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1. Introduction

National Reform Programmes (NRPs), updated each year, are a basic instrument for coordinating economic and social policies in the European Union within a cycle known as a European Semester. Along with the updates of the NRP, Member States submit to the European Commission the updates of their Stability or Convergence Programmes, which confirms the consistency of structural reform programming and budget planning processes.

The European Semester was introduced in early 2010s, primarily as a tool to implement the Europe 2020 strategy adopted at that time. In the context of the upcoming expiry of this strategy, the current NRP, despite retaining its existing name, was supposed to be a document bridging Europe 2020 strategy and a new EU strategy for sustainable development after 2020, the directions of which were specified by the European Commission in December 2019 in its communication on the European Green Deal. The achievement of climate neutrality goal by 2050 and moving towards the implementation of UN Sustainable Development Goals (SDGs) was also confirmed by the Commission Communication of 17 December 2019 on the Annual Sustainable Growth Strategy 2020 (ASGS), which initiated the current European Semester.

Since then the situation has changed radically. The outbreak of coronavirus (COVID-19) epidemic caused serious concerns related to public health throughout the world. At the same time, there are growing concerns about economic consequences. Currently, it is difficult to determine what impact this forced economic *freeze* will have on supply chains, household demand and financial stability of the economy. Therefore, the governments, but also businesses and other market players verify their expectations regarding growth in the short- and long-term perspective. As the current situation is unprecedented and highly dynamic, some key factors may be missing in models based on macroeconomic fundamentals and such models may even be unable to reflect ongoing changes.

The draft NRP prepared in mid-March had to undergo far-reaching modifications. First of all, the document was extended by [a set of measures aimed at directly fighting the COVID-19 pandemic and counteracting its widening economic impact, known as the 'anti-crisis shield package'](#) (see Chapter 3).

Fast and radical measures preventing the consequences of the pandemic mean a higher short-term economic cost but possibly a lower long-term cost, thanks to stopping the spread of the coronavirus. Depending on further developments, the Polish government declares that the scope of public intervention will be adjusted to needs and the Anti-crisis Shield will be extended by further economic policy tools. As a result, a list of measures included in the NRP is not exhaustive.

According to guidelines, the NRP presents a very preliminary [assessment of the macroeconomic situation and a scenario](#) for the coming months (Chapter 2).

The government decided to preserve the product of work on this document, which was prepared over several months by many ministries and central agencies. It should be noted, however, that the implementation of the planned measures depends on the developments in Poland and around the world. The roadmap of measures and financial implications were planned before the epidemic outbreak. Today they should be seen as indicative only. At the same time, the financial implications of measures will not constitute liabilities for the State budget until their adoption by the Council of Ministers.

Therefore, Chapter 4 presents a general political response to the main findings presented by the European Commission in the ['Country Report. Poland 2020.'](#) At the same time it should be noted that the assessments expressed there by the European Commission and the Polish responses were both formulated in a different social and economic reality and today they should be reconsidered in the light of new conditions. Chapter 5 presents [an investment strategy](#), focusing mainly on the

presentation of programmes supporting so-called "green investments". Measures presented there, originally intended to implement the new development paradigm, today will be treated as supporting the economy in its recovery after the COVID-19 crisis.

Chapter 6 of the NRP presents [references to the priorities of the Annual Sustainable Growth Strategy](#), being the governing document of the European Semester, and the Polish attitude to the implementation of sustainable development goals. Poland accepts the direction set by the European Commission in its intention to strengthen the presence of sustainable development issues in the European Semester, including the environmental and climate dimension. This does not mean, however, that all SDG goals and targets should be implemented and monitored within this process. This would lead to an overload of the Semester and it would make it more difficult to focus on macroeconomic aspects, for which the Semester has ready instruments at its disposal. At the same time, the current situation related to the COVID-19 crisis confirms yet again that we are not able to specify unequivocally all the economic and social priorities, even in the immediate future.

Chapter 7 presents key measures for the implementation of the 2019 EU Council recommendations [for Poland](#). Chapter 8 focuses on the analysis of the [achievement of targets of the Europe 2020 strategy](#) targets – which still formally apply – through the prism of available data and indicators.

[Chapter 9 informs about the method of work on the current update of the document](#). Unfortunately, due to the current situation, large scope of modifications in the document and time constraints, the draft has not been consulted with social and economic partners – members of the Interministerial Team for the Europe 2020 strategy.

Appendices include: 1) [the reporting part of the previous National Reform Programme](#) and 2) [Opinions of social and economic partners on the documents of 2020 European Semester](#).

2. Macroeconomic scenario

The outbreak of the COVID-19 pandemic and its quick spread all over the world, including Poland and other EU Member States, i.e. the main export markets of Poland, as well as the necessary actions of authorities aimed at preventing a sharp rise in the number of coronavirus cases, are a negative supply and demand shock of unprecedented scale. In the second quarter of 2020 a strong slowdown in economic activity is predicted (quarter to quarter, seasonally adjusted) in almost all major sectors of the economy. The second half of 2020 is expected to bring the recovery of economic activity (quarter to quarter, seasonally adjusted) after a strong decline in Q2, but the economy will operate differently than before the COVID-19 pandemic outbreak. For the entire 2020, the GDP will decrease by 3.4%, for the first time since the early 1990s. Private consumption and investments will decline, in particular outside the general government sector (i.e. central and local government institutions). A strong drop in external demand for goods and services will result in a decline in exports.

A clear slowdown in economic activity will translate into deterioration in the labour market. The number of employed people will go down, and so will the growth rate of nominal wages, while the unemployment rate will go up. It has been assumed, at the same time, that companies will strive for maintaining employment at the expense of salary growth rate cuts.

The first quarter of 2020 witnessed a strong increase in inflation that reached 4.5% (year-to-year). In the next months the inflationary pressure should be lower, this resulting – among others – from reduced economic activity and deterioration in the labour market, which will affect the core inflation. Strong decrease in crude oil prices in international markets will result in lower fuel prices. At the same time, the dynamics of food prices will remain high. The average inflation in the current year will be 2.8%.

The balance of risk factors for the assumed dynamics in real GDP is negative and the level of uncertainty is very high. The main risk factor that may bring worse-than-anticipated results is the possibility of a prolonged general lockdown or the functioning of the economy under continued restrictions that will hamper the rebound assumed for the second half of the year. The situation in the external environment of the Polish economy also poses a risk.

3. Response to the COVID-19 ('Anti-crisis Shield')

To protect the country's economy and mitigate the effects of the COVID-19 pandemic, the Polish Government, in cooperation with the Polish Financial Supervision Authority (UKNF) and Narodowy Bank Polski [*the National Bank of Poland, the central bank of the Republic of Poland*] (NBP), has developed a package of measures known as the '**Anti-crisis Shield**'. The aim of these solutions is to stabilise the economy and provide an investment stimulus. The shield is based on five pillars, i.e.:

- I. Security of employees;
- II. Providing financing to businesses;
- III. Supporting the health care system;
- IV. Strengthening the financial system;
- V. Supporting public investments.

The first three pillars were mainly regulated in three legislative acts:

- the Act of 31 March amending the Act on Special Solutions Related to Preventing, Counteracting and Combating COVID-19, Other Infectious Diseases and Crisis Situations Caused by Them and Certain Other Acts (Journal of Laws [Dz.U.] of 2020, item 568);
- the Act of 31 March amending Certain Acts on the Healthcare System related to Preventing, Counteracting and Combating COVID-19 (Journal of Laws [Dz.U.] of 2020, item 567);
- the Act of 31 March 2020 amending the Act on the System of Institutions for Development (Journal of Laws [Dz.U.] of 2020, item 569);
- the Act of 16 April 2020 on Special Instruments of Support in relation to the Spread of SARS-CoV-2 Virus (Journal of Laws [Dz.U.] of 2020, item 695).

The fourth pillar covers autonomous regulatory activities taken by the Polish Financial Supervision Authority and the Ministry of Finance, as well as liquidity management carried out by Narodowy Bank Polski. They all have been presented in this document to provide a full picture of the state support for the economy. The fifth pillar concerns future events. Its basic assumptions are presented in Chapter 5 entitled '[Investment strategy](#)'.

The Anti-crisis Shield has been supplemented with the '**Financial Shield of the Polish Development Fund (PFR) for companies and employees**' (hereinafter referred to as: 'PFR Financial Shield'). The legal basis for this shield has been created by an amendment of the Act on the System of Institutions for Development which enabled the Council of Ministers to establish two programmes of support for entrepreneurs in relation to the effects of COVID-19 and to entrust their implementation to the Polish Development Fund.

Pillar I: Security of employees

The COVID-19 pandemic forced radical measures consisting in the limitation of social and economic activities. Workplaces, cultural institutions and service establishments were closed or their operation was restricted, often simultaneously. This forced numerous employers to change their mode of operation or to suspend their business activity. The Polish Economic Institute estimates that approx. 4.2 million people in Poland are employed in industries sensitive to the consequences of the downtime¹. As a result, a significant number of people, including those employed under non-standard agreements, whose employment is protected to a much lesser extent than those employed

¹ Miesięcznik makroekonomiczny PIE, March 2020, p. 5.

under contracts of employment, face the risk of losing their jobs. For this reason, solutions were introduced to maintain jobs during the economic downtime, preservation of jobs of the self-employed and people employed under a contract of mandate, partial financial relief for employers by subsidising the salaries of employees, in particular those with disabilities, but also administrative reliefs. Support for people who are unable to work as they need to take care of children or dependent persons has been extended. This is a response to the problem caused by the need to close schools, nurseries and day-care facilities. This support is supplemented by increased protection of households against an excessive increase in prices of basic products and by ensuring access to loans and borrowings to make their life easier in the pandemic period. These solutions have been based mainly on the extension and adjustments of already existing legal regulations, including regulations governing the functioning of certain funds and institutions. The Council of Ministers may extend certain forms of support beyond the periods provided for in the Special Act.

Extended care allowance

- Parents taking care of children may benefit from the extended 14-day care allowance for an insured person released from work obligations to personally take care of a child up to the age of 8. The extra 14 days do not include the already used additional care allowance.
- The care allowance will also be available, for the period no longer than 14 days:
 - to take care of a person with disability under 18
 - to take care of a dependant adult member of the family,
 - when care cannot be provided by a babysitter or a day carer.
- The Council of Ministers may extend the 14-day additional allowance by means of a regulation.

Financial implications

The cost of paying the additional allowance for 14 days is PLN 2.13 billion.

Care allowance for farmers

Care allowance for farmers has been introduced.

Financial implications

PLN 78.7 million for the period of 14 days.

Supporting employment

1) Support for the economic downtime or reduced working time

An employer who experiences a decrease in sales of goods and services, either in quantity or in value, by no less than 15% in 2 months, calculated since January 2020, in comparison to the total revenue from the corresponding two months of the previous year, or by no less than 25% in any calendar month falling after 1 January 2020 to the day preceding the day of filing an application for benefits, in comparison to the turnover from the previous month, may apply for:

- support for an employee experiencing economic downtime – in the amount of 50% of minimum salary or
- support for an employee on reduced working time (by 20% and no more than to 0.5 of FTE) up to half of the salary, but no more than 40% of the average remuneration for work.

Only the employees whose remuneration in the previous month did not exceed 300% of the average remuneration for work are eligible for the support. Financial support due to economic downtime or reduced working time in the event of decrease in turnover as a result of COVID-19 may be also obtained by non-governmental organisations, public benefit organisations and legal entities owned by the State

Financial implications

Approx. PLN 2,689 million for the period of 3 months, provided that approx. 447.5 thousand employees experience economic downtime, while reduced working time (and proportional decrease in remuneration) will affect approx. 179 thousand people.

2) [Financial support for the costs of employees' salaries and social insurance contributions due in the case of micro, small and medium-sized enterprises with employees.](#)

This measure provides for subsidising, for the period of 3 months, some part of the costs of employees' salaries and social insurance contributions due on these salaries, in the case of a decrease in business turnover. The level of support depends on the scale of decrease in turnover experienced by the entrepreneur (no more than 90% of minimum salary per one employee). The employer will be obliged to keep the employees covered by the agreement in employment for the period of financial support and for the period equivalent to this period after the end of financial support.

Financial implications

Approx. PLN 7,899 million for the period of 3 months.

3) [Financial support for the operating costs of business activity of the self-employed](#)

This measure provides for subsidizing the costs of business activity carried out by a natural person with no employees for the period not exceeding 3 months, depending on the decrease in turnover (up to the maximum of 90% of the minimum salary). The entrepreneur will be obliged to continue their business activity throughout the period for which the financial support is granted and for the period equivalent to this period after the end of financial support.

Financial implications

Approx. PLN 3,120 million for the period of 3 months.

4) [Financial support for people employed by non-governmental organisations and public benefit organisations](#)

The solution analogical to the solution described in point 2).

Financial implications

Approx. PLN 78 million (for three months, assuming that 10% of eligible employees will use financial support of 70% of the minimum salary, i.e. PLN 1,820).

5) [Increasing monthly subsidies for the salaries of employees with disabilities](#)

Financial implications

PLN 217 million in 2020, PLN 356 million in 2021 and PLN 395 million in each subsequent year.

[Downtime benefit for persons employed under civil law agreements and self-employed persons](#)

Eligible for the benefit are:

- Contractors under a contract of mandate – in the amount of 80% of the minimum salary (PLN 2,080), if their revenue went down by at least 15% in comparison to the previous month and was not higher than 300% of the average monthly remuneration for work; if the sum of revenue is lower than 50% of the minimum salary, the downtime benefit is equal to the sum of revenue;
- People carrying out non-agricultural business activity – in the amount of 80% of the minimum salary (PLN 2,080) if their revenue went down by at least 15% in comparison to the previous month;
- People carrying out non-agricultural business activity who pay fixed amount tax and are VAT exempt - in the amount of 50% of the minimum salary.

The benefit is not subject to social insurance or tax deductions and may be granted no more than three times. The support is targeted exclusively at people who are not covered by social insurance on other grounds (e.g. contract of employment).

Financial implications

With a maximum option implemented (assuming that all eligible persons, i.e. 1.81 million people carrying out non-agricultural business activity and 1.2 million people employed under civil law agreements use the downtime benefit), total financial implications are PLN 5,334 million per month.

Holidays from administrative obligations for Polish nationals and foreigners

The main changes include, among others:

- keeping in force medical certificates issued on the basis of suspended regulations for the period up to 60 days after the state of epidemic threat is lifted;
- suspending the obligation to perform some preventive examinations arising from the provisions of the Labour Code, the Act on Road Transport and the Act on Railway Transport regarding periodic medical checks and psychological tests;
- extending the validity period of certificates confirming partial incapacity to work, full incapacity to work, full incapacity to work and incapacity to live independently, incapacity to live independently, the circumstances justifying the entitlement to rehabilitation allowance, issued by certifying doctors and medical assessment committees of the Social Insurance Institution for the specified period, which constitute a basis for granting the allowance, whose validity date falls within 30 days after the Special Act's entry into force;
- preserving the validity of medical certificates issued by the certifying doctors or medical assessment committees of the Agricultural Social Insurance Fund, confirming total incapacity to work and incapacity to live independently, issued for a specified period of time, whose validity date falls within 30 days after the Special Act's entry into force;
- extending the validity of certificates confirming disability or the degree of disability whose validity date falls before or on the date when the Special Act enters into force;
- eliminating the obligation to conduct a family background interview before issuing a decision on granting social welfare benefits to persons or families who need those and are isolated because of being suspected of infection or an infectious disease (the analogical solution has been applied to the cases of applying for care benefits referred to in regulations on family benefits);
- adding to the provisions of the Act on Social Insurance Benefits Paid in Respect of Sickness and Maternity a provision to the effect that inability to perform work due to mandatory quarantine, without the decision of sanitary inspection authority, is treated as incapacity to work due to illness;

- issuing a temporary electronic identification, in the form of a ‘temporary trusted profile’, if the citizen does not have one;
- extending the payment time limit for perpetual usufruct fees and fees for the transformation of perpetual usufruct into ownership;
- extending to 180 days the time limit for registering a vehicle that is not a new vehicle imported from a Member State of the European Union and for notifying the starosta (chief administrator of a county) about purchase or sale of a vehicle;
- maintaining the validity of roadworthiness tests without the need to visit a vehicle testing station for the purpose of technical testing where the time-limit prescribed for the roadworthiness test falls during the state of epidemic threat or the state of epidemic. The provision concerns vehicle owners or persons in possession of vehicles, who are subject to mandatory quarantine or treatment for COVID-19. Roadworthiness test will remain valid for a period of 7 days after the completion of treatment or release from mandatory quarantine, but only for the purpose of going to the roadworthiness test;
- extending ex officio the validity of work permits for foreigners (and decisions on extending such work permit), as well as extending the acceptable period of work without work permit in relation to a statement expressing the intention to entrust work to a foreigner, for the period of the state of epidemic threat or the state of epidemic declared in relation to SARS-CoV-2 infections and for 30 days following such state;
- extending time limits for the submission of applications for stay permits, visa extensions and the extension of stay as part of a visa-free regime, if such time limit falls during the state of epidemic threat declared in relation to SARS-CoV-2 infections or if the state of epidemic is declared during such state;
- extending, ex officio, time-limits to leave the territory of the Republic of Poland by foreigners and extending the validity of stay permits issued for a specific period of time.

