It may turn out that, despite the co-financing, entities are unable to create or maintain care facilities at a later stage. This could result in fewer care places being created.	In total, the beneficiaries of the special edition of 2017 Toddler+ Programme received co-financing of about PLN 3.7 million. In 2018, PLN 450 million was allocated to the Toddler+ Programme for this purpose (PLN 250 million in the special-purpose reserve and PLN 200 million in the financial plan of the Labour Fund).	Number of places created, adapted or co-financed under the Toddler+ programme - special edition For life: - 77 new places were created (subsidy: ca. PLN 1.1 million) - 266 places were adapted to the needs of children from the target group (subsidy: PLN 1.8 million) - 233 places received operating subsidies (subsidy: PLN 0.9 million). At the end of 2017, the percentage of children under 3 covered by childcare amounted to 14.5% (without children under nanny care, including children under nanny care - 15.7%) It is estimated that this percentage, taking into account the places created thanks to 2018 Toddler+ programme funds, will increase to 17.7%. It should be taken into account that

								<p>a number of places will not be created due to the withdrawal of entities from the programme, which will result in a lower percentage of children receiving care than originally estimated.</p> <p>It is estimated that thanks to 2018 Toddler+ programme, approx. 24,500 places will be created and approx. 56,000 will receive co-financing for their operation.</p>
CSR 2	a)Take steps to increase labour market participation, in particular for women, the low-qualified and older people, including by fostering adequate skills.	3	Reduction in the cost of functioning, which should be accompanied by a reduction in the fees paid by parents.	The Act amending certain acts relating to family support schemes, which was adopted in July 2017, introduced changes in the care of children under 3, including an extension of the list of entities that may set up a nursery or children's club; optimisation of the requirements for the premises where a nursery or children's club is to be operated; changes in the qualifications of the staff working at the nursery or children's club. The amendments to the Act on the care of children under 3 came into force on 1 January 2018.	The measure will contribute to the increase in employment of women.	Some care institutions do not comply with the new requirements. Increased interest among entities in applying for registration/change of data in the Register of Nurseries and Children's Clubs and in the List of Day Carers and for decisions/opinions confirming compliance with sanitary, site and fire safety requirements may result in a greater workload for the relevant services and offices.	<p>State budget</p> <ul style="list-style-type: none"> - PLN 250 million for the Toddler+ programme (as of 2018, the funds were increased by PLN 99 million compared to 2017) - PLN 1.22 million in 2017 and PLN 0.67 million in 2018 for activities related to the care of children under 3 in the area of information technology (e.g. development of the register of nurseries and children's clubs and the list of daily caretakers) - Labour Fund - PLN 200 million for the Toddler+ programme 	Facilitated establishment of childcare facilities for children under 3 by reducing statutory requirements. Reducing operating costs for nurseries and parents' fees.
CSR 2	a)Take steps to increase labour market participation, in particular for women, the low-qualified and older people, including by fostering adequate skills.	4	Popularisation of pre-school education.	From 1 September 2017, the 3-year-old's right to pre-school education came into force. Children who were 4 and 5 years old had previously obtained a similar right. This provides a basis for the increase of pre-school education in Poland to reach the reference level agreed within the framework of the European cooperation in education and training (ET 2020), i.e. to at least 95% by 2020 at the latest.	The measure will contribute to the increase in employment of women.	A very important task of the Polish government is to ensure that children have access to high quality and affordable early childhood education and care, regardless of where they live. From 1 September 2017, all children between the ages of three and five shall have the right to use pre-school education. This should reduce regional and local disparities in access to education. Children aged 6 are obliged to undergo one-year kindergarten preparation. Every child in pre-school education shall be provided with at least 5 hours of	<p>Local governments receive support for the implementation of pre-school education from the state budget - in the form of a earmarked subsidy - the so-called pre-school subsidy. As part of the grants for supporting pre-school education, funds were allocated from the state budget in the following amount (amounts from the distribution of subsidies):</p> <ul style="list-style-type: none"> - in 2017: PLN 1.3 billion - in 2018: PLN 1.4 billion. <p>Since 2017, in connection with</p>	In the school year 2017/18, 73.7% of three-year olds, 86.7% of four-year olds and 93.5% of five-year olds are covered by pre-school education (preliminary MEN data, the value of which may slightly increase after taking into account by the Central Statistical Office the references to the resident population). Popularisation of pre-school education among 3-5 year-olds, currently amounting to 84.8% (without reference to the