Protection of consumers and borrowers

- The minister in charge of the economy, in consultation with the minister competent for health and the minister competent for agriculture and rural development, may determine by means of a regulation the maximum prices and maximum wholesale and retail margins applied when selling goods or services. The solution may apply to basic products that are of special significance for the protection of health or the functioning of households.
- The minister competent for health gained powers to determine maximum official sale prices or margins for medicinal products, medical devices, foods for particular nutritional uses, biocidal products and pharmaceutical raw materials.
- Inspections could impose administrative penalties for failure to conform to the aforementioned regulations. Additionally, the provisions provide for special powers for the President of the Office of Competition and Consumer Protection who may punish an entrepreneur if they repeatedly breach the regulations on maximum prices and margins or if they breach the prohibition in respect of many goods or services, or on a large scale.
- The maximum non-interest cost of consumer credit has been set at 45% of the total credit amount.

Pillar II: Enterprise support

In order to improve the situation of entrepreneurs particularly affected by the effects of the COVID-19 pandemic, the Government prepared a series of solutions to ensure their financial liquidity, support day-to-day business activity, maintain employment, compensate for losses suffered and minimise other adverse effects of the epidemic. These measures are based on adjusting the legislative environment to the conditions in which the economy operates during the pandemic and ensuring that entrepreneurs have access to financing during this period. Adjustments of the legislative environment include, among others, deferral or waiver of certain obligations of entrepreneurs that are difficult to meet during the pandemic. The measures aimed at ensuring financial liquidity of entrepreneurs include, among others, credit guarantees and loans, including non-refundable loans. Special support is provided to micro enterprises and SMEs that are mostly affected by the sudden downtime in the economy. The adopted solutions also enable temporary funding of jobs in order to maintain employment. They take into account research and development in new technologies that should positively affect the competitiveness of enterprises after the pandemic. For the purposes of these solutions, necessary changes were also made to the competences of the institutions through which the state policy of fighting the effects of the epidemic will be implemented.

Exemptions, deferrals and payment by instalments of contributions and taxes

- 1) Abolition of the extension fee applicable to deferral of payment or payment by instalments of taxes and overdue tax amounts that constitute the income of the state budget and social insurance contributions

Financial implications

PLN 115 million.

- 2) Releasing sole traders and businesses employing up to 9 persons covered by social insurance from paying social insurance contributions

Those who carried out business activity prior to 1 February 2020 will be released from the obligation to pay social insurance contributions (for the Labour Fund, Fund of Guaranteed Employee Benefits and Health Insurance) for the period of 3 months. In the case of people carrying out business activity and paying contributions only for themselves, the release from the obligation to pay social insurance contribution will apply if the revenue from the business activity was not higher than 300% of the projected average monthly remuneration in the national economy in 2020.

Financial implications

Approx. PLN 9.67 billion for the period of 3 months.

- 3) Exempting companies employing between 10 and 49 persons insured from social insurance contributions

The release covers social insurance contributions, health insurance, contributions to the Labour Fund, the Solidarity Fund, Fund of Guaranteed Employee Benefits or Bridging Pensions Fund, for the period of 3 months, however, the release is 50% of the total amount of contributions for the specific month. Additionally, the release will apply to social cooperative societies, irrespective of the number of employees.

Financial implications

PLN 5.1 billion for the period of 3 months.

- 4) Releasing farmers from the obligation to pay retirement contributions to the Agricultural Social Insurance Fund for Q2 2020

Financial implications

Approx. PLN 353 million.

- 5) Changes in tax on real estate

Municipalities gained the power to introduce, for part of 2020, exemptions from the real estate tax with respect to lands, buildings and constructions related to carrying out business activity, to be granted to specific groups of entrepreneurs and non-governmental organisations whose financial liquidity deteriorated as a result of negative economic consequences of the pandemic. At the same time, municipalities may extend time limits for the payment of real estate tax due in April, May and June 2020 – up to 30 September this year.

Financial implications: The cost of these solutions will depend on whether the municipalities use their power to grant tax exemptions.

- 6) Releasing state-owned companies from the obligation of profit distribution

State-owned companies have been released from their obligation to distribute profits for the fiscal year in which the state of epidemic threat and the state of epidemic occurs and for the preceding financial year.

Financial implications

As far as the state-owned enterprise Porty Lotnicze (PPL) is concerned, the cost of such exemption is estimated at PLN 54.6 million in the year in which the act enters into force, which means that the state budget must repay to PPL the distributed profits.

- 7) Release from the obligation to repay special-purpose subsidies from the state budget or the Labour Fund received for the purpose of providing nursery, child club or daycare services, if the operation of such facilities is temporarily restricted or suspended to counteract COVID-19.

Financial implications

This solution does not generate any additional costs for public finance.

Change of the Act on Certain Forms of Support for Innovative Activities

Changes in the Act on Certain Forms of Support for Innovative Activities are aimed at introducing numerous significant facilitations for entrepreneurs investing in new technologies, including measures extending the scope of such investments. This is of vital importance in the time of economic slowdown and the difficult and changeable situation in the Polish and worldwide markets, related – inter alia – to the spread of SARS-CoV-2. These facilitations will positively impact the situation of and possibilities available to Polish entrepreneurs and, as a result, they will indirectly counteract negative economic consequences of the pandemic. The proposed changes consist in making the financing of projects related to the implementation of new technologies in a form of new products and services more flexible through a technological credit and by means of eliminating the requirement to have the products and services recognised as innovative in the territory of the Republic of Poland.

Financial implications

Changes in the Act on Certain Forms of Support for Innovative Activities will not have any implications for the public finance sector as they apply to the tasks funded from the budget of sub-measure 3.2.2. of the Smart Growth Operational Programme for 2014-2020.

Specific income tax solutions

1) settlement of tax losses

PIT and CIT taxable persons who, due to the pandemic, recorded a loss from non-agricultural business activity in 2020 will be able to deduct the loss from the income generated in 2019 (but not exceeding PLN 5 million) by filling a tax return adjustment, provided that the revenue in 2020 is at least 50% lower than the revenue in 2019. The remaining part of the loss will be settled by taxable persons under the previously applicable rules.

Financial implications

PLN 719 million in 2021.

2) donations for fight against the pandemic

Cash and in-kind donations (in their full amount) made to entities providing treatment, as well as to the Material Reserves Agency and the Central Base of Sanitary and Counterpandemic Provisions, will be deducted from income (revenue) in PIT and CIT returns.

Financial implications

PLN 118 million in 2021.

3) postponement of the time limit to pay personal income tax withholdings until 1 June 2020.

Financial implications

This solution will not affect the revenue of the public finance sector in annual terms.

4) deferral of the payment of taxes on revenue from buildings

It will be possible to apply for the extension of the time-limit for the payment of taxes on revenue from buildings in PIT and CIT for March-May 2020 until 20 July this year.

Financial implications

This solution will not affect the revenue of the public finance sector in annual terms.

5) settlement of 'bad debts'

Release from the obligation to apply regulations on so-called bad debts of PIT and CIT taxable persons who are obliged to increase the income that forms a basis for calculating monthly (quarterly) withholdings in 2020 by outstanding liabilities. Eligible for this exemption are taxable persons whose revenue in (monthly or quarterly) settlement periods decreased by at least 50% in comparison to the corresponding periods of 2019.

Financial implications

This solution should not cause permanent loss in tax revenue, as it will only shift in time the solutions in this regard.

Loans, guarantees and sureties

1) change of the Act on the System of Institutions for Development

The Polish Development Fund was given powers to grant loans, guarantees and sureties, and to provide financial support (including non-refundable support) to entrepreneurs affected by crisis

situations and support to remedy or cover, in full or in part, damage or loss caused by such situations.

Special support was ensured for SMEs to be allocated to, inter alia, investments, including capital investments, research, development and innovation, employment of disadvantaged workers, prevention and remedy of damage caused by crisis situations like COVID-19.

Financial implications

In 2020–2029, the maximum limit of state budget expenses that constitute financial implications of the Act amending the Act on the System of Institutions for Development is PLN 11.7 billion, including PLN 6.7 billion in 2020 and 3 billion in 2021.

2) Guarantees provided by Bank Gospodarstwa Krajowego

- The Liquidity Guarantee Fund was established at Bank Gospodarstwa Krajowego to cover the costs and expenses related to providing sureties and guarantees for the repayment of loans granted to medium and large enterprises affected by the effects of the COVID-19 pandemic. An application for the guarantee may be filed in crediting banks that will enter agreements with the BGK. The list of these banks will be published on the website of Bank Gospodarstwa Krajowego.

Rules:

- providing a security for up to 80% of the loan value (for new or revolving loans);
- the amount of the loan covered by the guarantee – up to 250 million;
- guarantee period – maximum 27 months;
- loan purpose – ensuring financial liquidity.

Guarantees provided by the Liquidity Guarantee Fund may be used to secure loans for which loan agreements have been concluded after 1 March 2020. The guarantees will be available to the companies which, as at 1 February 2020, had no payment arrears towards the Social Insurance Institution, the Tax Office and the bank providing the loan.

Financial implications

To support the Liquidity Guarantee Fund, it is planned that Bank Gospodarstwa Krajowego in 2020-2021 will issue bonds for PLN 16 billion.

In 2020, Bank Gospodarstwa Krajowego may provide guarantees from the Liquidity Guarantee Fund to medium-sized and large enterprises to the amount of PLN 100 billion. Estimated financial implications of providing guarantees from the Liquidity Guarantee Fund may amount to PLN 16.7 billion.

- Extension of de minimis guarantees provided from the funds of the National Guarantee Fund (KFG). By the end of 2020, micro-, small and medium-sized enterprises will be given an opportunity to take a loan with a *de minimis* guarantee up to PLN 3.5 million. The changes include:
 - increasing the extent of the guarantee to 80% of the loan principal;
 - no commission for the guarantee – for the first year of the guarantee;
 - extension of the guarantee period to 39 months for a working-capital loan.
 - possibility for BGK to take up loans and issue bonds to finance the National Guarantee Fund.

The guarantees will be available to the companies which as at 1 February 2020 had no payment arrears towards the Social Insurance Institution, the Tax Office and the bank providing the loan.

Financial implications

Estimate total financial implications of the changes in the *de minimis* guarantee programme operated by Bank Gospodarstwa Krajowego and supported through the National Guarantee Fund will amount to PLN 4.5 billion.

3) KUKE trade insurance

- A list of financial services of KUKE SA (Korporacja Ubezpieczeń Kredytów Eksportowych – en.: Export Credit Insurance Corporation), owned by the State Treasury and Bank Gospodarstwa Krajowego, has been extended, as far as export insurance is concerned, by – among others – working capital loans and investment loans for foreign investment purposes. This measure is supposed to enable Polish entrepreneurs to take part in international trade and strengthen their presence in the international market. Thanks to the change, KUKE will be able to respond better to the needs of various sectors of the economy, such as the transport industry, by adding, for example, leasing contracts to the list of insured financial instruments.
- Insurance coverage has been provided for losses experienced in relation to financing export contracts, direct investments and sales abroad.
- Financial institutions have been provided with incentives to offer more export finance funding, by reducing the risk related to the financing of export transactions. Currently, only very few banks choose to offer this type of financing. The insurance could cover the credit portfolios of financial institutions, addressed to industries and enterprises whose major area of business is the export of goods and services, for new financing facilities. This will ensure that new financing, necessary for continued business activity of many companies, will be provided.

Financial implications

This measure does not cause public finance implications.

Special loan: PLN 5,000 for micro enterprises

A one-time loan to cover the cost of day-to-day business activity for a micro enterprise up to the amount of PLN 5,000 for a period not longer than 12 months, with a remission option, provided that the micro enterprise will continue its business activity for 3 months after the loan is granted.

Financial implications

PLN 8,672 million

Extension of bank working capital loans

An option was created to extend (maintain) working capital loans granted earlier by banks to micro enterprises and SMEs which were subject to credit assessment processes after 30 September 2019. The aim of the measure is to enable entrepreneurs to maintain on-going financing in spite of a significant, or even total, but still temporary, shutdown of their business operations due to an epidemic threat.

Financial implications

This measure does not cause public finance implications.

Renegotiating terms and conditions of bank loans

An option was introduced to renegotiate terms and conditions of bank loans granted to all enterprises, irrespective of their size, and non-governmental organisations.

Financial implications

This measure does not cause public finance implications.

Reliefs in rents for entrepreneurs

During the period when it is prohibited, under applicable regulations, to carry out business activity in commercial facilities with a sales area of more than 2,000m², mutual obligations of the parties to a lease or rental agreement, or any similar agreement through which commercial space is handed over for use, expire.

Procedures related to rents for handing over the State Treasury's real property for lease, rental or use have been streamlined. Reliefs granted by a starosta in the repayment of debts for the period of the state of epidemic threat or the state of epidemic will not require the voivodship governor's consent. A starosta (or a mayor of a city with district rights) will be entitled to waive the right to claim receivables at the request of an entity whose financial liquidity deteriorated as a result of COVID-19. The waiver of the right to claim receivables due for the period of the state of epidemic threat or the state of epidemic applies also to the State Treasury's real property handed over for permanent management to state organisational units. Persons in charge of such units may waive their right to claim receivables at the request of an entity whose financial liquidity deteriorated in relation to adverse economic consequences of COVID-19. Local government units will be able to adopt resolutions waiving their right to claim their civil-law receivables.

Financial implications

The first measure does not cause public finance implications. As for the second measure, the cost for public finance will depend on the scale of reliefs granted by starostas and municipalities.

Changes concerning flexible working hours

Employers affected by a decrease in turnover as a result of the COVID-19 pandemic have been given a possibility of:

- reducing the time of uninterrupted daily rest period from 11 to not less than 8 hours and the time of uninterrupted weekly rest period from 35 to not less than 32 hours;
- Entering into an arrangement concerning the introduction of equivalent working time, in which it is acceptable to extend daily working hours to no more than 12 hours;
- entering into an arrangement concerning less favourable conditions of employment than those arising from contracts of employment concluded with such employees, to the extent and for the period specified in the arrangement.

The introduced solutions will enable employers to set working time arrangements for their employees more flexibly and, in consultation with trade unions operating at the employer's or with representatives of employees, where there are no trade unions, to modify the terms and conditions of employment determined by the employment contracts, and therefore, they will contribute to preserving jobs.

Financial implications

Regulatory measure without direct implications for public finances.

Changes in public procurement contracts

Due to the negative impact that the pandemic could have on the correct performance of contracts concluded under public procurement procedures, and in particular due to the difficulties that may be experienced by economic operators, the following measures have been introduced:

- Each party to the contract, i.e. both the economic operator and the contracting entity, is obliged to inform the other party immediately of the potential impact of the pandemic on the proper

performance of the contract. Contracts may be amended, in particular in terms of: the completion date for the performance of the contract or its part; manner of delivery, service performance or construction works; change of the scope of the contract with the adequate change in remuneration. Subcontractors, which often are SMEs, should be able to modify an agreement between them and the economic operator in line with the arrangements made earlier between the contracting entity and the economic operator.

- An option was introduced to exclude the contracting entity's liability, including sectoral procurers, for the waiver of the right to determine and claim payments from economic operators (such as liquidated damages) or modification of the contract; if the contracting entity decides that there are grounds to rely on the contractor's lack of responsibility, it should waive its right to determine and claim liquidated damages or compensation, and this should not be seen as a breach of fiscal discipline.
- During the state of epidemic threat or the state of epidemic, and for the period of three subsequent months after the relevant state was lifted, contracts for goods and services purchased by institutions entrusted with the performance of tasks covered by the Act may be exempted from the Act of 29 January 2004 – Public Procurement Law.

Postponement of certain obligations of entrepreneurs

- Postponement of the obligation to submit a new JPK_VAT file (tax return with a record file) from 1 April to 1 July 2020 for large enterprises.
- Postponement by six months of the obligation concerning Employee Capital Plans in medium-size enterprises.
- Postponement by 3 months of the obligation to submit information to the Central Register of Beneficial Owners (under the Act on Anti-money Laundering and Combating Terrorist Financing).
- Postponement by 3 months, i.e. to 1 July 2020, application of the rules of a new VAT rate matrix.
- Extension to 30 September 2020 of the time-limit for submitting information on transfer pricing and the statement about preparation of transfer pricing documentation.
- Extension to 31 December 2020 of the time-limit to add group transfer pricing documentation to the local transfer pricing documentation.
- Extension of the time-limit to report a payment made to a bank account not listed in the register of VAT taxable persons (from 3 days to 14 days).
- Postponement, from 1 June 2020 to 1 January 2021, of the entry into force of legal solutions concerning the equivalence of legal position of small enterprises and consumers.
- Possibility to postpone the time-limit for having technical equipment tested, while maintaining the right to operate the equipment for a maximum period of the next 6 months.
- Extension to 31 December 2020 of the time-limit for preparing waste register documentation in hard copy.
- Extension, from 30 to 180 days, of the time-limits for registration of a vehicle which is not a new vehicle imported from the EU territory or for the notification of the competent starosta of the purchase or sale of a vehicle registered before 31 December 2020.
- Granting administrative authorities right to postpone in 2020 the time-limits for legalisation of measuring instruments and to further accept measuring instruments for which the postponement was applied, but no longer than by 6 months.

- Extension of time-limits concerning tax arrangements, including the suspension of time-limits which already commenced, up to 30 June 2020 at the latest.
- Extension of time-limits for taking the oral part of the tax adviser examination.
- Limitation of obligations related to the rotation of audit firms.
- Extension of the interim period for the purposes of the acquisition of heating fuels under 'old regulations' (from 31 March 2020 to 31 August 2020).
- Extension of time-limits for the performance of certain obligations by non-governmental organisations.
- Extension, ex officio, of the validity of work permits for foreigners (and decisions on extending such work permit), as well as extension of the acceptable period of work without work permit in connection with a statement expressing the intention to entrust work to a foreigner, for the period of the state of epidemic threat or the state of epidemic declared in relation to SARS-CoV-2 infections and for 30 days following such state.
- Extension of time-limits for the performance of labour market services, labour market instruments, and other forms of support specified in the Act on the Promotion of Employment and Labour Market Institutions.
- Authorising the Minister of Finance to determine, by means of a regulation, different time-limits for the purposes, among others, of providing data, information, declarations, reports, lists, applications, contributions, fees and payments, as well as time-limits for the purposes of meeting obligations in terms of keeping records or preparing, making available, sharing and submitting to the proper register, entity or authority the certain reports or information², in order to support these entities in fulfilling their information and reporting duties during the period of the state of epidemic threat or the state of epidemic.
- Postponing activities related to environment protection: plans to build charging station network, air quality plans, reporting dates for entrepreneurs, procedures conducted under the provisions of the Energy Law.
- Extension of the time-limit for organising a recurrent occupational health and safety training.

Suspension of the course of procedural time-limits and suspension of proceedings

During a pandemic it may happen that proceedings, in particular tax proceedings and audits, cannot be continued and the obligations or rights of parties to proceedings or under inspection cannot be satisfied or exercised. Thus, the following regulations have been introduced:

- During the state of epidemic threat or the state of epidemic declared for COVID-19, the course of procedural time-limits and court time-limits, among others in administrative proceedings, enforcement proceedings, tax criminal proceedings, proceedings and audits carried out under the Tax Ordinance, audits related to customs or taxes, does not start and the course of time-limits already commenced is suspended for the respective period of the state of epidemic threat or the state of epidemic.
- The Council of Ministers may, by regulation, suspend administrative enforcement proceedings for the payment of cash receivables, specifying –in particular – the territorial scope of and the period of such suspension, taking into account the period of the state of epidemic threat and the state of epidemic in relation to COVID-19 and the effects thereof. During the suspension

² For instance, certain time-limits arising from the Accounting Act of 29 September 1994 have been postponed.

mentioned above, cash may be drawn from the seized account held with a bank or a credit union.

Special regulation for restructuring procedures

In case when the activities of a court are suspended entirely due to the COVID-19 pandemic, the president of the court of appeal may appoint another equivalent court as the competent court to hear urgent cases. In particular, the category of urgent cases includes cases in the matter of processing a motion for restructuring within the meaning of the Restructuring Law and the option of halting or suspending the course of the time-limit for filing a bankruptcy petition. This ensures that entrepreneurs may take advantage of restructuring proceedings carried out under the supervision of the court and that enforcement proceedings may be suspended, also during the state of epidemic, to protect them against uncontrolled insolvency. To provide additional debtor protection, a presumption was introduced to the effect that the state of insolvency that occurs during the period covered by these special regulations is a result of COVID-19.

Special measures addressed to selected sectors of the economy

Further sections describe additional measures for culture, transport, tourism and hotel industry, and the energy sector.

1) Financial support for cultural activity

Financial support options were created for entities which, during the pandemic, cannot continue their activity in the earlier form, but could continue it in another form. This financial support will apply to cultural activities that were supported by the State under earlier regulations or activities consisting in audiovisual production and it will be granted in order to co-finance expenses relating to the change of the form of disseminating creative and artistic activity. The funding will be available both during the state of epidemic threat or the state of epidemic and within 12 months after they are lifted. Detailed terms and conditions of this type of financial support and its maximum amounts have been defined by the minister competent for culture and national heritage, by means of a regulation³. The support will be provided as part of the programmes of the Minister of Culture and National Heritage:

- to a natural person – in the form of a scholarship in the amount of three times the average remuneration;
- to a legal entity and unincorporated organisational unit – in the form of a special-purpose subsidy – to 100% of expenses for the change of the form in which creative and artistic activity is disseminated.

Financial implications

Estimated average monthly costs resulting from epidemic restrictions and their effects after they are lifted are approx. PLN 85 million.

2) Changes in package travel agreements and event organisation agreements

- A period of 180 days was set to be the effective period of termination by law of package travel agreements in direct relation to the outbreak of the pandemic. This is to prevent massive declarations of bankruptcy by tour operators and to protect their clients by transferring the agreements to future dates or replacing them with a voucher for a package travel in the future. This solution will provide the opportunity to arrange adequate bridging loans or use special State aid to ensure liquidity for the tourism industry. The fact of accepting a voucher by a client does

³ Regulation of the Minister of Culture and Cultural Heritage of 2 April 2020 Journal of Laws [Dz.U.], item 583.

not result in termination of a contract with a tour operator, therefore money paid by clients will be protected against insolvency.

- The time-limit for return of customer payments by an entrepreneur running a business related to the organisation of exhibitions and congresses, trade fairs, training courses, conferences and exams or cultural, entertainment, leisure and sport activities, or organising thematic exhibitions or outdoor events was extended to 180 days if an agreement has been terminated due to the COVID-19 pandemic. At the same time, the client may agree to receive a voucher in exchange for waiving their right to cancel the agreement. The value of the voucher cannot be lower than the payment made by the client and the voucher may be used within a year from the date on which the original event was supposed to be held. The adopted regulation applies respectively to entrepreneurs or farmers providing hotel services.

Financial implications

The measures apply to relationships between private entities and do not cause direct implications for public finances.

3) Support for the transport industry

- Scheduled transport services and special scheduled transport services not complying with the conditions specified in the licenses for such transport services are accepted if this is necessary to take steps in relation to fighting against SARS-CoV-2 infection, preventing the spread of, prevention and fighting against the effects of the infectious disease caused by the virus or in the case of the lack of profitability of the transport services provided, resulting from circumstances beyond the control of the entrepreneur, in relation to such steps. Road carriers with licenses to offer scheduled transport and special transport services will be protected and they will be entitled to either stop their operations on specific lines or to operate them in a way not conforming to the timetable or other conditions specified in the license, if this will be justified by reasons specified in the provision, and this circumstance will not be a ground for refusing, changing or cancelling their license.
- For persons acting as intermediaries in passenger transport, a time-limit for obtaining a license was extended from three to nine months and such persons were also released, until 30 September 2020, from a number of obligations, such as the registration of orders or providing services solely to a licensed carrier.
- Upon the declaration of the state of epidemic, drivers performing passenger transport have been released from the obligation to undergo medical and psychological examinations until 90 days after the state of epidemic is lifted.
- The validity of the following documents and qualifications has been extended until 60 days after the state of epidemic threat is lifted, if they expired during the period of the state of epidemic threat: driving licence, tram driving licence, driving licence for an emergency vehicle or armoured vehicle transporting cash, driver attestation, driving instructor license, examiner license, confirmation of being registered as a driving technique instructor (driving technique instructor certificate), driving license for specific categories of vehicles, as well as entry in the driving license confirming specific qualifications.
- Agencja Rozwoju Przemysłu S.A. (Industrial Development Agency) will offer operating leases with a repayment grace period, addressed to transport sector entities and intended for refinancing of existing leasing contracts concluded with commercial leasing companies. The amount of lease may be up to PLN 5 million net, and the period of financing may last up to 6 years. The grace period in the payment of lease instalments may last even 12 months (which in the case of a lease of a standard tractor with semi-trailer may improve the current liquidity of the company by about PLN 111 thousand). The working capital loan to finance the payment of salaries in SMEs will enable the financing of net remuneration costs in companies for the period of 2 years

(remuneration will be paid directly to employees' accounts), with the grace period extended to 12 months. A loan available to finance a deficit in the working capital will be from PLN 0.8 million to PLN 5 million and the period of financing will be even 6 years, while the grace period will be extended to 15 months.

Financial implications

PLN 1.7 billion for the activities of ARP S.A.

4) **Support for the energy sector**

- The Act on the Compensation Scheme for Energy-intensive Sectors and Sub-sectors was amended to facilitate and accelerate the payment of compensation for ETS indirect costs incurred by energy-intensive enterprises in 2019.
- Electricity producers' obligation to generate and supply for the first time electricity from renewable sources of energy was extended to the end of June 2022.

Financial implications

The regulations do not cause additional implications for public finances.

Pillar III: Healthcare

The area of healthcare will receive additional **PLN 7.5 billion**.

Financing activities related to fighting against SARS-CoV-2

1) COVID-19 Counteracting Fund

Bank Gospodarstwa Krajowego established the COVID-19 Counteraction Fund to finance or co-finance the implementation of tasks related to counteracting COVID-19, as referred to in Article 2(2) of the Act of 2 March 2020 on Special Solutions Related to Preventing, Counteracting and Combating COVID-19, Other Infectious Diseases and Crisis Situations caused by them.

The Fund will be supported with payments from selected public finance sector entities, based on the Act of 27 August 2009 on Public Finances. The Fund's revenue may also constitute funds referred to in Article 5(1)(2) of the Act, which may be allocated, upon the consent of the European Commission, to support the implementation of tasks related to counteracting COVID-19 effects, payments made from the State budget, including European funds budget, proceeds from treasury securities and other revenue.

2) Introduction of exclusions related to the requirements arising from the provisions of the Act on Public Finances

The exclusions concern, among others, changes to financial plans of the public finance sector units. Due to the need to ensure the highest possible flexibility in managing public funds, and taking into account the need to implement the tasks related to counteracting COVID-19 efficiently, it will not be necessary, among others to: apply to the Sejm committee for budget affairs for an opinion on the amendment of the financial plan by units specified in the regulations, receive the Minister of Finance's consent for the amendment of financial plan, reach agreement with the Minister of Finance on the amendment of the financial plan. Other modifications were also introduced concerning, for instance, subsidies, time-limits for performing specific obligations and activities, providing information or performing tasks of regional and local government units.

A provision was introduced to enable the transfer of funds included in the State's budget special-purpose reserve in 2020 for the implementation of tasks related to the counteracting of COVID-19, irrespective of the purpose of the reserves. Changes were also made to the Act on Public Finances to enable the funding of tasks arising from the launch by the Prime Minister of the economy mobilisation programme, including tasks related to preventing, counteracting and fighting against infectious diseases, in a selective mode or full mode, irrespective of the state's defence preparedness.

Development of information channels for patients

A system of tele-consultations with doctors and nurses is being developed to counteract COVID-19. This is a quick and easy (remote) and safe access to a doctor or a nurse if a patient suspects that they may be infected with COVID-19, including the possibility of receiving e-prescription and e-medical leave (eZLA). It is available to patients – persons who are entitled to healthcare services funded from public funds after they fill in a form within the Patient's Internet Account www.pacjent.gov.pl.

Facilitating the process of obtaining qualifications of emergency call operators by extending the 3-year validity period of their certificates and introducing the possibility of training and examining

candidates for operator's job at their own facilities during the state of epidemic threat or the state of epidemic. The certificate received based on this provision becomes invalid 90 days after the state of epidemic threat or the state of epidemic is lifted.

Supporting the healthcare infrastructure

To fight against the pandemic and prevent its effects, State budget funds are to be allocated mainly to diagnostic laboratories and medical entities.

Providing additional equipment to laboratories is of key importance and necessary to ensure, along with the increasing number of samples to be tested, the possibility of confirming infections, infectious diseases or identification of biological pathogenic agents for the purpose of epidemic supervision through verifying laboratory test results for COVID-19 in accordance with the recommendations included in the Act of 5 December 2008 on Preventing and Combating infections and Infectious Diseases among Humans (Journal of Laws of 2019, item 1239, as amended). Pursuant to the aforementioned Act, laboratory test results are verified by reference centres or units or research institutes appointed by the minister competent for health matters under an agreement concluded with the minister.

Having regard to the key importance of laboratories, the COVID Lab Network Coordination Team has been established. Its activities are focused on coordinating, streamlining and accelerating procedures in laboratories dedicated to carry out activities in the area necessary to combat the epidemic caused by the SARS-CoV-2 virus.

In relation to the current pandemic, several dozen hospitals were transformed into specialised infectious disease hospitals that admit only patients with COVID-19 or suspected of COVID-19 infection. Additionally, an important role in the activities against COVID-19 is also played by hospitals with infectious disease wards and hospitals which have been set at enhanced preparedness by decisions of voivodship governors. All the healthcare providers mentioned above need, to a different extent, support in their implementation of tasks related to combating COVID-19, including equipment and construction support.

As at 14 April 2020, in accordance with the decisions of the Minister of Finance, funds from the state budget were allocated to finance tasks related to combating the infection, preventing the spread of the infection, preventing and combating the effects of the COVID-19 infectious disease caused by SARS-CoV-2 in the total amount of PLN 52,321.7 thousand, intended for:

- Clinical hospitals, local hospitals, research institutes and Regional Blood Centres for the purchase of machines and medical equipment (mainly to be used in laboratories) – PLN 22,238 thousand;
- Regional Blood Centre in Poznań for the completion of the construction project entitled: 'Adaptation of the premises of the Regional Blood Centre in Poznań to carry out laboratory tests to detect SARS-CoV-2 virus – PLN 83.6 thousand.

Additionally, pursuant to the Act of 2 March 2020 on the Special Solutions Related to Preventing, Counteracting and Combating COVID-19, Other Infectious Diseases and Crisis Situations, cardiac monitors (100 pieces) and ventilators (330 pieces) were purchased for healthcare providers for the total of PLN 30,000 thousand.

At the same time, further applications for the financing of tasks related to combating the infection, preventing the spread of, preventing and fighting against the effects of the COVID-19 are processed on an ongoing basis. As the process is pending it is impossible to state specific amounts.

Additionally, healthcare infrastructure development is supported through Cohesion Policy funds. Necessary changes were introduced to Operational Programmes. Thanks to the fast-track, fast

drafting, assessment and selection of applications for funding were possible. Furthermore, having regard to allocating EU support to the most needed medical equipment, a list of equipment was drafted which should be purchased as a priority for healthcare institutions to combat COVID-19.

Tasks within the Operational Programme Infrastructure and Environment (PO IiŚ)

The provisions of the Programme were amended to enable the transfer of additional funds to healthcare providers that provide services related to infectious diseases for necessary investments (renovation/reconstruction/extension) and the purchase of medical equipment, as well as other necessary measures, which is indispensable in the current epidemic situation.

The planned amount of funds to be allocated to fighting against the pandemic as part of Priority Axis IX is PLN 550 million from the European Regional Development Fund (PLN 50 million for more developed regions and PLN 500 million for less developed regions).

As part of additional measures, support will be directed at the following areas:

1. Purchase of ambulances with equipment and personal protection equipment for emergency medical teams.
2. Reconstruction/extension/renovation of infrastructure at infectious disease hospitals and hospitals transferred into infectious hospitals, including the creation of isolation rooms, isolating 'clean' and 'dirty' zones, creating decontamination zones.
3. Purchase of medical equipment.
4. Purchase of diagnostic equipment, such as equipment for immunological tests and laboratory diagnostics, including tests with necessary instruments.
5. Purchase of beds, in particular intensive care beds.
6. Purchase of medical devices, in particular single-use devices and personal protection equipment, such as masks, protective suits, sanitary scrubs, goggles.