						free education per day. They pay no more than PLN 1 for each consecutive hour. Such a solution significantly reduced the occurrence of economic barriers in access to pre-school education.	the subsidising of 6-year-old and older children in pre-school education, a subsidy of an average amount of PLN 4,300 has been calculated. the subsidy for municipalities is granted for children under 5.	resident population), is approaching the value set in the Human Capital Development Strategy for 2020, i.e. 90%. The same applies to the implementation of the European early childhood education indicator (participation in pre-school education or voluntary school education of children over 4). The number of people with disabilities in Poland who do not have access to compulsory schooling is 92.4% (without reference to the resident population), compared to the level assumed for 2020 in the EU – at least 95%).
CSR 2	a)Take steps to increase labour market participation, in particular for women, the low-qualified and older people, including by fostering adequate skills.	5	Improving the financial accessibility of lifelong learning.	A pilot project on Learning Loans was launched to support lifelong learning. Apart of the project, one may apply for an interest-free loan for post-graduate studies, courses, training and other forms of adult education offered by domestic and foreign entities (with the exception of first, second- and third-grade programmes), lasting no longer than 24 months. Loans are available both for employed persons (within each form of employment) and for self-employed and non-working persons (the unemployed, on parental leave, etc.). The amount of the loan may cover 100% of the cost of education and may not be less than PLN 600 or more than PLN 100,000. The loan is repaid in instalments (from 12 to 36 installments), it is possible to write off 20-25% of the loan after positive completion of the training. The first recruitment lasted from 18 September to 24 November 2017. The second one started on 1 February 2018. The anticipated number of people covered by the support is 4,000, and in the first call over 1,000 loans worth over PLN 7 million were granted.	The measure will contribute to the increase in employment and its quality.	Possible lack of sufficient interest in a refundable instrument (loan rather than grant). Loan default, resulting in a reduction in the expected volume of funds.	A total of PLN 22 million was allocated to the project, including PLN 8.25 million in 2017 and PLN 13.750 million in 2018. Funds (loan repayments) will be invested for three years under the project, it is assumed that the turnover of funds will amount to 150% of the allocation, assuming full repayment and average redemption at the level of 23% and the average repayment period of 24 months. In the next non-project period - i.e. three consecutive years - another 1.5-fold turnover of funds will be made.	Project at the early stage of implementation. The concept of a demand-based repayable assistance instrument is being tested for the first time as part of an ESF project. The result of testing may show in the long run that increasing competences within the framework of demand rather than supply instruments is a more effective solution on the education market.
CSR 2	a)Take steps to increase labour market participation, in particular for women, the	6	Increasing the level of human capital in Poland (through an increase in the number of learners and the quality of	Activities aimed at the implementation of the Integrated Qualification System (ZSK), contributing to the promotion of appropriate skills necessary on the labour market, are continued. After the introduction of all legal and institutional solutions, activities are carried out in order to fill ZSK with market qualifications. .	The measure will contribute to the increase in employment and its quality.	The process of integrating qualifications into ZSK is a challenge for competent ministers, especially in those sections where the sectoral environments are dispersed and	In 2017, PLN 15.2 million (including PLN 12.8 million from the ESF and PLN 2.4 million from SB) was spent on the project implemented by the Educational Research	Facilitating the presentation and acquisition of qualifications by citizens. Facilitating the assessment of qualification levels by employers .

	low-qualified and older people, including by fostering adequate skills.		education) and increasing the matching of supply and demand on the labour market.			heterogeneous.	Institute - OP KED Supporting the implementation of the first stage of the Integrated Qualification System at the level of central administration and institutions granting qualifications and ensuring the quality of awarding qualifications. The project budget for 2018 amounts to: PLN 16.1 million.	
CSR 2	a)Take steps to increase labour market participation, in particular for women, the low-qualified and older people, including by fostering adequate skills.	7	The aim of the centres is to increase adult participation in education by activating those who have been inactive and not yet participated in forms of education and training.	<p>New initiatives for adult learning with low skills and competences have been launched since autumn 2017. Three co-ordinating organisations selected through a call for proposals financed from the Operational Programme Knowledge Development Education support the creation of 50 Local Knowledge and Education Centres (LKECs).</p> <p>The project assumes the use of schools as local centres for animating non-formal education of adults. In the middle of 2018, the initial activities in this area are to be summarised and models of local centres capable of further development are to be developed. A new competition is planned for the first half of 2019. It is assumed that by 2023 there will be 118 such centres in operation. .</p>	The measure will contribute to the increase in employment and its quality.	The challenge in adult learning is to take a different approach to create proposals in this field. Effective adult learning provision should be based on an individual assessment of adults' skill needs, the matching of flexible provision in a close adult environment and the introduction of validation mechanisms, i.e. the recognition of adults' experience on an equal footing with the outcomes of education and training.	The budget of projects implemented in 2017-2018 is PLN 15.4 million, of which PLN 2.4 million will be financed from the state budget, and PLN 13.0 million from European funds (source: Operational Programme Knowledge Development Education).	<p>The project is of a pilot nature and consists in checking the LKECsmodel in various organisational, legal, social and economic conditions.</p> <p>Pilot implementation of the LKECsmodel in fifteen locations will allow to develop the organisational and functional framework for the creation and operation of such centres for educational activation of adults in the future.</p>
CSR 2	(b) removing obstacles to more permanent types of employment.	1	Improving labour standards and working conditions for temporary workers.	On 1 June 2017, the Act amending the Act on the employment of temporary workers and certain other acts entered into force (Dz.U. item 962). The Act clarifies the provisions to prevent abuse of replacing regular employment with agency work, the use of temporary work, in cases where this is prohibited or in breach of the maximum permitted limits for temporary work. The Act strengthens the procedural protection of temporary workers. They may, like other employees, bring actions before the labour court of their choice.	The instrument will increase the quality of employment.	It cannot be excluded that the proposed amendments concerning pregnant workers will have a negative impact on the willingness of temporary work agencies to employ women for temporary work, and on the willingness of employers as a whole to employ women on the basis of replacement contracts for the absence of an employee.	The impact on the public finance sector (state budget, FUS, NFZ, FP, FGŚP, local government units) within 10 years from the entry into force of the Act will amount in total to about PLN 69 million on the revenue side and PLN 259 million on the expenditure side.	It will also improve the legal certainty of employers using temporary work agencies.
CSR 2	(b) removing obstacles to more permanent types of employment.	2	Developing new code regulations in the field of labour law.	On 14 March 2018, the Codification Commission of Labour Law concluded its work and adopted a resolution to adopt two drafts: the Labour Code and the Collective Labour Code. Draft acts: the Labour Code and the Collective Labour Code, developed by the Codification Commission of Labour Law, were submitted to the Minister of Family, Labour and Social Policy. Proposals of legal solutions included in both bills will be used in legislative work carried out in the Ministry of Family,	The regulations will increase the quality of employment.		The financial impact cannot be estimated at this stage.	It is not possible at this stage to make a qualitative/quantitative assessment.