In relation to the implementation of the tasks, support will be provided to healthcare providers rendering services related to infectious diseases and other providers involved in the performance of tasks related to preventing, counteracting and combating COVID-19.

These measures will be, first and foremost, aimed at fighting against the COVID-19 pandemic, but also at strengthening of the health care system in a long-term perspective. The purchase of ambulances by providers of emergency medical services and sanitary and patient transport services is necessary to provide healthcare services to patients exposed to a sudden health hazard caused, among others, by SARS-CoV-2, and for medical staff responsible for taking swabs at home of patients suspected of the SARS-CoV-2 infection and for transporting the material to laboratories or for taking the suspected patients to designated hospitals.

Tasks forming a part of Operational Programme Knowledge Education Development (PO WER):

Healthcare providers were provided access to equipment purchased as part of the PO WER projects, in particular ventilators and, if necessary, other medical equipment required to save life and health of people infected or suspected of infection (i.e. cardiac monitors, CPR trolleys, defibrillators, ECG machines, intensive care beds and others).

Additionally, as part of the implemented PO WER projects, decisions were made to give healthcare providers personal protection equipment and other adequate consumables, such as disinfectant liquids and masks, purchased as part of projects.

Measures within Regional Operational Programmes:

It is necessary to emphasise that tasks related to combating COVID-19 are also implemented as part of Regional Operational Programmes, funded both from the European Regional Development Fund

and the European Social Fund. The programmes were modified in line with the provisions arising from the *Coronavirus Response Investment Initiative*. As at 23 April 2020, the total amount of PLN 4.3 billion was allocated to objectives related to fighting against the effects of the epidemic. Support from the Regional Operational Programmes is primarily related to purchases and investments for hospitals and other healthcare institutions in relation to their fight against the pandemic, and to actions targeted to entrepreneurs, aimed at counteracting the effects of the pandemic. The scope of support needs to be agreed each time with the voivodship governor to ensure the coordination of support financed from various sources, in particular EU and national sources.

Additional funding for the digitalisation of health care system

As part of the Broadband Fund, it will be possible to provide healthcare facilities with access to a fast Internet connection to enable remote medical diagnostics (to reduce the need of physical contact between patients and doctors) and digitalisation of medical processes. The Fund will also allow people from vulnerable social groups (persons of advanced age or persons with disabilities) access to equipment and services that allow them to carry out daily activities (including using healthcare services) remotely. The Broadband Fund will be injected with a one-off subsidy from the State budget in the amount of PLN 87 million.

Telecommunications networks, in particular the coverage of mobile telecommunications network, determine currently many aspects of social and economic life, and - first and foremost - they guarantee the possibility of remote work and education. In the face of the situation experienced by Poland, it is key for the public administration to ensure public security and adequate healthcare for citizens. To reduce the threat of SARS CoV-2 it is now possible to issue a sick leave certificate remotely to a person who suspects that he or she may be infected with the coronavirus. All people arriving in Poland receive a warning message about the coronavirus risk from the Government Centre for Security. The use of the Government Centre for Security's warning messages is also key for the actions taken by the Government of the Republic of Poland in relation to the state of epidemic threat introduced within the country. At the same time, the public administration ensures that the majority of public services are available on-line; however, to proceed with most of them it is necessary to have a trusted profile or another electronic identification solution, e.g. an ID card with an electronic layer. This confirms that the security of the State and its citizens is guaranteed by reliable telecommunications networks accessible everywhere to everyone.

The National Register of COVID-19 patients has been established. Additionally, a campaign on safe behaviour of the public has been launched (leaflets, ads, campaigns, etc.).

Healthcare digitalisation projects were described more extensively in Box No. 3.

Pillar IV: Strengthening of the financial system

Regulatory package of the Polish Financial Supervision Authority

On 18 March 2020, the Polish Financial Supervision Authority (PFSA) published the **'Supervisory Stimulus Package for Security and Development'** describing this as an unprecedented set of measures strengthening the resilience of the banking sector and the financing options for the economy.

The measures are focused on striking a balance between ensuring pertinent indicators of the stability of the financial system (in particular banking sector) and preserving and supporting economic activity (in particular preserving availability of loans for enterprises).

A list of these initiatives is open and specific elements may be implemented depending on developments. The most important ones include the following:

- 1) The Polish Financial Supervision Authority declares the possibility of reducing or suspending, to an adequate extent, supervisory activities more burdensome to banks (in terms of organisation or staff). The Polish Financial Supervision Authority also assumes a pragmatic approach to sanctions related to a temporary failure to comply with standards
- 2) Measures in the area of provisions and credit exposures, i.e. reducing the negative impact of provisions and write-offs on the financial situation of banks

The supervisory authority will propose the introduction of relevant amendments to the Regulation of the Minister of Finance on the principles of creating provisions for risk related to banking activity. The amendment would consist in implementing the regulations which would enable exclusion of the exposures of micro- and SMEs and natural persons - employees (including persons losing employment) in particularly affected industries from the obligation to change the category of credit risk, in the case of which the change in the schedule of repayment would be caused by the economic and financial situation related to the pandemic (this solution applies to banks preparing their financial statements based on the Act on Accounting and implementation provisions thereto, cooperative sector).

- 3) Reduction of costs related to deteriorated quality of assets

The Polish Financial Supervision Authority will adopt a flexible approach to the EBA guidelines on non-performing and forborne exposures.

- 4) The Polish Financial Supervision Authority is ready to postpone the implementation of Recommendation R

This will enable management boards of banks to have more flexibility in establishing accounting policies, including the rules of estimating write-offs for expected credit losses.

- 5) Measures in the area of liquidity standards

The Polish Financial Supervision Authority will approach the matter of liquidity buffer individually, taking also into account external circumstances and it will adjust supervisory reaction respectively in case when the bank's LCR indicator stays below regulatory standards.

- 6) Measures in the area of on-going supervision, i.e. reduction of inspections, reduction of post-reporting examinations (including data transfer for the purpose of assessment under the Risk Assessment Framework – BION)

The Polish Financial Supervision Authority will take into account this special situation when making decisions on the postponement of time-limits to update recovery plans and satisfy other

obligations, in line with the needs of supervised entities and capacity of the PFSA. The PFSA will postpone by six months the time-limit for the banks to comply with the EBA Guidelines on outsourcing.

7) Measures of legislative nature

To enable banks to take into account a specific situation which borrowers (in particular micro enterprises and SMEs) may experience as a result of the COVID-19 threat, the PFSA proposed a regulation allowing banks – with respect to their existing customers in this segment – to extend the maturity date or otherwise modify terms and conditions of the loan to the benefit of the customer, provided that such decision may be made based on the assessment of financial and economic situation of the customer made previously (not earlier than on 30 September 2019) by the bank.

Regulatory package of the Ministry of Finance

1) Elimination of the systemic risk buffer

Due to the reduction of credit supply for the economy and the increase in risk related to weakness of certain financial institutions, on 18 March 2020 the Minister of Finance issued a regulation (Journal of Laws item 473) abolishing the obligation to maintain additional capital for systemic risk buffer by banks. The buffer equal to 3% applied since 1 January 2018.

According to the estimates of Narodowy Bank Polski, the release of the systemic risk buffer will bring PLN 30 billion of capital.

2) Postponement of time-limits for performing certain reporting and informing obligations

On 7 April 2020, the Minister of Finance issued a regulation on setting other time-limits for satisfying certain reporting and information obligations thus postponing a number of supervision obligations.

Liquidity package of Narodowy Bank Polski (the National Bank of Poland)

Narodowy Bank Polski, using the tools available to it, has recently taken steps in particular as part of its primary objective, namely to maintain stable prices, while supporting the Government's economic policy (as long as it does not limit the primary objective of Narodowy Bank Polski) and taking actions for the stability of the financial system:

1) Reduction of interest rates and compulsory minimum reserves

The Monetary Policy Council reduced the interest rates of Narodowy Bank Polski twice and set them to the following levels:

- reference interest rate reduced from 1.5% to 0.50% a year;
- Lombard interest rate reduced from 2.5% to 1.00 % a year;
- Deposit rate reduced from 0.50% to 0.00% a year;
- rediscount rate for promissory notes reduced from 1.75% to 0.55% a year;
- discount rate for promissory notes to 0.60% a year.

The Monetary Policy Council has also decided to reduce the rate of compulsory reserve from 3.5% to 0.5%.

2) Operations providing liquidity to banks, so-called repo operations

Access to these operations will be a sort of insurance against the need to bring liquidity to banks. The first repo operation was effected on 16 March.

3) Purchase of sovereign bond on the secondary market within structural open market operations

The result of such operations should be the preservation of liquidity of the treasury note secondary market.

4) Introduction of a promissory note loan for banks

This loan is supposed to re-finance credits provided by banks to non-financial sector entities.

Financial shield of the Polish Development Fund

The shield is to be used for supporting the liquidity of enterprises. Support in a form of grants up to PLN 100 billion, out of which about PLN 60 billion may remain in companies as non-refundable funds provided that business activity is continued after restrictions related to the epidemic are lifted and that jobs are preserved.

The type of support and eligibility criteria have been divided into three segments. The main differential criterion is the size of an enterprise.

Shield for micro enterprises (employing 1 to 9 employees)

- The support in a form of a loan (financial grant) to cover the current costs of business operations or loan repayment (up to 25% of the loan principal) will be targeted at the companies:
 - whose annual turnover or balance sheet total do not exceed EUR 2 million;
 - which experience reduction in turnover (sales revenue) by at least 25% in any month after 1 February 2020 in comparison to the previous month or a corresponding month of the previous year;
 - against which there are no pending bankruptcy proceedings or liquidation proceedings and restructuring proceedings were not initiated;
 - are tax residents in Poland, carried out their business activity at the end of the previous year and are not in default with taxes and social insurance contributions as at the end of the previous year.
- The support received by the micro enterprise (up to PLN 324,000) may be cancelled up to 75% at the end of 12th calendar month from the date of loan disbursement subject to the following terms and conditions:
 - 25% of the grant value is non-refundable provided that business activity is continued 12 months after the aid is provided;
 - additional 50% of the grant is non-refundable depending on the preserved employment level within the period of 12 months. If employment is reduced, the percentage of the grant to be returned is higher, which is a strong stimulus for beneficiaries to preserve jobs.
- The refundable part of the borrowing is repaid in 24 equal instalments, starting from the 13th calendar month, calculated from the first full calendar month after it is granted.

Financial implications

The cost of the programme amounts to PLN 25 billion and it will be financed from the funds of the Polish Development Fund, including through the issue of bonds covered by the State Treasury's guarantee in the domestic or foreign market. Therefore, the cost of the Programme should not cause any significant increase in the state budget expenses in 2020. It is estimated that 350 thousand companies will benefit from this support. Assuming that the average share of the non-refundable part of the grant will be 65%, the estimated amount of non-refundable support is PLN 16.2 billion.

Shield for SMEs (employing from 10 to 250 employees)

- The support will be analogical to the previously described, however:

- It will apply to the businesses whose annual turnover do not exceed EUR 50 million or whose balance sheet total does not exceed EUR 43 million;
- The maximum amount of financial grant as part of the 'Shield for SMEs' Financial Support Programme is defined in terms of percentage of the revenue in 2019 and depends on the recorded decrease in revenue experienced in relation to COVID-19 in comparison to 2019 financial year;
- Taking into account the average revenue in the SMEs sector, which is PLN 31.3 million, the estimated average value of financial support will be approximately PLN 1.9 million for each enterprise and up to the maximum of PLN 3.5 million;
- The amount of grant may also be cancelled up to 75% of its value:
 - If business activity will be continued during 12 months after the support is granted then 25% of the grant will be cancelled,
 - If the average employment will be preserved for the period of 12 full months after the support is granted in comparison to 31 December 2019 (up to 25% of the grant will be cancelled),
 - depending on the loss in sales experienced by the enterprise within 12 months calculated from the first month in which the entrepreneur recorded loss after 1 February 2020 or the month in which the grant was provided (maximum 25% of the grant will be cancelled).

Financial implications

The cost of the programme amounts to PLN 50 billion and it will be financed from the funds of the Polish Development Fund, including through the issue of bonds covered by the State Treasury's guarantee in the domestic or foreign market. Therefore, the cost of the Programme should not cause a significant increase in the state budget in 2020, It is estimated that the support will be used by approximately 26 thousand companies. Assuming that the average share of the non-refundable part of the grant will be 65%, the estimated amount of non-refundable support is PLN 32.5 billion.

Shield for large enterprises (above 250 employees)

- This support will be provided to large enterprises whose turnover exceeds EUR 50 million or balance sheet total exceeds EUR 43 million⁴ and which:
 - Record loss in turnover (sales revenue) by at least 25% in any month after 1 February 2020 in comparison to the previous month or a corresponding month of the previous year in relation to disturbance in the functioning of the economy as a result of COVID-19.
 - Lost their capacity to manufacture products or services or the capacity to deliver products and services to their customers in relation to the unavailability of components or resources due to COVID-19.
 - Do not receive payments for sales as a result of COVID-19 in the amount exceeding 25% of receivables.
 - Due to the disturbances in the functioning of the financial market, they have no access to the capital market or credit limits for new contracts.
 - Are members of Sectoral Programmes.

⁴ The support may be received by SMEs, unless they are beneficiaries of the Financial Shield for SMEs where their financing gap exceeds PLN 3.5 million and the financing is related to the Sectoral Programme established in relation to COVID-19.

- Are not subject to pending bankruptcy proceedings or liquidation proceedings and restructuring proceedings were not initiated.
- Are residents for tax purposes in Poland, conducted its business activity at the end of the previous year and they were not in default in terms of tax and social insurance contribution payments as at the end of the previous year.
- Presented a restructuring plan and financial projections to substantiate financial viability after the end of the COVID-19 crisis and underwent a simplified due diligence analysis carried out by the Polish Development Fund with a positive result.
- The funding may have the following form:
 - Liquidity financing in a form of loans, receivables or debt purchasing, bonds, guarantees for the period of 2 years, with an option of extension for another year. Funding is provided with the market interest rate on loans for businesses differentiated by maturity. Liquidity financing is provided in the amount reflecting the projected liquidity gap, especially when experienced as a result of the COVID-19 and to the maximum of PLN 1 billion.
 - Preferential financing in a form of preferential loans. Maximum repayment period for preferential loans is 3 years, with an option of extension for another year. The support is provided with the market interest rate on loans for businesses differentiated by maturity. Up to 75% of the loan may be cancelled, depending on the financial loss and the maintenance of employment. Preferential loans are granted in the amount reflecting the projected liquidity gap occurring as a result of the COVID-19 and up to the maximum of PLN 750 million.
 - The investment funding in a form of capital instruments acquired (such as shares, stocks, stock subscription warrants, bonds or convertible borrowings) at arm's length. The investment funding cannot exceed PLN 1 billion.

Detailed rules of financial support and obligations will be specified by an agreement.

Financial implications

The cost of the programme amounts to PLN 25 billion and it will be financed from the funds of the Polish Development Fund, including through the issue of bonds covered by the State Treasury's guarantee in the domestic or foreign market. Therefore, the cost of the Programme should not cause any significant increase in the State budget expenditure in 2020.

4. Response to findings from the Executive Summary of the Country Report – Poland 2020

This year's Country Report focuses particularly on the need to take steps for energy transformation towards climate neutrality. New climate-related goals and ambitions of the EU are significant challenges for Poland. In the government's opinion, the EU's approach to climate-related goals, both in medium-term and long-term perspective, should be reconsidered, given the current economic situation caused by the COVID-19 crisis. Transition to low carbon economy creates many development opportunities, but it also generates a real risk of severe social consequences for many regions, not only coal regions, but also coal-dependent regions, and a significant role of energy-intensive sectors. The current situation makes this risk is even higher. The consequences of the crisis are not yet visible in the social sphere, but it should be assumed that they will be very severe.

In this context, Poland supports the idea of establishing the Just Transition Fund to support industrial regions (mainly coal regions, but not only) in creating alternative development paths. It is worth reminding that the achievement of climate neutrality goal requires that Poland incur additional costs, which are on average twice the costs to be incurred in the EU (from 2.6 to 4.3 GDP). At the same time, we would like to note that the energy transition will also affect, though to a various degree, all mining regions in Poland: Silesia, Greater Poland, Lower Silesia, Łódzkie Region, Lubelskie Region and Lesser Poland. Meanwhile, the European Commission in Annex D recognises as priorities investment areas for NUTS 3 units (sub-regions) located only in 3 Polish regions: katowicki, bielski, tyski, rybnicki, gliwicki, bytomski and sosnowiecki sub-regions in the Silesia, the koniński sub-region in Greater Poland and the wałbrzyski sub-region in the Lower Silesia. The European Commission indicates that in the case of Silesia, Greater Poland and Wałbrzych work is pending on transformation plans, initiated as part of the initiative entitled 'Coal regions in the period of transformation', which is supposed to justify the selection of these areas. In the opinion of Poland, Annex D should concern priority investment areas in all regions eligible for funding according to the proposal for a regulation on the Just Transition Fund. At the same time, a Member State should enjoy the freedom to specify areas to be supported, while investment priorities and areas identified by the European Commission in Annex D bis to the Country Report (as part of the European Semester) should only be perceived as directions and not an exhaustive list.