				Labor and Social Policy. On the basis of these proposals, draft legal acts will be presented, which will gradually change the regulations in the field of labor law. These will be first of all suggestions regarding, in particular, working time.				
CSR 2	(c) Ensure the sustainability and adequacy of the pension system by taking measures to increase the effective retirement age and by starting to reform the preferential pension arrangements.	1	Creation of a universal and voluntary system of pension savings	<p>Works were carried out on the draft Act on Employee Capital Schemes (PPK). The proposed solutions consist in the creation of a legal framework for the operation of a universal and voluntary system of savings intended to secure financial needs after reaching the age of 60.</p> <p>The draft Act is part of the implementation of the objectives set out in the Strategy for Responsible Development (SRDRDS) adopted on 14 February 2017 by the Council of Ministers in the area of Sustainable Economic Growth and the area of Capital for Development. According to RDS, in order to increase the development of potential and stability of the economy, it is necessary to increase the savings rate and financing of investments from domestic sources, increase the financial security of Poles and the stability of the public finance system, as well as the development of the local capital market. The draft Act also takes into account the conclusions of the 2016 Pension Review .</p> <p>At the same time, the Government started a large-scale information campaign aimed at informing the public about the positive effects of the later retirement. This campaign includes mass media and sending individual information to the insured persons about their pension entitlements along with information on how the decision on later retirement will affect their future performance. An institution of pension advisers was created in the field units of the Social Insurance Institution to provide personalized and detailed information on the positive effects of later pension rights.</p> <p>These activities are part of a series of initiatives to give the insured persons the full range of information on social insurance and to shape positive and responsible attitudes in this area.</p>	Not applicable.	<p>The challenges to be solved by the draft Act include, among others, increasing the investment rate, increasing the savings rate and reducing the income gap between the period of professional activity and retirement.</p> <p>A certain risk may be an increase in the expenditures of the public finance sector in the first period of the PPK system functioning, due to the financing from the Labour Fund of the welcome contribution and the annual subsidy, as well as the payment of basic contributions by all entities of the public finance sector as of 1 July 2020.</p>	<p>In the first two years of the functioning of PPK (2019-2020), their impact on the state budget will be negative, due to the necessity of financing the welcome contribution and the annual subsidy from the funds of the Labour Fund, as well as basic contributions from the budgets of public finance sector entities.</p> <p>Moreover, there will be a loss in CIT due to the fact that the contribution paid by the employing entity will constitute its tax deductible cost.</p> <p>On the other hand, income from PIT paid by participants from the employer's contribution will be increased. Moreover, since the expenses of authorities and entities covered by the stabilising expenditure rule (Article 112a(1) of the Act on Public Finance) related to the introduction of PPK will be incurred within the amount and limit of expenses determined using the stabilising expenditure rule, the introduced changes will not have a negative impact on the results of entities covered by the expenditure rule. These changes will entail the need to reprioritise (reduce) other expenditure covered by the stabilising expenditure rule and/or to ensure an adequate level of additional tax or social contributions revenue in the</p>	Increasing the scale of savings to secure financial needs over the age of 60 and development of the local capital market.

							sense of ESA2010. . At the same time, in the long term, the introduction of PPK, given the expected positive impact on GDP growth, is expected to have a positive impact on public finance.	
CSR 2	(c) Ensure the sustainability and adequacy of the pension system by taking measures to increase the effective retirement age and by starting to reform the preferential pension arrangements.	2	Not applicable.	No works on changes in the specific pension schemes for selected professional groups were carried out.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
CSR 3	Take measures to remove barriers to investment, particularly in the transport sector.	1	The main objective of the programme is to strengthen the role of rail transport in the integrated transport system of the country by reversing the downward trend in the share of rail transport in transport and providing the necessary funds for maintenance and repair works on the existing railway network.	On 16 January 2018, the Council of Ministers adopted a multiannual programme <i>Assistance in financing the costs of railway infrastructure management, including its maintenance and repair, until 2023.</i>	Not applicable.	Increasing outlays for maintenance and repair of railway infrastructure translates into the necessity to increase the number of railway line capacity limitations, which requires coordination with the investment works carried out, and improper management in this respect may lead to a reduction in the functionality of the railway system.	The programme will be financed from the state budget and the Railway Fund. In 2019-2023, approximately PLN 23.8 billion will be allocated from public funds for its implementation, including approximately PLN 21 billion from the state budget.	The implementation of the programme will contribute to the improvement of the quality of railway infrastructure, which should encourage the use of rail by passengers and other users (e.g. freight operators). It is also envisaged to reduce the travel time by rail and to reduce the number of technical breakdowns and faults, which will increase the safety of travellers and the competitiveness of this mode of transport..
CSR 3	Take measures to remove barriers to investment, particularly in the transport sector.	2	Increasing the quality of spatial planning acts. Simplification of the administrative procedure for obtaining a construction permit decision. Coordination of the	Inter-ministerial consultations and agreements of the Urban Planning and Construction Code as well as of the implementing regulations were carried out and a new version of the projects was prepared. At the same time, a draft act was drafted to amend certain acts in connection with the simplification of the investment and construction process, which was to precede the implementation of comprehensive solutions proposed in the Urban Planning and Construction Code. In accordance with the decision made by the Minister of	Not applicable.	Due to the thorough substantive analyses currently carried out in the Ministry, in the context of legislative works on the drafts of other acts included in the Apartment Plus programme, it is highly probable that the existing solutions adopted in the Urban Planning and Construction Code will require serious modification,	In 2019, the possible financial consequences are the cost of creating an urban development and construction register. The estimated cost is PLN 6,0-6,5 million, depending on the variant.	The project comprehensively regulates the investment process, starting from the creation of the spatial policy at all administrative levels of the country, through obtaining the investment permit for the implementation to the final construction of the