Currently, a priority of the government's actions is to maintain manufacturing capacity of enterprises, to keep jobs and to support the healthcare system. At the same time, being aware of the social consequences that are difficult to avoid, such as increased unemployment rate, the Government decided to maintain social measures introduced earlier (such as 500+ family benefit, additional retirement pension), which are intended to support households, and therefore, consumer demand.

In parallel to implementing measures aimed at stopping the COVID-19 pandemic and counteracting direct consequences, the Government creates a strategy to support investments, among others through a special Public Investments fund. The objective of the strategy will be not only to stimulate economic growth, but also provide a stimulus to SMEs. New public procurement contracts related to public investments will enable Polish businesses and economic operators to strengthen their position, and as a result, to help the economy recover. See more on the subject in Chapter 5 (Investment strategy).

The situation related to the SARS-CoV-2 highlighted how important it is for citizens in extraordinary circumstances to possess adequate set of digital skills, when it is necessary to introduce remote operations with the use of digital tools in order to secure health and life of citizens and the functioning of the state. Currently, remote lessons, remote lectures and remote work are being implemented on a massive scale. The citizens also started to massively use various types of e-services, e-shopping and, in the case of citizen-state relationship, e-administration.

It seems also necessary to expand the system of collecting data and crisis management in the EU with the use of digital platforms. A system of tele-consultations with doctors and nurses is being developed to counteract COVID-19. Effective (remote) and safe access to doctors or nurses is ensured (without the need to leave one's home) in case if a patient suspects that he or she may have the COVID-19. It is also possible to receive e-prescription without seeing the doctor in person. Further development of e-services in the healthcare sector is planned.

Poland accepts the direction set by the European Commission with a view to strengthen the presence of sustainable development, including UN Sustainable Development Goals, in the European Semester. The manner of mainstreaming sustainable development goals in the Polish development policy has been presented in Box No. 1.

Box 1. Coordination of the achievement of SDG by Poland

The key document through which Poland implements Sustainable Development Goals (SDGs) defined in the Agenda 2030 is the Strategy for Responsible Development (SOR). The Strategy for Responsible Development specifies social and economic development priorities up to 2020 and further to 2030. It is a strategic instrument for managing country development policy to be followed by state institutions.

The implementation of the Agenda 2030 at the domestic level is coordinated by the Ministry of Economic Development. Poland opts for cooperation, partnership and shared responsibility of public authorities, businesses and citizens for development processes.

A manifestation of establishing cooperation in Poland is the Partnership for SDGs in Poland initiated by the coordinator in June 2017. The initiative promotes the awareness of SDGs, their significance for specific social groups and the need for cooperation in their effective implementation. The partnership is based on 3 basic rules: openness to cooperation, voluntary partnership and declaration of cooperation. For the purpose of enhancing the participation of economic and social stakeholders, including partnership signatories, in a substantive debate on global challenges and placing them in the context of national specific circumstances, the National Forum of Stakeholders of the Agenda 2030 was set in June 2018. The forum is an innovative platform of cooperation and multi-sectoral partnership, experience exchange and good practices in the implementation of specific projects.

As part of monitoring its progress in the achievement of SDGs, Poland presented its first Voluntary National Review at the United Nations forum in July 2018 by presenting The report on the implementation of Sustainable Development Goals in Poland, adopted by the Council of Ministers on 5 June 2018. The report concisely covered national priorities for all 17 SDGs, taking into account strong interdependencies and links between various social and economic areas affected by them. Key measures and strategic projects were defined and the examples of good market practices for the achievement of SDGs were presented. It was emphasised that in the next years the following aspects will be of paramount importance for increasing the effectiveness of SDG implementation in Poland: education for sustainable development, effective monitoring, policy coherence for development and a smoothly functioning organisational structure. The report was supplemented by a statistical annex prepared by Statistics Poland with a set of indicators to monitor national SDG priorities. For national purposes, Statistics Poland prepared, in consultation with ministries, a separate set of monitoring indicators, adjusted to the specificity of sustainable development goals recognised by the Government as priorities for Poland. Data for indicators monitoring i.a. national priorities of SDG implementation are shared through the National SDG Reporting Platform⁵, developed by Statistics Poland specifically for the purpose of monitoring Sustainable Development Goals.

⁵ <https://sdg.gov.pl>

5. Investment strategy

The COVID-19 pandemic made investment growth forecasts prone to high risk of error. Investment activity will depend on numerous factors, such as the duration of the pandemic, situation in the global market, in particular in the markets that are the biggest business partners of Poland: Germany, France, United Kingdom. On the other hand, strong GDP growth results and low unemployment rate at the beginning of the slowdown may, to certain extent, mitigate the effects of recession in the international economy.

The COVID-19 pandemic does not mean that work towards investment potential is stopped. On the contrary, it is one of the conditions to move back to economic stability. Investment development paths defined in the Strategy for Responsible Development remain valid.

Steps already taken by the Government

As part of the Strategy for Responsible Development, a new approach to Poland's investment policy, including a system of supporting new projects, was adopted. Legislative work has been started to comprehensively restructure the approach based on the identified limitations of Special Economic Zones, e.g. territorial restrictions, which translated into exclusion of certain regions from the zone's impact area. As a result, the Act of 10 May 2018 **on Supporting New Investments** was implemented, which extended the impact of Special Economic Zones mechanisms to the entire country.

Communication with investors was facilitated and support was provided in a form of one stop shop. Biznes.gov.pl website was launched to present comprehensive information on investment offer, rules of investing in Poland and institutions supporting investors.

The analysis of the results indicating how the new system for supporting investments works within the Polish Investment Zone shows advantageous trends. As at 31 December 2019, the declared value of investments was PLN 15.3 billion in comparison to PLN 14.4 billion in the entire 2018. Worth noticing is also the increasing growth of the SME sector's share both in the declared value of investments and in the number of projects. Available data confirm that the objectives of the Act on Supporting New Investments are pursued. Investments in the voivodships of Eastern Poland are gaining popularity. During the last 2 years, the share of foreign companies investing in Eastern Poland increased from 25.5% in 2018 to 30.8% in 2019. An increasing inflow of investments is also observed in middle-sized towns that lose their social and economic functions (122 towns).

Nonetheless, the main objective of the reform was to ensure that investments may be made in the entire country (as earlier it was only 0.08% of the territory of Poland). The analysis of data on the functioning of the Polish Investment Zone indicates that the share of investments outside Special Economic Zones has increased. Already in December 2018, a half of investments were made outside the zones and as at the end of 2019 the share went up to as much as 55% of the total value of investments.

In September 2019, the new **public procurement law** was enacted. The Act that will enter into force in early 2021 provides, among others, for the obligation to verify, as part of analysing bids in terms of abnormally low prices, the compliance of the bid price for works with legal regulations on the cost of labour. The new regulations are supposed to increase competitiveness within the public contract market and improve access to the market for SMEs. They will also enable better management of purchasing procedures, strengthening of the importance of cooperation between the contracting authority and the economic operator, the improvement of the system of remedies and the system of control and the identification of strategic contracts and contracts of innovative nature. One of the key solutions provided for in the new regulations is the introduction of a simplified procedure below so-called EU thresholds and simplifications in other modes and call for proposals, as well as an option

of resolving by means of a settlement the most serious disputes between the economic operator and the contracting authority at the stage of the performance of the contract.

A tool to support new investments is **an amendment of the Programme for Supporting Investments of Major Importance to the Polish Economy for years 2011–2030**. The amendment made in October 2019 introduced, among others, an increase in the budget of the programme to almost PLN 2.6 billion, and the extension of the programme time-frame to 2030. Within the programme, it is possible to co-finance both strategic investments and medium-size innovative projects. Preferred are projects related to the use of high tech and research and development activity. The programme is aimed at stimulating innovation and competitiveness of the Polish economy and at establishing cooperation between the economic sector and academic institutions. The support is provided in a form of subsidies based on an agreement entered into by and between the Minister of Development and the investor. The support of investments within the Programme may be provided in a two-fold manner: for the eligible costs of creating new jobs or for the costs of investments in tangible assets and intangible assets. The programme is funded entirely from the State budget. 108 agreements with entrepreneurs have been entered into to date. The value of investments declared by entrepreneurs within the programme amounts to almost PLN 25 billion, while the number of new jobs is almost 29 thousand.

New measures supporting an increase in investments

The COVID-19 pandemic forced downtime in business activity of enterprises representing different sectors. This means that such companies are not able to invest in further development or their opportunities are limited. Additionally, in the face of a global economic crisis caused by the pandemic, it is necessary to quickly take steps aimed at securing employees and entrepreneurs. At the same time, as a consequence of limiting business activity in the country, a gap in investment financing is becoming real.

To respond to this issue, the Public Investment Programme has been established as **the fifth pillar of the so-called Anti-crisis Shield**. It is aimed at filling the gap in investment financing and helping the economy to go back to the path of growth after the threat disappears. Additional funds will be allocated to a possibly wide set of investments in the area of energy, healthcare, education, digitalisation or actions for environmental protection, pharmacy or biotechnology.

An important element of supporting investments is an **amendment of the Act on the System of Institutions for Development** adopted on 31 March 2020 as part of the so-called Anti-crisis Shield, which entered into force on 1 April 2020. This amendment introduces, among others, new powers for the Polish Development Fund. Under the new regulations, the Council of Ministers may entrust the Polish Development Fund with the implementation of the governmental programme for providing financial support to entrepreneurs in a form of taking up or acquiring shares, stocks, subscription warranties, bonds, receivables and joining partnerships, as well as providing loans, guarantees and sureties. The Polish Development Fund gained the competence to provide financial support to entrepreneurs and other entities affected by the consequences of crisis situations, including the COVID-19 pandemic. The support may be non-refundable or it may have a form of a guarantee or a surety. The amendment enables the Polish Development Fund to remedy or cover, in full or in part, damage or loss caused by crisis situations with the use of the Fund's own resources or funds from other sources.

Efficient regulatory environment is an important element of investment-oriented strategic thinking. A substantial legislative change will be the amendment of the aforementioned **Act of 10 May 2018 on Supporting New Investments**, planned in 2020. The main aim of the amendment is to lower the required level of expenditure allocated to reinvestments by 50%. Additionally, the draft Act amending the Act on Supporting New Investments provides for legal solutions that foster increased effectiveness of investment processes by accelerating and streamlining the process of issuing decisions to grant support and by reducing red-tape barriers. Moreover, the amendment introduces

the obligation to mark, permanently, investments that enjoy an exemption from income tax under the act. The entry into force of the amended Act on Supporting New Investments is scheduled for the last quarter of 2020.

A reform of investment and construction process is pending. Main changes to the construction process are introduced by the Act of 13 February 2020 amending the Construction Law and Certain Other Acts. The main objective of the Act is to streamline and accelerate investment and construction processes and to ensure greater stability of decisions made within such processes, in particular by means of simplifying excessively strict procedures, eliminating excessive obligations on the part of the investor and clarifying regulations that raise doubts as for their interpretation. Significant changes concern, among others, regulations related to unauthorised construction works, building permits and fire safety. The amendment reduces the number of documents necessary to obtain the building permit and extends the list of construction projects for which the construction permit is not required, and therefore, reduces barriers for potential investors. Work is pending on the reform of the system of spatial planning. The proposed amendments are supposed to lead to a situation in which entire municipalities will be subject to local law, which will contribute to an easier identification of areas that are attractive for investors. Additionally, the aim of the reform is to eliminate spatial conflicts and to increase the certainty of investments. The new simplified structure of documents will improve readability of spatial planning acts. After legislative changes are prepared as part of the reform in the field of spatial planning, work will be started to draft a new Construction Law in order to adjust regulations governing construction processes to the new spatial planning solutions.

Selected investment programmes for sustainable economy

In response to the European Commission's request to include investment programmes for sustainable economy in the National Reform Programme, the programmes in question should not overlap with the measures to be supported from the EU budget as the implementation of such measures is reported in a different manner.

Investment programmes of strategic importance are planned for a few years ahead, which means they exceed the time-frame of the current National Reform Programme. The measures include the continuation of already implemented measures, their modifications or entirely new initiatives. The investment strategy, updated in comparison to the previous National Reform Programme, is focused on counteracting adverse climate change impacts, generating so-called clean energy, sustainable and environmentally-friendly transport, energy efficiency or supporting circular economy. For this reason, this part of the National Reform Programme does not include investments in the area of social policy or health. The programmes named below do not constitute a closed list of investment programmes and projects carried out in Poland, but they serve to illustrate priority measures in the specific areas. Once again, we would like to emphasise that the implementation of the measures described below will be adjusted to the developments in the economic situation. The current phase of fight against the COVID-19 pandemic does not allow for a clear determination whether the proposed projects will be fully implemented and whether their schedules will not be modified.

1) Clean Energy



'My Electricity' Programme (National Fund for Environmental Protection and Water Management)

This programme targeted at households supports the development of renewable energy by increasing the share of energy from photovoltaic micro sources and developing the prosumer energy sector. The funding covers 50% of the costs of a single installation together with necessary equipment, up to PLN 5,000. The support may be provided for installations with the installed capacity of 2 to 10 kW, whose devices it was manufactured no earlier than 24 months prior to the installation and connected to the grid after 23 July 2019. The project cannot cover the increase of capacity for the already installed PV installation. As part of the programme, 200 thousand new photovoltaic installations capable of generating even 1 TWh of renewable energy are to be connected.

Schedule

The programme is scheduled for 2019–2025.

Financing

The budget of the programme amounts to PLN 1 billion and is allocated to non-refundable subsidies.



'Polish Geothermal Plus' Programme (National Fund for Environmental Protection and Water Management)

The aim of the programme is to increase the take-up of geothermal resources in Poland. The programme supports projects consisting in, among others, the construction, extension or modernisation of existing heat plants, co-generation plants, geothermal power plants, as well as the modernisation or extension of existing sources of energy through such heat plants, co-generation plants, geothermal power plants that are based on a geothermal source of energy, and the drilling or reconstruction of the geothermal plant, excluding the first exploratory drilling. Optionally, provided that at least one mandatory project is implemented, the support may be provided also for the purpose of modernising heat networks, projects aimed at reducing harmful air emissions, investments to improve energy efficiency, RES installations and the first exploratory drilling.

Schedule

The programme will be implemented in years 2019–2025.

Financing

The budget of the programme is PLN 600 million (PLN 300 million for loans, PLN 300 million for non-refundable subsidies).



Agroenergy Programme (National Fund for Environmental Protection and Water Management)

The programme is addressed directly to individual farmers who would like to invest, among others, in renewable sources of energy. Projects co-financed as part of the programme may be those aimed at creating new generation units, together with the possibility of connecting such units to the distribution and transmission grid, where energy is generated from renewable sources or with the use of technologies based on waste heat.

The scope of a project may include comprehensive designs combining the source of energy with the system of storage that is technically and economically justified.

Schedule

The programme will be carried out in 2019–2025, however agreements will be signed up to 2023, while funds will be paid to up to 2025.

Financing

The budget for the implementation of the programme is PLN 200 million for refundable and non-refundable forms of financing. PLN 120 million is allocated to refundable forms of financing and PLN 80 million is earmarked for non-refundable support.



Polish Nuclear Power Programme (Ministry of Climate)

Polish Nuclear Power Programme is a multiannual strategic programme aimed at launching nuclear power plants in Poland.

The programme was approved by the Council of Ministers in 2014, however, the implementation of tasks has taken place since 2009. To date, the following steps have been taken:

- Two alternative locations were selected for the first nuclear power plant, environmental assessment were carried out, as was the majority of site investigations.
- A project company was established (PGE EJ1 LLC).
- Legislative amendments were introduced to enable the commencement of the investment process (amendments to the Act – Nuclear Law and the adoption of implementation acts thereto, adoption of the Act on the Preparation and Performance of Investments in Nuclear Energy Facilities and Accompanying Investments and the Amendments to Certain Other Acts).
- Nuclear regulatory supervision was reorganised to include its supervision on the nuclear power sector.
- Polish industry has been prepared to be a part of the supply chain for nuclear energy in Poland and worldwide (task in progress).
- R&D facilities were reorganised.
- Site investigations were commenced for the purpose of building a new radioactive waste disposal facility for low- and medium-level radioactive waste.