			implementation of a public purpose investment with spatial planning.	Investment and Economic Development, the draft act amending certain acts in connection with the simplification of the investment and construction process will not be proceeded with (a motion has already been submitted to remove the said draft from the list of legislative works of the Council of Ministers).		which may result in delays in the implementation of the works on the aforementioned project in relation to the assumed schedule.		investment.
CSR 3	Take measures to remove barriers to investment, particularly in the transport sector.	3	The main objective is to ensure continuity and stability of electricity supply to industry and households.	On 8 December 2017, the Capacity Market Act was passed. The capacity market has strong economic incentives to build, maintain and modernise generation units and to manage energy consumption and make demand more flexible for consumers. This solution is an important tool for adapting the energy sector to the challenges it will face in the nearest future in connection with the implementation of the EU energy and climate policy, in particular solutions included in the legislative drafts of the so-called winter package. The new regulations are also intended to strengthen Poland's energy security.	Not applicable.	The greatest threat to the Polish capacity market is posed by the provisions of the Regulation of the European Parliament and of the Council on the internal electricity market, which is currently in preparation. In the draft regulation, it has been specified that sources emitting more than 550 g CO ₂ /kWh will not be able to participate in the capacity market. Due to the fact that the capacity market, in order to meet the assumed objectives, should function in the long term and the fact that the power sector in Poland is currently based on sources emitting more than 550 g CO ₂ /kWh, the proper functioning of the capacity market, i.e. the security of energy supply to end users, will depend on the adopted provisions of the above mentioned regulation. Another threat to the timely conduct of auctions is the need to issue, within a short period of time, three regulations to the Capacity Market Act, to approve the capacity market regulations, to conduct certification processes and to conduct the auctions themselves.	The Regulatory Impact Assessment provides for 4 posts to be filled by the Ministry of Energy and 4 by the Energy Regulatory Office. The estimated annual cost of additional employment is PLN 739,000.	Capacity will be purchased on the power market to cover the country's peak energy demand. The capacity purchased for a given year should be between 18 and 26 GW. It is predicted that 300-500 entities will take part in the certification, and about 100-200 power suppliers will take part in the auction alone.
CSR 3	Take measures to remove barriers to investment, particularly in the transport sector.	4		Works are underway to amend the Renewable Energy Sources Act and certain other laws (UC 27). The draft Act was subject to public consultation from 28 June to 14 July 2017. The Ministry of Energy is preparing a consolidated version of the draft Act, taking into account the comments made during public consultations and during interministerial consultations, which will enable the draft Act to be submitted for further legislative work.	Increased RES power generation. The proposed solutions are expected to contribute to the	The regulations contained in the draft amendment to the Act on renewable energy sources and certain other acts (UC 27) directly refer to the need to ensure more effective policy-making in the field of renewable energy sources (RES), in particular as regards the	The maximum total public aid resulting from the assumptions of the project will be PLN 1.83 million during a year and PLN 27.44 million during 15 years. Taking this into account, the maximum allowable state aid (EUR 15	The regulations solve the problem of adapting the current system of support for renewable energy sources (auction system) to the needs and capabilities of small generators. By planning support for the

				<p>The aim of the draft is, among others, to ensure full compliance of the provisions of the Act with the aid regulations, to clarify certain definitions of the Act on Renewable Energy Sources, and to make changes to improve the operation of the auction system with respect to, among other things, the division into so-called baskets. The amendment is also to introduce a change in the scope of the subject of property tax on wind farms, as this tax will be charged only on their construction parts. Another proposed amendment to the Act on investments in wind farms restores the situation in which the wind farm construction permits issued prior to the entry into force of the Act on investments in wind farms remain valid pursuant to the rules set forth in the Construction Law.</p>	<p>achievement of the share of renewable energy sources in the gross final energy consumption in 2018 at the minimum level of approx. 13%, or even at the level of 13.79%, i.e. consistent with the National Action Plan for renewable energy sources.</p>	<p>support system and the structure of energy generation from RES. The existing regulations have a negative impact on the possibility of ensuring energy security, both in the national and local dimension, as well as the implementation of the objectives at the level of 15% share of renewable energy in the gross final consumption of energy, in accordance with the adopted international commitment.</p>	<p>million) will be used only in 44%.</p>	<p>implementation of projects in selected technologies, the regulation will also enable the implementation of needs significant from the point of view of environmental protection and economy, such as the improvement of the water balance, minimisation of external costs related to the generation of electricity, waste management and the development of distributed generation. The proposed changes will also contribute to the implementation of the objectives indicated in the country's strategic documents.</p>
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3. Engaging social and economic partners in the works related to the European Semester and the course of public consultation

EU documents assessed by social and economic partners

In the course of the European Semester, social and economic partners were informed about the documents published by the European Commission. The Independent and Self-Governing Trade Union “Solidarity” (NSZZ “Solidarność”) and the All-Poland Alliance of Trade Unions (OPZZ) submitted remarks to the Commission Communication [Annual Growth Survey 2018](#) (AGS).

In their opinions, both organisations agree with many AGS recommendations, such as the need to invest in high quality education, training, labour productivity growth and active labour market policy, as well as recommendations concerning equal opportunities for disadvantaged groups. However, unions raise fundamental objections to the recommendations in the area of the labour market, both from the point of view of wage formation mechanisms and reforms increasing the flexibility of the labour market. According to the unions, the AGS's shortcoming is that it does not point to measures to increase wages and the share of wages in GDP, merely stating that wage growth is driven by productivity growth, and ignoring the fact that in previous years, wage growth has lagged behind productivity growth in many EU countries, the levelling out of wage levels in the EU stopped in 2008 and the wage gap between Western and Eastern Europe is now widening, despite declining differences in labour productivity and in the cost of living. In particular, the AGS lacked specific action to increase the lowest wages and to expect EU countries to comply more rapidly with ILO Convention 131 on minimum wages and ILO Recommendation 135 on minimum wages, which sets out the recommended minimum wage.

The unions are also critical of the statement that reforms should aim, among other things, at reducing rigidities in labour markets. According to the unions, action should be taken to improve the quality of employment in Europe and not to make employment even more flexible and temporary. The current employment regulations already allow for a highly flexible labour market. The problem is that flexible and non-standard contracts do not serve, as the AGS points out, to regulate the business cycles of companies, but are a permanent element of company management and the reduction of labour costs, which is detrimental to working conditions, training opportunities and the pay of employees. EU countries' action under the modern approach to the labour market should focus on increasing the stability of in-work employment, decent wages and salary increases in order to reduce the scale of in-work poverty. In this context, the key role of shaping socially responsible attitudes and active actions of entrepreneurs (employers) in limiting labour market segmentation, observing the principles of equality in the workplace, increasing employment of disadvantaged groups is also pointed out.

As regards pension schemes, both organisations do not consider it appropriate to simply link retirement age to life expectancy, stating that workers' health and healthy working lives are important, and therefore call for a link between retirement age and life expectancy that takes account of healthy life expectancy. OPZZ additionally states that the period of payment of the pension contribution (35 years for women and 40 years for men) should be decisive for the right to a pension.

In general, unions advocate strengthening the role of social dialogue institutions in national and European decision-making processes and increasing the capacity of social partners in order to prepare effective and responsive social and economic policy responses to the dialogue. They stress that in many Member States trade unions are insufficiently involved in the work on the European Semester; they state that the involvement of trade unions in the process of economic governance will help to give economic policies a proper social profile and ensure a more balanced economic development of the EU. They call for measures to improve the number of company and collective agreements concluded.

They consider it essential to enforce the right of all workers to join trade unions and to respect trade union freedoms in the EU.

According to the NSZZ "Solidarność", AGS pays very little attention to income disparities, despite the fact that the Gini index for many European countries has been growing in recent years, which is a result of, among other things, the weakening of the collective bargaining system and the lack of pro-investment policies, which illustrates the growth of dividends paid in Europe to shareholders faster than the growth of private investment and GDP. According to the union, in order to change this situation, it is necessary, among other things, to take measures to increase minimum wages, which must be done with the participation of social partners. The OPZZ also attaches great importance in its opinion to the issue of inequality and the fight against poverty and social exclusion; with regard to the proposals for reforming public finances, stresses that public financial management must take account of the need to redistribute resources to socially useful services and calls for measures to be taken to make the tax system more socially equitable and to take greater account of income disparities; calls for measures to promote a comprehensive pro-family policy.

NSZZ "Solidarność" takes a negative view of the fact that the AGS has not recognised the problem of the outflow of workers within the framework of external professional mobility and the risks associated with this phenomenon. The improvement in the unemployment situation presented in the document is still insufficient. The union draws attention to the quality of the jobs offered, especially for young workers; although employment and unemployment rates are improving, this does not translate into job security. In this context, the document failed to highlight the role of social clauses in public procurement and to devote more attention to *Youth Guarantees*, one of the most important pro-employment programmes.

NSZZ „Solidarność” also refers to the situation of public administration employees in Europe, stating that without unfreezing wages and wage increase the attractiveness of work in public administration will decrease in favour of private business; sees here a lack of consistency in the document, which on the one hand points to the need to improve the business environment, and on the other hand states that "the reform of administration can bring about rapid and significant cost savings". The union fears that this will mean a reform of the administration aimed at cutting jobs and stresses that any economic reform requires an efficient and appropriate administrative service. With regard to the reform of public administration proposed in the AGS, OPZZ also points out that optimal use of funds for administration must not mean the primacy of the idea of the so-called cheap state, as it leads to social and economic damage.