- The process of preparing staff for the nuclear energy sector was commenced.
- Actions were taken in the area of social communication and education to gain and maintain social acceptance for nuclear energy.

Schedule

For the period from Q2 2020 to Q1 2021, the following steps are planned: adoption of the Programme's update by the Council of Ministers; completion of site investigations and the selection of the preferred location of the first nuclear plant; drafting, making required arrangements and submitting to the Council of Ministers a draft Act amending the Act on the Preparation and Performance of Investments in Nuclear Energy Facilities and Accompanying Investments and the Amendments to Certain Other Acts; carrying out geological investigations in selected locations to choose no more than two locations for radioactive waste disposal; continuing actions to support Polish businesses in their cooperation with international nuclear energy players; development of the Human Resources Development Plan for the purposes of the nuclear energy sector.

2) Energy efficiency and clean air



'Clean Air' priority programme (National Fund for Environmental Protection and Water Management)

The aim of the programme is to improve air quality and to reduce greenhouse gas emissions by means of replacing sources of heat and improving energy efficiency of single-family residential buildings. This is the first programme of such scale targeted at funding actions aimed at eliminating air pollution emissions caused by the combustion of solid fuels in ineffective sources of heat and increasing the energy efficiency of residential buildings. The programme is implemented by the National Fund for Environmental Protection and Water Management and by 16 voivodship-level environmental protection funds. To increase the impact of the programme and to accelerate the verification of applications for funds and the signing of agreements with beneficiaries, cooperation agreements have been signed with municipalities as part of relevant arrangements since July 2019.

As part of the programme, support may be granted for: the replacement of obsolete and ineffective sources of energy using solid fuels (including the purchase of equipment, installations and materials, such as: heat distribution centres, air heat pumps recovering heat from the ground or water, electric heat systems, oil and gas condensing boilers, solid fuel boilers); assembly and disassembly of such equipment and materials; use of renewable sources of energy (solar collectors; photovoltaic micro installations); performance of other thermal upgrading of single-family buildings and residential premises. The 'Clean Air' programme offers co-financing consisting of a non-refundable subsidy and a loan. The amount of the subsidy depends on income per person within the family. If the owner/co-owner of a single-family building is granted a subsidy and a loan for 100% of the investment cost, he or she does not need any own contribution and the subsidy and the borrowing may be paid directly to the contractor's bank account. This is important in the sense that the need to invest one's own financial resources to have them reimbursed afterwards was a barrier for those who did not possess such funds.

Schedule

The programme will be implemented in years 2018–2029.

Financing

The programme budget is PLN 103 billion.



‘Stop Smog’ Programme (Ministry of Development)

The ‘Stop Smog’ Programme is addressed mainly to the energy-poor. The programme for 2019–2024 provides for a mechanism to finance the replacement of outdated and high-emission sources of heating and the thermal upgrading of single-family residential buildings occupied by the energy-poor (so-called low-carbon projects).

The ‘Stop Smog’ Programme is not only an important step towards air quality improvement, but also towards combating energy poverty. The problem concerns 4.6 million people in Poland, mainly the residents of villages and small towns. The vast majority of them, as much as 75%, live in single-family houses. This means that every eighth resident of Poland faces a dilemma whether to heat an apartment at the expense of reducing the consumption of other goods. Near-ground emissions, being the pollution emitted from the majority of single-family houses heated with boilers and low quality fuels, is one of the main reasons of air pollution and smog in Poland. The ‘Stop Smog’ programme assumes close financial and organisational cooperation between the central government and local governments. The funding mechanism within the programme provides for the co-financing of projects from the State budget at the level of 70%, and at least 30% from the municipality. This results in the possibility of financing up to 100% of project value from public funds (therefore, without any financial contribution of the beneficiary).

The programme covers the funding of the following projects in single-family residential buildings:

- Replacement of the currently used equipment and heating systems with those meeting low-emission standards (e.g. compliance with domestic and EU regulations concerning admissible pollutant emissions and energy efficiency).
- Elimination of currently used heating equipment or systems and connection to district heating or gas grid for heating purposes.
- Thermal upgrading of buildings.

Apart from investment costs, the programme provides for the funding of activities other than investments, necessary for the purpose of ensuring the proper performance of arrangements (among others the financing of the cost of design and investment documentation, energy audits or costs related to energy advisory services provided within the municipality). The maximum average cost of comprehensive thermal upgrade of a single-family residential building is PLN 53,000. Low-carbon projects will be co-financed and implemented as part of the arrangement concluded between the minister competent for the economy and the municipality.

Schedule

The programme will be implemented in years 2019–2024.

Financial implications

The programme budget is PLN 1.2 billion, including PLN 883.2 million coming from the State budget. Funds for the implementation of the programme will come from the Fund for Thermal Upgrade and Renovation held by Bank Gospodarstwa Krajowego. The effectiveness of this model of support will be verified after 2024.



‘Energy Plus’ Programme (National Fund for Environmental Protection and Water Management)

Projects to be supported include, among others, the construction, extension or upgrade of existing generation installations or industrial devices that contribute to reduced raw materials use and reduced harmful emissions to the air; projects and technological changes aimed at improving energy efficiency; the upgrade or extension of heat network; projects consisting in the construction or reconstruction of generation units, including co-generation sources, units using renewable sources of energy (RES) and sources using waste heat, and possibly their connection to the distribution or transmission grids. The programme is addressed to entrepreneurs.

Schedule

The programme will be implemented in years 2019–2025.

Financing

The budget for the implementation of the programme is PLN 4 billion for refundable and non-refundable forms of co-financing.



‘Heating in Districts’ programme (National Fund for Environmental Protection and Water Management)

The ‘Heating in Districts’ pilot programme aims at reducing the negative impact of heating companies on the environment, including the improvement of air quality, by supporting investment projects.

Projects supported within the programme include, among others, the construction, extension or upgrade of existing energy-generating installations or industrial devices, which contribute to the reduction in the use of primary raw materials and the reduction or elimination of harmful emissions to the air, and which support new sources of heat and electricity, where energy is generated from renewable sources, waste heat or co-generated heat, as well as projects aimed at improving energy efficiency and extending or upgrading heat networks.

Beneficiaries of the programme are companies whose object of activity is the generation of heat energy for municipal purposes and in which the majority of shares is held by a local government unit (holding at least 70% of shares).

Schedule

The programme will be implemented in years 2019–2025.

Financing

The programme budget is PLN 500 million.



'Energy efficient construction industry. Reduction of energy consumption in the construction industry'. (National Fund for Environmental Protection and Water Management)

Funds from the programme may be allocated to the thermal upgrade of museums, historic monuments, sacral buildings, hospitals, long-term care facilities, residential care facilities, hospices, students' houses, centres for culture, religious worship, teaching, care, pedagogy and research. Additionally, projects eligible for financing include the replacement of equipment in such facilities with the equipment of highest, but economically justified energy efficiency standards, related directly to the thermal upgrade of such buildings, and in particular activities such as: thermal insulation of the building, replacement of windows, replacement of external doors, reconstruction of heating systems, replacement of ventilation and air conditioning systems, use of energy management systems in buildings, use of technologies based on renewable sources of energy, preparation of technical documentation, including energy audits and mycological studies, elimination of dampness and its effects in the building subject to thermal upgrading, replacement of external and internal lighting systems with energy efficient ones. Beneficiaries of the programme, i.e. entities that run the aforementioned institutions or facilities, may be granted a subsidy or a loan.

Schedule

The programme will be implemented in years 2016–2022.

Financing

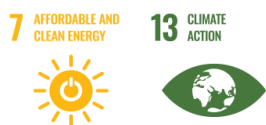
The programme budget is PLN 1.13 billion.



Thermal upgrade tax relief (Ministry of Finance)

In 2019, the act entered into force that introduced a tax relief for the thermal upgrading of single-family buildings, including the replacement of solid fuel boilers (i.e. the Act amending the Act on Personal Income Tax and the Act on Lump-sum Income Tax on Certain Revenue Generated by Natural Persons). Since the beginning of 2019, taxable persons who own or co-own a single-family residential building may take advantage of a new tax relief, known as a thermal upgrade tax relief.

According to the Act, the thermal upgrade tax relief applies to construction materials, equipment and services that contribute to the improvement of air quality, energy efficiency of single-family residential buildings and health of citizens. Expenditure incurred during the project is tax deductible up to the amount of PLN 53 thousand. The implementation of the project to be covered by the tax relief cannot last longer than 3 years.



Financing certain costs of thermal upgrade and renovations from the Thermal Upgrade and Renovation Fund (BGK)

The main objective of the Thermal Upgrade and Renovation Fund is to support financially investors that carry out thermal upgrade and repair projects and to pay compensations to the owners of residential buildings in which council housing was located. The support has a form of a thermal upgrade bonus, repair bonus and compensation bonus.

The amendment of legislation under the Act of 23 January 2020 amending the Act on Support for Thermal Upgrading and Renovation (Journal of Laws [Dz.U.], item 412) introduced the possibility of applying for a higher thermal upgrade bonus:

- In the case where such thermal upgrade is accompanied by a RES micro installation – the bonus is increased to 21% of the thermal upgrade project value,
- In the case of thermal upgrade of buildings erected in the technology using large prefabricated panels – the bonus is increased by 50% of the cost of designing, purchasing and fixing metal anchors used for strengthening the joining of wall panels (which is of particular importance due to the safety of such buildings after walls are covered by additional insulation layers).

The renovation bonus is granted for renovation projects carried out in multi-family residential buildings handed over for use before 14 August 1961. Investors who may apply for a thermal upgrade bonus include, for example, natural persons, housing communities, including communities with the majority of shares held by the municipality, social housing associations, housing cooperatives, and municipalities.

The aforementioned amendment introduced a special renovation bonus for the purpose of renovation projects in buildings where apartments that are the municipality's housing stock are located. In the case of such buildings, the renovation bonus is provided in the amount of 50% of the renovation project value, or 60%– if the building is entered into the register of historic buildings or if it is located in the area entered into such register.

Financing

The funds come from the State budget. In the period of 10 years the cost of these support instruments is expected to amount to PLN 3 billion.

3) Sustainable transport

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



The 'Railway+' Programme of Supplementing Local and Regional Railway Infrastructure by 2028 (Ministry of Infrastructure)

The main objective of the Railway+ Programme is to supplement the railway network with railway connections (including necessary pre-project and project documentation) to towns with more than 10 thousand residents that have no access to passenger or cargo rail services connecting them with voivodships' capitals. This is consistent with the sustainable development of the country in line with the EU legislation and guidelines. It supplements current activities related to the implementation of railway investments at the national level and contributes to the maintenance of intraregional connections. The programme will enable adequate planning and support for investments aimed, among others, at improving passenger transport at the interregional level, as well as rational and consistently taken steps to implement the national development policies at the regional level in the

current and the next multiannual financial framework. The programme also promotes environmentally friendly means of transport. It is also intended that the programme will improve the organisation of passenger transport and that it may contribute to protect railway infrastructure against its liquidation.

Schedule

The programme will be implemented by 2028.

Financing

The total amount allocated to the implementation of the Programme is PLN 6,588.00 million. The rate of support from the funds obtained as a result of recapitalisation of PKP PLK S.A. is 85% (PLN 5,599.80 million) of eligible costs, and the total own contribution of local government units is 15% (PLN 988.20 million) of eligible costs.



The Bus Transport Development Fund of public utility (Ministry of Infrastructure)

This is a special-purpose state fund established to develop bus transport for public benefit. It is supposed to co-finance the tasks of collective public transport operators in the area of bus transport for public benefit, excluding transport provided as part of urban transport. Thanks to this initiative, residents of smaller towns, in particular, will be able to commute to work, school, healthcare facilities or culture centres using public transport. The expansion of bus connection network will also create an opportunity to find a job in smaller towns which have been difficult or impossible to reach so far.

Financing

The Act establishing the Bus Transport Development Fund of public utility provides for the expenditure from the State budget at the level of PLN 200 million in 2020 and in 2021.

4) Circular economy



'Reasonable Waste Management' Programme (National Fund for Environmental Protection and Water Management)

The aim of the programme is to implement the principles of waste management, and in particular the hierarchy of waste management procedures, by means of: prevention of waste; establishing and maintaining universal systems for the selective collection of waste; creating and maintaining a sufficient network of waste management installations; reducing the amount of waste disposed illegally on the international scale; raising ecological awareness of the society; building a database on products and packaging and on waste management. The programme is addressed to regional and local administrative units, public administration bodies, entrepreneurs, and non-profit organisations which act as 'food banks'.

Schedule

The programme will be implemented in years 2015–2026.

Financing

The budget of the programme is PLN 947.8 million (funds are granted in a form of a subsidy or a loan).

6. Measures in response to the priorities of the Annual Sustainable Growth Strategy for 2020

This chapter presents measures taken within three out of four priorities provided for in the Annual Sustainable Growth Strategy 2020, i.e. (5a) sustainable development, (5b) increase in productivity and (5c) justice. In contrast to Chapter 4 – Investment strategy, the measures presented in this chapter are reforms in their nature, i.e. they are changes in the specific areas of policies, programmes or strategies planned within the horizon of this edition of the National Reform Programme, that is from April 2020 to April 2021. The measures described below were planned in February/March 2020, i.e. before the state of epidemic was declared in Poland. Therefore, the schedules for these measures should be regarded as indicative only.

a) Environmental sustainability

As a party to the Paris Agreement, Poland still strives for the achievement of climate neutrality in the second half of the 21st century, in a safe and responsible manner, taking into account its national socio-economic conditions.

Ambitious goals must be accompanied by adequate measures aimed at reforming the economy. Yet, this cannot happen without relevant regulations – not only at the national, but also EU level. An important aspect is access to finance thanks to which the economic transformation will be possible. Poland intends to use, to a maximum possible extent, the funds of the Modernisation Fund which is financed from the sale of CO₂ emission allowances and invest them in solutions reducing the energy intensity of its economy.

Additionally, the Government intends to further develop renewable energy sources, by creating, among others, the legislation to support the creation of wind farms on the Baltic Sea and through supporting water engineering constructions. As part of the optimisation of energy generation from RES, it is necessary to intensify steps aimed at improving the use of hydro energy capacity of Polish rivers, among others through the construction of new river dams. In view of the Polish Government, irrespective of investments in RES, it is necessary to enable and develop investments to replace solid fuels with fuels generating lower emissions, including natural gas, so as to make entrepreneurs a part of the transformation. At the same time, the Polish Government is concerned by the fact that the Communication on European Green Deal does not mention the use of nuclear energy, which is a stable zero-emission source, which currently accounts for 28% of low-emission energy in the EU. Poland implements the Nuclear Power Programme (see Chapter 5).

One of Poland's priority measures in the area of energy is to support energy efficiency. The construction industry, being one of the main pillars of the economy, is the area which will play a leading role in this process. Widely understood energy efficiency is considered one of the cheapest methods of reducing air pollution emissions and increasing energy security. Renovations contribute to lower energy bills and they may reduce the energy poverty index, as well as they also may stimulate the construction industry, which is an opportunity for SMEs to develop and to create local jobs. Examples of programmes supporting thermal upgrading or the replacement of solid fuel boilers are presented in Chapter 5.

Since September 2018 the 'Clean Air' Programme has been implemented by the National Fund for Environmental Protection and Water Management (cf. previous National Reform Programmes). Currently, the programme is being reviewed with a view to being optimised by a simplification of the process of applying for funds for natural persons who are owners of single-family residential buildings, and with a view to involving a banking sector in the implementation of the programme, which will enable a higher take-up of funds within the Programme to strive for better air quality in Poland. The programme will be accompanied by an information and promotion campaign as it was the case in 2018-2019. A project promoting energy audits in SMEs will be implemented as well.



Amendment of the Act amending the Act on the System of Trading in Greenhouse Gas Emissions (Ministry of Climate)

It is planned to adopt an amendment of the Act amending the Act on the System of Trading in Greenhouse Gas Emissions in order to support the competitiveness of enterprises which modernise their energy systems and strive for the improvement of energy efficiency. The amendment is supposed to complement the transposition of Directive (EU) 2018/410 of the European Parliament and of the Council of 14 March 2018 amending Directive 2003/87/EC (hereinafter referred to as 'Directive 2018/410'). Directive 2018/410 established rules for applying for the support for investments from the Modernisation Fund. The Modernisation Fund is a new solution which is supposed to help a specific group of Member States in the transformation and modernisation of the energy sector and to support the processes of professional re-qualification in coal-dependent regions. The mechanism is supposed to be operative starting from 2021. The Modernisation Fund will not support investment projects generating energy with the use of solid fuels. Improving the quality of regulations and increasing flexibility for ETS players may contribute to an increase in the number of investments related to reductions on emissions, and as a result, it may bring a positive impact on the environment.