With regard to general issues, OPZZ considers important the Commission declaration that the principles and objectives of the European Pillar of Social Rights will be the point of reference for the implementation of the European Semester in 2018; in this respect, OPZZ considers that this declaration should be reflected in the NRP by identifying initiatives implementing the principles and objectives of the Pillar; in particular, compliance with the ratified ILO Conventions and the adoption of those not yet ratified, in particular those setting standards for the living conditions and social security of citizens and labour and wage standards, should be an element of the Pillar implementation by the countries. OPZZ also sees the implementation of the objectives of the Pillar in the context of the UN Agenda 2030, which should also be included in the European Semester. Referring to the rule of law emphasised in the AGS as a prerequisite for the smooth functioning of the economy, OPZZ points out that this is a key issue not only for business, but also for society.

With regard to specific issues, OPZZ, while giving a generally convergent view of the directions of public and private investment with the AGS, stresses the importance of the principles proposed by the European trade unions for the so-called fair transformation of the economy. The AGS, in the opinion of OPZZ, should take greater account of the demand barrier of running a business, which is caused by the living conditions of citizens (including income level), and recommend measures to increase salaries and stability of employment. OPZZ also points out that the need to increase the predictability of the

situation of workers applies both to the labour market in general and to national policies, which should move away from measures that harm workers' rights (making the labour market more flexible) and hinder wage growth (e.g. in the public sector).

Accepting the assumption that trade should be free and fair at the same time, OPZZ stresses that the development of trade should be accompanied by a higher level of standards for the protection of workers', consumers' and the environment's rights. Such protection also requires particular restraint when taking possible deregulation measures in the market for goods and services.

OPZZ takes a negative view of the EC's position on the reform of health care; advocates equal and universal access to healthcare services financed from public funds, opposes the co-payment of patients for medical services and expects systemic changes in long-term care and an annual increase in public financing of health care at a level guaranteeing the availability of health care services.

Three short opinions were also received on AGS on the part of social and economic partners represented in the Interministerial Team. In the opinion of the Chief Technical Organisation, when accepting the three Commission priorities, insufficient level of investment, both public and private, in Poland is highlighted, as is the increase in public debt and significant deviations from the EU assumptions concerning the retirement age. The opinion of the Radom City Council, in turn, expresses concern about centralist tendencies in connection with the deepening of the integration of the euro zone, pointing to such an element as the possible creation of a European employment office. According to this opinion, the over-centralisation of activities in many areas of the economy creates risks for individual Member States with different levels of economic development and for different internal social and political problems. This diversity may necessitate the use of different instruments, depending on the country. On the other hand, the representative of agricultural self-governments (KRIR), when endorsing many of the AGS recommendations, points out first of all that agriculture in AGS has been practically omitted.

OPZZ also submitted comments to the Commission Staff Working Document *Country Report Poland 2018*. In connection with the inflation increase projected by the European Commission under the influence of strongly growing salaries, OPZZ notes that the observed wage growth should be assessed positively in view of the fact that in recent years its growth did not fully cover the increase in employee productivity, and that the wage growth itself is beneficial from the point of view of the process of aligning the living standards of employees with those recorded in the EU. Moreover, the increase in wages provokes companies to look for other ways to gain competitive advantages than low labour costs. OPZZ positively assesses the inclusion in the Report of information monitoring results in the context of the European Pillar of Social Rights. According to this organization, Pillar objectives should be treated on an equal footing with economic policy objectives and determine the content of EU Council recommendations (CSR). While agreeing in principle with the Commission assessment of the state of CSR implementation, OPZZ points out that some recommendations of the EU Council have been assessed negatively, e.g. in the area of the application of reduced VAT rates, and thus perceives limited progress in their implementation in a different way than the Commission. At the same time, OPZZ expects the government to take more effective action to close the gender pay gap, reduce labour market segmentation and reduce in-work poverty. According to the OPZZ, the Report should have included recommendations on fairer social taxation of citizens, corporate social responsibility and increased salaries in the state budget sphere. Agreeing with the analysis of investment barriers presented in the Report, OPZZ states that the European Commission has not paid attention, however, to the fact that companies are reluctant to invest in human capital as well: in decent wages, training and sustainable employment. It shares the view of the European Commission that the rule of law and legal certainty are of key importance, as is support for the development of social capital through the strengthening of the civil society sector. OPZZ is sceptical about the approach suggested by the European Commission in its Report to the role of the state in the economy, stating that shaping economic growth and the level of innovativeness of the economy

requires active involvement of the state in economic processes, one of the tools of which are companies with Treasury shareholding.

Social and public consultation of the NRP2018/2019 - key comments

The draft NRP 2018/2019 was submitted for consultations by organisations having their representatives in the Team for Europe 2020 strategy⁹. Under the consultations, opinions were submitted by the Independent and Self-Governing Trade Union "Solidarity" (NSZZ "Solidarność") and the All-Poland Alliance of Trade Unions (OPZZ), the Polish Craft Association (ZRP), the Employers of Poland, the Polish Committee of the European Anti-Poverty Network (EAPN POLSKA), the Institute for Regional Development Foundation and the Chief Technical Organisation. The draft NRP 2018/2019 was also discussed at the forum of the Team for Europe 2020 strategy on 5 April 2018.