Schedule

- Submitting the draft act to the Council of Ministers – **Q2 2020**
- Planned completion of legislative work – **Q3 2020**
- Entry into force of the act – **Q4 2020**

Financing

The amendments introduced by the Act will result in transferring the funds from the Modernisation Fund in the amount of PLN 1,558.7 million to the National Fund for Environmental Protection and Water Management. The funds from the Modernisation Fund, which will be allocated to investments, will come from the sales, within the EU, of 2% of the total number of allowances at auctions in 2021–2030 (in which 43.4% is envisaged for Poland in accordance with Annex IIb of Directive 2003/87/EC). The estimated revenue of the Modernisation Fund for Poland in 2021-2030 coming from the sale of 2% of the total pool of EU ETS allowances amount to EUR 362.5 million in 2021 and EUR 367.74 million in 2022.



Development of the offshore wind energy sector (Ministry of Climate)

Activities are currently carried out to develop the offshore wind energy sector. Even though steps taken by the Government in relation to the amendment of the Act of 20 February 2015 on Renewable Energy Sources leads to the achievement of the RES target for 2020 by Poland and to the achievement of further ambitious goals for the subsequent years, there are no regulations currently in force that would encourage investors to make key decisions on off-shore wind farms on the Baltic Sea. The establishment of legal framework for the offshore wind energy sector is one of priority

activities of the Government and it is a consequence of the position of this sector within the National Energy and Climate Plan for 2021-2030. The development of the offshore wind energy sector is one of strategic projects and the introduction of energy generated in offshore wind power stations on the Baltic Sea in 2025 to the national energy mix will have a significant impact on Poland's achievement of the targets related to the share of energy from renewable sources in the gross final energy consumption in 2030. The development of the offshore wind energy sector will be of paramount importance in the ambition of meeting international obligations related to renewable energy in the long-term perspective, which is why it is essential to establish legal regulations which will stimulate the development of the sector⁶.

Schedule

- The adoption by the Council of Ministers of the Act on Promoting the Electricity Generation in Offshore Wind Farms and forwarding it for further parliamentary work – **Q2 2020**
- Entry of the Act into force – **Q3 2020**

Financial implications

The effects related to the construction and functioning of offshore wind farms will go beyond the time-frame of the National Reform Programme. Offshore wind farms will be commissioned gradually, probably starting from 2024 to 2033 – this is an investment phase. First implications for the public finance sector will be witnessed after the Act on Promoting the Electricity Generation in Offshore Wind Farms enters into force and they will be related to the need to ensure that the tasks of the minister competent for climate affairs are performed.



Optimisation of the 'Clean Air' Programme (Ministry of Climate)

The measure is aimed at streamlining and extending the distribution channel for funds coming from the currently applicable 'Clean Air' programme. As part of work, it is planned, among others, to:

- Simplify an application for funding.
- Involve external partners, such as commercial banks, to the programme to administer the loan part of the applications for funding; their role will not be limited only to providing supplementary/bridge financing for thermal insulation investments, but it will also consist in providing access to new channels for the distribution of subsidies, i.e. bank branches.
- Involve municipalities to the Programme – to create another channel of fund distribution.
- Standardise procedures applied in all voivodship environmental protection and water management funds.
- Introduce the possibility of submitting applications on-line. One of channels of access to the new version of the programme will be a simplified electronic application within the gov.pl service.
- Levels of subsidy will be related to an environmental effect (a bonus for carbon efficiency and RES installations, such as solar collectors and photovoltaic micro installations).

Schedule

- Adoption by the Council of Ministers of a draft act amending the Environment Protection Law and Certain Other Acts – **Q2 2020**

⁶ <https://legislacja.gov.pl/projekt/12329105>

- Implementation of the new version of the ‘Clean Air’ Programme together with a new, simplified application for funding – **Q3 2020**

Financial implications

The change does not cause any financial implications for the State budget. Currently, it is assumed in the National Fund for Environmental Protection and Water Management’s financing plan that the Fund will allocate PLN 1.9 billion of its resources to the ‘Clean Air’ Programme. This amount may be increased during the year if this is considered necessary based on the analysis of reported demand (arising from the dynamics of resolutions adopted and agreements signed by voivodship-level funds, as well as the involvement of municipalities in the process of implementing the Programme). It should be expected that expenses in the next years will increase with the increasing implementation rate of the Programme. Due to the annual adoption of the budget law, to which the National Fund for Environmental Protection and Water Management’s financial plan is enclosed, the amounts for the ‘Clean Air’ Programme are specified only for a specific financial year and for this reason the amount for 2021 has not been stated.



‘Clean Air – Healthy Choice – Your choice!’ Educational and promotional measure aimed at improving air quality in Poland (Ministry of Climate)

In relation to the pending work on the streamlining of the ‘Clean Air’ Programme, a continuation of the ‘Clean Air – Healthy Choice – Your choice!’ campaign is planned, and similarly the promotion of the financial instruments of the National Fund for Environmental Protection and Water Management is planned in national media together with the strengthening of cooperation with local governments. The effectiveness of measures will be verified through a bi-annual survey on awareness and ecological behaviours of the residents of Poland. To assess an environmental effect, the impact of implemented educational and promotional projects and information projects is taken into account.

This action is a continuation of the educational and promotional campaign carried out in 2018 and 2019, whose aim was to explain the causes of smog and to encourage Polish people to take steps to decrease the emissions of harmful pollutants to the air. As part of the campaign, the following activities were already performed: on-line campaigns (kampaniaczystepowietrze.pl website), production and broadcast of television and radio advertisements, non-standard radio activities (advertising conversations and a podcast for children), additional activities (press articles, press-kit, participation, among others, in trade fairs), emission of an on-line column ‘You can afford clean air!’ encouraging to submit applications in the ‘Clean Air’ programme; instruction film explaining how to submit an application for financing as part of the ‘Clean Air’ Programme, competitions in social media.

Schedule

- Implementation of the ‘Clean Air – Healthy Choice – Your Choice’ programme – **Q2–Q4 2020**

Financial implications

In 2020, the estimated amount planned to be spent on the aforementioned activities is approx. PLN 2 million.



Technical assistance for the promotion of energy audits and energy efficiency investments in small and medium-sized enterprises (Ministry of Climate)

The aim of the project is to raise awareness in terms of energy efficiency improvement, in particular to promote energy audits in enterprises, as well as to promote investments in the area of energy efficiency. Measures are addressed to the SMEs sector. The project scheduled for the period of 24 months starting from 20 November 2018 is to be implemented by the Polish National Energy Conservation Agency (KAPE).

Schedule

- Preparing an analysis to identify energy consumption and to estimate energy efficiency capacity among SMEs – **Q2 2020**
- Recommendations for authorities in terms of financial instruments encouraging to investments in energy efficiency – **Q3 2020**
- Preparing and making available comprehensive tools that constitute a knowledge base for entrepreneurs, including a handbook for a self-audit, e-learning courses and best practices database – **Q4 2020**

Financial implications

The implementation of the project is not funded from the State budget. The support comes from the Structural Reform Support Programme's budget (EU fund). After the project is completed in 2021, costs may appear from the State budget's perspective in relation to the maintenance of websites where tools, such as energy savings calculator or best practice database, are hosted.

b) Increased efficiency

Despite a significant increase in labour productivity during the last decade (by almost 30%), Poland still remains below the EU average in this regard (77% of EU average). The achievement of higher efficiency in Poland requires systematic and future-proof measures for research and innovation, development of digital technologies, smart re-industrialisation or supporting start-ups⁷.

Key factors are: further increase in expenditure on research and development, the development of competencies and the improvement of regulatory environment. It is necessary to create further financial incentives for businesses to stimulate investments, in particular in those areas that can strengthen or create competitive advantage. The process of shrinking labour resources is a tangible issue and the development of robotisation is perceived as an answer. Additionally, the increased popularity of robots in enterprises leads to an increase in the scale of production and lower costs. Poland wishes to create conditions to include robotics in the process of manufacturing, which is why it is planned to introduce a tax relief similar to the relief for R&D.

Poland creates conditions for strengthening cooperation between the academic sector and the business sector that may lead to creating innovative projects with a large commercialisation potential. The activity of the Łukasiewicz Research Network, established for the purpose of internationalising Polish research, is being developed and so is the Future Industry Platform Foundation disseminating knowledge about digital transformation among Polish entrepreneurs. In the face of numerous challenges relating to the universal technological transformation in the economy, the Ministry of Development works on a document entitled: 'Technological foresight of Polish economy until year 2040'. It is aimed at identifying technological trends and preparing development scenarios for the Polish economy on the basis of the analysis of resources, activity and achievements of academic units and enterprises in the area of technological development. The document is planned to be completed in Q4 2020.

To achieve higher efficiency and innovativeness, it is necessary to take actions aimed at education and the development of skills, in particular digital competencies. At the same time, it is clearly visible that digital competencies of citizens are not only a matter of the future innovativeness of our State, but a matter of the functioning of our society here and now. It is also worth mentioning that, unfortunately, in such situations, the issue of digital exclusion is even more pressing and requires immediate actions. The programme entitled 'School for Innovators' carried out in Poland will enable the creation of an intensive curriculum to develop pro-innovation competencies. As it is necessary to bring the academic and business sectors closer to each other, the programme entitled 'Industrial doctorate' is continued to enable cooperation between entities of higher education and science systems and their social-economic environment within the framework of doctoral schools.

The development of support for start-ups which initiate innovative solutions is a form of investment in the future, which will be dominated by modern technologies, AI-related solutions or the Internet of Things. In terms of supporting the development of start-ups, 2019 was a break-through year in Poland. The value of venture capital investments in 2019 exceeded PLN 1.2 billion. This is an eight-time growth in comparison to the level in 2018. As much as 75% of funds invested in Poland are private, and the share of international funds in transactions amounted to more than 60%. To develop a start-up ecosystem in Poland, it is planned to launch a new edition of 'Start in Poland' programme initiated in 2016, which is a continuation of the programme to support innovative companies at each

⁷ A report of the Polish Agency for Enterprise Development entitled '*Monitoring innovation of Polish enterprises. Results of the 2nd edition of the survey 2019*' indicates that highly innovative companies account for 3%, while companies that are not oriented towards innovations account for as much as 45% of the total sample of 1,327 companies surveyed in the study. Negative external factors that affect innovations and the development of companies include, among others, legislation and socio-demographic changes (ageing population).

stage of their development. The continuation of the programme is to be financed from European funds within the new multiannual financial framework.

Main measures scheduled for 2020–2021:

Increase in expenditure on R&D



Relief for robots (Ministry of Development / Ministry of Finance)

The aim of the relief will be to encourage enterprises to invest, in particular in cutting-edge technologies.

The relief will apply to the expenditure on the purchase of robots, cobots, additive manufacturing devices (3D print), software used for designing, manufacturing or processing and for integrating production devices, sensors and extended and virtual reality devices used for designing, manufacturing or processing. It will also cover digitally operated manufacturing equipment, as well as the cost of temporary use of such equipment under an agreement, and the expenditure on the training of staff relating to the launching of a system.

The relief should be available to any entity, no matter whether it is an SME or a large enterprise. It is expected that the introduced relief will improve the saturation of Polish companies with robots and it will support the transition of the Polish industry towards Industry 4.0.

Schedule

- Adopting the draft Act by the Council of Ministers – **Q3 2020**
- Planned entry into force – **from the beginning of 2021**

Financial implications

The establishment of the relief will not cause implications for the State budget within the National Reform Programme 2020/2021.

Human Capital



School for Innovators (Ministry of Development / Ministry of Education)

'School for Innovators' is a three-year pilot project carried out by the Centre for Civic Education in cooperation with the consortium consisting of: WIS Association from Radowo Małe, School of Education of the Polish-American Freedom Foundation and the University of Warsaw, supported by Deloitte and the 'Zwolnieni z Teorii' Foundation. The project was initiated by the Ministry of Development and the Ministry of National Education. Pilot activities include the implementation of a new system for developing pro-innovative competencies in selected primary schools and preparing

recommendations for building competencies in this area, which could be applied at the national level. As a result of a recruitment procedure carried out in December, twenty schools will take part in the project. Support received within the project will allow an intensive programme to be implemented together with students to build pro-innovation competencies.

Schedule

- Preparing training materials and methodology tools and conducting training sessions and workshops for teachers – **Q1–Q3 2020**
- Launching of the pilot implementation at schools – **Q3 2020**

Financial implications

The cost of the project will amount to PLN 4.2 million this year and PLN 3.3 million in 2021. The expenses will be covered entirely from the European funds.



Integrated Skills Strategy (Ministry of National Education)

The Integrated Skills Strategy is created to:

- design a consistent policy for building and developing skills;
- coordinate actions of stakeholders for supporting skills;
- ensure equal access to information about supply and demand on skills, career guidance and training opportunities relating to building and developing skills;
- strengthen awareness on the significance of skills in the achievement of individual, economic and social benefits;
- increase educational and professional activity in all social groups, in particular groups at risk of social exclusion.

The general part of the Strategy, which defines main priorities and directions of actions, was adopted by the Council of Ministers on 25 January 2019. The specific part of the Strategy will be a transformation of strategic assumptions into practical priorities and directions of measures mentioned in the general part. It will specify the areas of strategic impact which are essential from the perspective of skills improvement and it will define the topics of actions and the types of projects to be carried out in specific areas. It will also include a more detailed description of implementation mechanisms. It will be based on findings and recommendations included in *OECD Skills Strategy Poland* – a report drafted by OECD experts at the request of the Poland. The Integrated Skills Strategy will satisfy the condition 4.3 Strategic policy framework for the education and training system at all levels., criterion 1. A national or regional strategic policy framework for the education and training system is in place for the multiannual financial framework 2021–2027.

In the period from May 2020 to June 2022, the Ministry of National Education plans to carry out a project entitled ‘Support and development of the mechanisms of cooperation and coordination at the central and regional level in the area of lifelong learning’ focused on the effective implementation of the Integrated Skills Strategy. The deliverables of the project will include, among others, cooperation and coordination models in the area of lifelong learning at the central and regional level.

Schedule

- Adopting the ‘Integrated Skills Strategy 2030 (specific part)’ by the Council of Ministers – **Q2 2020**
- Launching of the ‘Support and development of the mechanisms of cooperation and coordination at the central and regional level in the area of lifelong learning’ programme – **Q2 2020**
- Developing an optimum model for cooperation and coordination in the area of lifelong learning for the central level – **Q4 2020**

Financial implications

Name of measure or part of measure	2020			2021		
	overall implications for the public finance sector (in thousand PLN)	including State budget (in thousand PLN)	including European funds budget (in thousand PLN)	overall implications for the public finance sector (in thousand PLN)	including State budget (in thousand PLN)	including European funds budget (in thousand PLN)
‘Support and development of the mechanisms of cooperation and coordination at the central and regional level in the area of lifelong learning’	1,500	235	1,264.2	2,200	345.84	1,854.16

4 QUALITY EDUCATION



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Industrial Doctorate (Ministry of Science and Higher Education)

Since 1 October 2019, the ‘Industrial Doctorate’ has been addressed to people starting their education at a doctoral school. Applications may be submitted by higher education institutions or institutes that organise a doctoral school. Such institutions or institutes propose a candidacy of a person with a Master's degree or its equivalent who has been admitted to the doctoral school. A candidate must be also a full-time employee of an enterprise.

The structure of the programme provides for benefits for all parties involved in the programme (a higher education institution or institute, an enterprise and a doctoral candidate). The higher education institution or the institute will receive a lump-sum financing to cover the cost of using its research infrastructure for the purpose of research carried out by programme participants. Enterprises establish cooperation with the higher education institution or the institute, which may be helpful for R&D activities. Additionally, entrepreneurs may deduct from the taxable amount 100% of personnel costs relating to employing a doctoral candidate, referred to in the second act on innovativeness, while the doctoral candidate has access to laboratories, research supervision, education in the doctoral school and scholarship within the ‘Industrial Doctorate’ programme.

Industrial doctorates, conducted in a dual system, constitute a very important stage in building a bridge between science and business. This mode of carrying out doctoral research will contribute to developing contacts between higher education institutions / institutes and their socio-economic environment, intensifying research with a commercial potential, at the same time making it possible for future scientists to gather experience in the field of R&D.

Three editions of 'Industrial Doctorate' were already organised. In the third edition announced in 2019, an additional module entitled 'Industrial Doctorate II – Artificial Intelligence' was introduced, under which support is provided for the preparation of doctoral dissertations by doctoral candidates who conduct research on the use of artificial intelligence in technological or social processes, including cybersecurity, and the findings of such research may be applicable to the activity of entities that employ doctoral candidates.