In their opinions, the partners consider that the social area is treated in too limited a way in the NRP. In this context, they recall in particular the adoption in November of the European Pillar of Social Rights and expect its priorities and reference to the scoreboard of social indicators to be included in the NRP and the European Semester process, including in the recommendations addressed by the Council to the Member States (CSR).

NSZZ "Solidarność", while generally positively assessing activities aimed at strengthening investments, supporting SMEs, increasing innovativeness and competitiveness of the Polish economy, has reservations about certain regulations. In particular, it considers it unjustified to appoint an SME Ombudsman whose competences, in the opinion of the Union, partly coincide with those of the Social Dialogue Council. NSZZ considers the so-called "start allowance" to be negative, as it creates a gap in the social security system which, on the one hand, reduces revenues to the Social Insurance Fund (FUS) and, on the other hand, decreases the future pension of the entrepreneur. The union expects to present action plans to increase salaries in the state budgetary sphere, information on changes in personal income tax, including the establishment of a path for raising the amount of tax-free, reduction of the basic VAT rate (the reform of the tax system aimed at fairer taxation of citizens, or wage unfreezing in the state budgetary sphere is also a postulate of OPZZ). The Union notices many shortcomings in the implementation of the Youth Guarantee in Poland, which does not respond to the problem of low quality of employment of young Poles and does not counteract the segmentation of the labour market. In the light of the need to improve the quality of employment, the Union takes a negative view of the initiative of the Ministry of Agriculture and Rural Development to create a new type of civil-law contract - on assistance with harvesting - as leading to the development of precarious employment of both Polish citizens and foreigners. The Union considers that the document does not address the issue of active ageing in an exhaustive way, but points to the autonomous framework agreement of 2017 between the European social partners on active ageing and the intergenerational approach. In this context, the union also refers to the problem of the shortage of centres for elderly patients. The union is critical of the PPK project, fearing that workers with low incomes will not be interested in them and as a result a situation will arise in which, with the use of public funds (Labour Fund), workers with relatively better situation on the labour market and better material and income situation will be subsidized. Overall, the union considers that the proposals for the Capital Buildings Programme in the form of PPK and the abolition of OFE do not implement the recommendation on the sustainability and adequacy of the pension system (OPZZ also have similar reservations about the project of PPK, which explicitly advocate a public pension system based on intergenerational solidarity, and refers to the 2017 report of the International Labour Organisation, which contains a critical assessment of the funded pension systems). Appreciating the actions taken so far to reduce poverty, the Union points out that children raised by single parents are currently the most at risk of poverty, and that the NRP lacks initiatives for people

⁹ The draft NRP submitted for consultation did not contain a macroeconomic scenario due to the need to ensure its consistency with the macroeconomic forecast prepared in April by the Ministry of Finance within the framework of the Convergence Programme revision.

at risk of energy poverty (OPZZ stresses here the need to establish a definition of the energy-poor person). With regard to the reconciliation of work and family life, the Union notes that institutional care is not always the most appropriate support for parents in the labour market; calls for the Toddler+ programme to cover children up to school age, and not just under three years of age; considers it important that the government take steps to develop the market for care services for the elderly and dependent. The Union has a number of doubts about the proposed new Law on Higher Education and Science Law, including the fear of liquidation of the autonomy of the academic community of individual universities. The Union notes that the NRP lacks government support for strengthening the role of collective bargaining, both at company and supra-company level.

In the opinion of OPZZ, the NRP should address the gender wage gap more strongly, present the path of reaching the minimum wage of 50% of the average wage in the national economy and exclude from the minimum wage all bonuses to the wage. In connection with the planned adoption of a new public procurement law, it is important, in the opinion of OPZZ, to extend the obligation of employment contracts for persons performing the contract to all contracts financed with public funds and to impose on companies with State Treasury shareholding the obligation to apply the public procurement law, and on local governments the obligation to apply social clauses. In order to achieve the objectives of the Europe 2020 strategy concerning the sustainable development of a country conducive to social inclusion, within the scope of the educational objectives OPZZ postulates that one of the activities in the NRP should be the introduction of the issues of corporate social responsibility, human rights, labour rights and social dialogue to the education system at all levels. According to OPZZ, the NRP does not adequately address the challenges of the Polish labour market related to negative demographic trends, unused labour resources, mismatches between qualifications and the needs of the labour market, the spread of unstable forms of employment, digitisation and automation, as well as migration (these problems are also highlighted by NSZZ "Solidarność"). In connection with the simplification projects in the economic law presented in the NRP, OPZZ stresses that an employer employing more than 20 employees is not able to perform the tasks of OHS on its own, due to other duties - hence the implementation of statutory duties in the area of OHS in larger plants (more than 20 employees) should remain the responsibility of qualified specialists and OHS inspectors. OPZZ expects the NRP to provide that, as far as possible, the state budget should allocate more funds for financing health care each year than those provided for in the Act on health care services financed from public funds in order to reach the expenditure target specified in the Act more quickly; draws attention to the systemic problem of the shortage of nurses and midwives; sees a need to develop a systemic reform of the jurisprudence for the purposes of vocational and social rehabilitation.

The Polish Craft Association (ZRP) agrees that the investment support mechanism based on income tax exemptions contained in the draft act on rules for supporting new investments is a better solution than hitherto, however, it notes that the proposed quality criteria for support will de facto not be able to be met by most micro and small enterprises. ZRP believes that instruments of investment support for particular categories of entrepreneurs do not have to be mutually exclusive and expects introduction of such instruments that will be adjusted to the capabilities of micro and small enterprises - simple, procedurally friendly. In the case of investment grants, ZRP proposes to additionally reward the employment of employees not only with higher education in engineering, but also with the professional title of master. ZRP positively evaluates most of the regulations contained in the Constitution of Business, but considers two of them to be at least controversial: the institution of non-registered activity (difficult supervision, grey market, unequal competition) and the start relief for beginners (leading to the dysfunction of the social security system and distorting competition conditions). ZRP positively assesses most of the proposed solutions simplifying the economic and tax law, but notes that there are also proposals for solutions, justified by the introduction of tools minimizing business risk, which will increase the administrative obligations imposed on entrepreneurs. An example of such obligations is the transfer of the so-called "bad debt relief"

solutions, binding under the VAT Act, to the provisions of the income tax acts, which will make accounting and tax settlements much more difficult for a large group of taxpayers, who are not VAT payers and do not have to monitor payments for the purposes of income tax settlements. In connection with the decrease in the unemployment rate, the IRP believes that it should be considered to redirect the resources of the Labour Fund released from active forms of supporting employment and transfers to the unemployed into preventive measures, such as retraining and improving qualifications of adults regardless of their current situation on the labour market, the aim of which should be to confirm "hard" qualifications proving the professionalism of their holder and education in the field of key competences. Accepting the current reform of vocational education, ZRP points to a "distortion" of the idea of promoting vocational education, which in the current edition is actually a promotion of science in technology, while the Polish economy needs not only technicians and engineers, but also specialists who "stand by the machine". ZRP recalls that, despite numerous protests from the employers' community, the importance of subsidies for vocational education (with school workshops) and vocational training for young workers has still not been balanced.

In the opinion of the Employers of the Republic of Poland (PRP), it is good that the draft of the new Labour Code, developed by the Codification Commission of Labour Law, has been included in the National Reform Programme, but when analysing individual provisions of the draft, it is difficult to expect that they will contribute to increased participation in the labour market and stabilization of employment. Their current form assumes the introduction of new flexible forms of employment, such as: casual, seasonal and non-permanent employment contracts. These agreements will not be subject to termination protection; pregnant women and people of pre-retirement age will be less protected, among others. They consider it worrying that, as part of the implementation of the employment objective, the *Youth Guarantee* programme has been identified as the main measure in the NRP, or rather its continuation. In addition to young people, measures aimed at increasing employment and activation of people outside the labour market should also cover the elderly and women. This is particularly important in view of the socio-economic impact of lowering the retirement age and of the introduction of the 500+ scheme. In view of the current situation on the labour market, the NRP should also include measures related to the migration policy of the state. Recognising the need to intensify the tasks related to increasing the availability of institutional care for children under 3, PRP opposes, however, the use of funds from the Labour Fund for the implementation of objectives related to the development of institutional care services. It reminds that the Labour Fund is a targeted fund dedicated to counteracting unemployment and therefore protest against financing tasks which are not directly related to the fight against unemployment.

According to the EAPN, it cannot be argued that the rule of law is not part of the thematic area of the European Semester. In particular, the rule of law is important in terms of inequality and poverty and benefits the wealth and education elites at low levels. It calls for the NRP to include information on achievements in reducing inequality in the previous school system and on the increased ambitions of the current reforms in this respect. Public procurement should also be an instrument for reducing inequality and poverty, and this should be taken into account in the paradigm of the new public procurement system. EAPN stresses that the headline poverty indicator, i.e. relative poverty, remains high at 6.5 million people in Poland and has not changed significantly since 2010. The issues of inequality and poverty should also be taken into account in the NRP with regard to social policy for older people and housing policy.

The Institute for Regional Development Foundation (FIRR) points out that in the draft update of the NRP the context of people with disabilities appears only in the case of the objective of combating poverty and social exclusion. For other objectives, it is not noticed that such a social group exists in Poland, and this is 10% of the population and nearly ¼ of all economically inactive people. FIRR therefore calls for horizontal actions in this area to be taken into account for all other purposes. Otherwise, apart from the fight against poverty and social exclusion, the other objectives will exacerbate exclusion and the gap to inclusion and accessibility will widen. On the basis of social

debates and initiatives (in the framework of governmental consultations "For Life" and social consultations, such as the Congress of Persons with Disabilities and the Common Space), FIRR identified a comprehensive list of desirable actions which could be included in the NRP in relation to all objectives and which should be discussed in the framework of the Europe 2020 Strategy Team. The list includes the following activities: coordination of state policies towards people with disabilities, jurisprudence, benefits, Independent living, work and employment, education, health, equal opportunities and non-discrimination.

The Chief Technical Organization points to the negative effects of the reduced retirement age, both for men and women, demographic effects and the resulting need to feed and stabilize the Polish labour market with employees from Ukraine and other countries. It also draws attention to signals of increasing payment bottlenecks, particularly in the construction and building materials industries. It is concerned about certain provisions of the draft Act on public life transparency, which represent a huge increase in the number of persons recognised as public persons and which prohibit their participation in the boards of associations that may engage in economic activity.