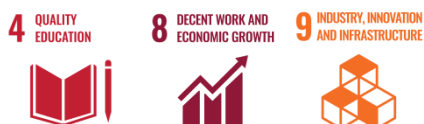
Approximately 1,000 doctoral candidates take part in I, II and III edition of the programme. I edition – approx. 300 participants, II edition – approx. 400 participants. Within the III edition of the programme, more than 300 doctoral candidates started the implementation of the research project.

Schedule

- Calling for applications within the IV edition of the programme – **Q2 2020**
- Signing agreements with Applicants within the IV edition of the programme – **Q4 2020 / Q1 2021**
- Completing formal and substantive procedure in relation to information submitted by entities, necessary to transfer funds, and information included in the annual report – **Q4 2020 / Q1 2021**

Financial implications

- The implementation of the programme results in the expenses from the State budget in the amount of PLN 68.7 million in 2020 and PLN 84.45 million in 2021.



Digital Competencies Development Programme (Ministry of Digital Affairs)

The comprehensive assumptions of the Digital Competencies Development Programme (covering the period to 2030) provide for the development of universal digital competencies among citizens, starting from pre-school and early school education to senior age. Support under the programme will be targeted at all those who would like to develop their digital competencies, including entrepreneurs, employees of all sectors of the economy and public administration officers, as well as digitally talented people who, in the future, will join the group of the most qualified ICT specialists. At the same time, activities are planned to ensure digital integration in order to eliminate digital exclusion by promoting and increasing accessibility of websites and mobile applications for people with disabilities. The programme will also cover initiatives aimed at increasing awareness on the use of digital technologies and the promotion of digital hygiene.

The programme is also in line with the assumptions of the Strategy for Responsible Development, which states that it is impossible for Poland to make the transition to the knowledge-based economy and gain competitive advantage in the 21st century without using digital competencies. The Digital Competencies Development Programme was also mentioned in the 'National Integrated Informatisation Programme' as one of the foundations for the digital transformation of the country.

Schedule

- Adopting the draft by means of a resolution by the Council of Ministers (currently the draft awaits to be submitted to the list of assignments at the Council of Ministers) – **Q2 2020**

Financial implications

The total maximum cost of implementing the Digital Competencies Development Programme for the period of 11 years, from 2020 to 2030, was initially estimated as PLN 10.73 billion. Work is pending on the presentation of more detailed costs within the impact assessment of the draft resolution establishing the Programme.

Box 2. Development of the start-up ecosystem

Start in Poland – new edition

Analyses are carried out to define the structure of solutions for the new edition of the Start in Poland programme, which is a continuation of the programme set up in 2016 for supporting innovative companies at any stage of their development, from incubators and acceleration, through development to the expansion into foreign markets. In 2016 Start in Poland was the largest start-up supporting programme in the Central and Eastern Europe. The new edition of the programme will aim at creating the best environment for start-up activities and it will include solutions encouraging foreign entrepreneurs to set up start-ups and develop their business activity in Poland. The new edition of the Start in Poland programme will be implemented through capital investments, incubation investments, acceleration investments and through other activities supporting the development of the start-up ecosystem. The continuation of the programme is to be financed from European funds within the new multiannual financial framework.

To support the international expansion of Polish start-ups, the National Centre for Research and Development (NCBR), in cooperation with the Nevada Governor's Office of Economic Development, intends to carry out, by the end of 2020, a pilot edition of the acceleration activity entitled NCBR-NAP: NBCR-Nevada Acceleration Program by the end of 2020.. The measure is conducted as a task delegated to the NCBR by the Ministry of Science and Higher Education. It provides a unique opportunity of training and mentorship adjusted to the profile and individual needs of companies planning to expand into the US/Nevada market. The desired effect will be the operation on such market of at least 2 Polish start-ups in this market, based on the basis of domestic innovative technologies/products/services.

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



'Intellectual Property at Your Company' project as part of the Smart Growth Operational Programme (Polish Patent Office)

The project is of systemic nature and is related to building practical skills of entrepreneurs in the area of using intellectual property protection, including industrial property protection, and taking advantage of such protection. The results of research on the Polish economy show that one of the most important challenges and development needs is support for the protection and management of intellectual property. Weaknesses include, among others, lack of awareness among entrepreneurs as for the importance of R&D in gaining competitive advantage, as well as low level of activity in the protection of industrial property. Many entrepreneurs involved in projects focused on promoting intellectual property protection indicate that there is no 'tailor-made' service that would be

addressed to a specific company that is in a possession of intangible assets. The project initiated by the Patent Office is an answer to this need as it enables the entrepreneur to obtain, easily and quickly, professional help in identifying intellectual property assets and, subsequently, in defining intellectual property protection options. The report which is a final outcome of the service provided will include recommendations, taking into account the specificity of the company, market conditions and the optimum strategy of managing intellectual property that would be a part of the business strategy of the entire company.

Schedule

- Launching the project for entrepreneurs (after signing an agreement on the implementation of the project and selecting and training service providers) – **Q3 2020**

Financial implications

The estimated budget of the project is PLN 4.5 million, including PLN 915 thousand within a special-purpose reserve in 2020, PLN 1.9 million in 2021 and PLN 1.8 million in 2022, The project is funded entirely from European funds.

Supporting business development

A necessary condition for a solid growth in productivity is growth in investments, in particular the investments of enterprises, not only in quantitative, but also qualitative aspect. In previous editions of the National Reform Programme, the Polish Government strongly emphasised the reforms supporting the improvement of regulatory environment for businesses (new public procurement law, SMEs package, succession of companies, fight against payment bottlenecks, etc.). Currently, a priority arising directly from the government's policy presented by Prime Minister Mateusz Morawiecki at the beginning of his term is to create environment for increasing investment expenditure in companies. The current situation requires that work on the digitalisation of State-entrepreneur communication be accelerated. For this reason, work on an e-tax office has been initiated to provide taxable persons with an on-line view of their tax position and to enable them to be provided with a comprehensive tax-related on-line service.



Increasing the threshold of revenue below which it is possible to apply the 9% CIT rate (Ministry of Finance)

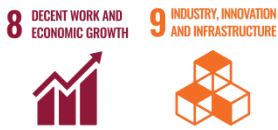
This measure provides for increasing a threshold of revenue in a given year below which it is possible for small taxable persons and taxable persons starting their business activity to take advantage of the 9% CIT rate from EUR 1.2 million to EUR 2 million. This will positively impact their growth, including the level of investments and their competitiveness in the country and abroad. In particular in light of the fact that such entities experience more difficulties in obtaining capital.

Schedule

- Adopting the draft act by the Council of Ministers – **Q2 2020**
- Legislative work in the Sejm and the Senate – **Q3 2020**
- Planned entry of the Act into force – **1 January 2021**

Financial implications

The estimated decrease in the revenue of public finance system in the first year is PLN 0.5 billion.



Increasing the threshold below which it is possible to take advantage of lump-sum taxation on revenue (Ministry of Finance)

This measure provides for the introduction, in the Act on Lump-Sum Personal Income Tax on Certain Revenue Generated by Natural Persons Conducting Business Activity, of a higher upper threshold to which it is possible to take advantage of being subject to lump-sum taxation on registered revenue. Given that the lump-sum tax on registered revenue is a simplified form of taxation, it may be expected that this will be an incentive for taking up and developing business activity. The development of business activity (increasing revenue) as a result of increasing the threshold below which it is possible to take advantage of the lump-sum taxation on registered revenue will not cause any concerns relating to losing the right to simplified taxation.

The increased threshold below which it is possible to take advantage of the lump-sum taxation will be introduced in two steps. It is expected that the target limit of EUR 2 million will apply starting from 2022. In 2021, the limit will be EUR 1 million.

Schedule

- Adopting the draft act by the Council of Ministers – **Q2 2020**
- Legislative work in the Sejm and the Senate – **Q2 and Q3 2020**
- Planned entry of the Act into force – **1 January 2021**

Financial implications

The decrease in revenue in case of the aforementioned threshold is increased to EUR 1 million is estimated to be PLN 0.8 billion, and if the threshold is EUR 2 million, the decrease will be PLN 1.1 billion; these implications may be less significant, by PLN 0.4 billion and 0.6 billion respectively, given that some taxable persons do not use this form of taxation even though it might be beneficial form them.



New form of CIT taxation (Ministry of Finance)

As part of this measure, it is planned to introduce a new form of taxation for a specific group of taxable persons within the Act on Corporate Income Tax. The new form of taxation will apply to micro and small enterprises in order to enable them to accumulate their own investment capital and reduce the need to use external financing. The basic principle for settlement within this measure is taxation on the date of dividend payment.

Schedule

- Adopting the draft act by the Council of Ministers – **Q3 2020**
- Legislative work in the Sejm and the Senate – **Q3 and Q4 2020**

- Planned entry of the Act into force – **1 January 2021**

Financial implications

Initial estimates of financial implications are PLN 3 billion.



e-Tax Office (e-Office) within the Operational Programme Digital Poland (Ministry of Finance)

The following new e-services are planned to be delivered as part of the project:

- e-podatnik [e- taxpayer] – which will allow PIT, CIT and VAT the taxpayer to process steps relating to transactions, tax compliance and information obligations or relating to tax proceedings;
- e-płatnik [e-taxpayer] – which will allow PIT taxpayers remitters to process steps relating to transactions, tax compliance and information obligations or relating to tax proceedings;
- e-pełnomocnik [e-authorized representative] – which will allow natural persons holding an adequate power of attorney to access tax data relating to tax matters, performance of tax compliance and information obligations or tax proceedings;
- e-komornik [e-court bailiff] – which will allow court bailiffs to perform activities relating to transactions, performance of tax compliance and information obligations or tax proceedings;
- e-notariusz [e-civil law notary] – which will allow civil law notaries to perform activities relating to transactions and the performance of information obligations.

Additionally, clients of the National Revenue Administration will take advantage of access to integrated operational data in the area of PIT, CIT, VAT or enforcement proceedings and property-related proceedings (e.g. notarial deeds) in a one stop shop.

Schedule of e-service launches within the project:

- E-account of a court bailiff – **Q1 2021**
- E-account of a civil law notary – **Q1 2021**
- E-account of a tax remitter – **Q2 2021**
- E-account of an authorised representative – **Q1 2022**
- E-account of a taxable person – **Q1 2022**

Financial implications

The total value of the project is slightly over PLN 101.8 million. The amount planned to be financed from national funds in 2020 (under co-financing) is almost PLN 9.2 million, and from European funds – almost PLN 50.6 million; in 2021, almost PLN 4 million will come from national funds and slightly more than PLN 21.8 million from European funds.



Development and popularisation of access to innovative financial services in Poland (Ministry of Finance)

The Ministry of Finance, in cooperation with the Polish Financial Supervision Authority, supported by the European Bank for Reconstruction and Development and the European Commission (as part of the Structural Reform Support Programme), carries out a project aimed at creating in Poland a regulatory and supervisory environment friendly to the development of the FinTech sector, and consequently, at the dynamic development of financial innovations and promoting access to modern financial services.

Work carried out within the project was divided into 3 streams: FinTech, Sandbox and SupTech. The beneficiary of the project within the FinTech stream is the Ministry of Finance, while the beneficiary in the case of Sandbox and SupTech streams is the Polish Financial Supervision Authority. Work carried out within the streams is carried out separately and the schedule presented concerns the FinTech stream, under which recommendations for the Ministry of Finance and a draft amendment of legislation to support the development of the FinTech sector in Poland are planned.

The analytical work in this regard will be carried out by an economic operator selected for this particular purpose, being a legal and technological adviser.

Schedule

- Identifying gaps and barriers for the development of the FinTech sector in Poland – **Q3 2020**
- Preparing recommendations and schedule for removing barriers – **Q4 2020**
- Drafting amendment of legislation – **Q1 2021**

Financial implications

The project is funded entirely under the Structural Reform Support Programme managed by the European Commission.

c) Justice

Given the current circumstances, caused by the epidemic crisis, actions of Member States are now focused on counteracting negative consequences of the crisis in the social sphere. The scope of steps taken by Poland in recent years contributes to creating a strong system of social protection, responding to the needs of all people, irrespective of their age, which is based on the principles of solidarity and risk division.

Irrespective of the actions in the area of social policies, it is necessary to continue reforms in the area of healthcare and long-term care.

As far as healthcare is concerned, in order to optimise the provision of healthcare services work is continued to create a new organisational model of coordinated care – POZ+. In view of poor results of oncological treatment in Poland, work on changes in the organisational model of oncological care is continued. Additionally, it is planned to launch healthcare services as part of the Day-care Medical Houses for people who need further care after hospitalisation.

Steps are also taken in the area of social economy and solidarity economy with the aim of supporting groups at risk of exclusion by encouraging their employment and decreasing the level of poverty. In order to fight against inequalities in access to accommodation, the 'Apartment Plus' Programme was launched; this is the most significant package of solutions in the National Housing Programme, aimed at increasing the number of apartments available for citizens with low and moderate income, who have been unable to acquire their own apartments for various reasons. Given the difficulties experienced on a daily basis by elderly people and people with disabilities, the Accessibility Plus 2018–2025 Programme was established to mainstream accessibility within public policies, and therefore to contribute to the improved quality of life of such persons and other citizens. Thanks to the implementation of the programme, the Act of 19 July 2019 on Providing Accessibility for People with Special Needs (Journal of Laws [Dz.U.] of 2019, item 1696) was introduced, which requires public entities to ensure accessibility in terms of architectural design, digital solutions, as well as information and communication. Worth mentioning is also the Act on Free Legal Aid, Free Citizens Advisory Service and Legal Education of 5 August 2015 (Journal of Laws [Dz.U.] of 2019, item 294) guaranteeing access to basic legal services to persons who, due to their financial situation and life circumstances, cannot afford professional legal services.

In order to improve financial situation of employees, several measures have been taken recently, such as: decreasing a tax wedge or tax exemption for young people (cf. National Reform Programme 2019–2020). An important change is a gradual increase in the minimum wage. The financial situation of families with dependent children improved also thanks to eliminating in July 2019 an income criterion when applying for a child support benefit 500+ (PLN 500 per month) for the first child.

Main measures scheduled for 2020–2021:



Apartment Plus (Ministry of Development)

The directions of actions in the area of housing are defined by the National Housing Programme. The aim is to increase the number of apartments available for citizens with low and moderate income, who have been unable to acquire their own apartments for various reasons.

As part of the legislative changes planned for 2020 in relation to acts that regulate support for social rental housing, it is planned, among others, to support municipalities in terms of infrastructure

accompanying the construction of apartments for rent, to support social rental housing investors in maintaining the resources created by them in the adequate technical condition, to increase the support for municipalities for the construction activities targeted at the poorest, to intensify the support for the modernisation of municipal resources and to increase investments in the upgrade of existing social housing resources which are not used because of their technical condition, and to extend groups of entities that may apply for financial support for intervention resources.

Health and long-term care



Change of the organisational model of oncological care in Poland (National Health Fund / Ministry of Health)

The key measure in the reorganisation of the oncological care model in Poland is a continuation of the oncological network pilot programme launched in 2019, under which new solutions in the area of providing comprehensive healthcare service for a patient will be tested. One of the main objectives of the National Oncological Network is to take care of an oncological patient from the diagnosis through the entire therapeutic process, including: easier access to information thanks to establishing call centres, coordination of treatment process at all stages and monitoring of treatment results. The new organisation of care is supposed to improve the results of oncological treatment. As part of the programme, the comprehensiveness of diagnostics is analysed and assessed on the basis of pathways for five selected types of cancers which are the most frequent in Poland, namely breast cancer, lung cancer, ovarian cancer, colon cancer and prostate cancer.

In parallel to the oncological network pilot programme, work to prepare and implement the Act on the National Oncological Network will be carried out, which will ensure coordinated oncological care for patients from the entire country. Ultimately, only the implementation of the National Oncological Network will bring expected effects, namely the improvement of security and quality of oncological treatment, increase in patient satisfaction and cost optimisation of oncological care.

Additionally, it is planned to prepare and implement changes in hemato-oncological care by means of developing a comprehensive care system on the basis of guaranteed benefits. To this end, work on the draft regulation amending the Regulation of the Minister of Health dated 22 November 2013 on Guaranteed Benefits in the Area of Hospital Treatment will be continued.

Schedule

- Continuing the pilot programme of care provided to a beneficiary within the oncological network (the second stage of the National Oncological Network pilot) – **Q2 2021**⁸
- Commencing work on a draft Act on National Oncological Network – **Q4 2020**
- Continuing work on the establishment of a network of oncological centres — **Q4 2020 – Q2 2021**⁹
- Developing comprehensive services in hemato-oncological care – **Q2 2020**

⁸ The period when the measure will be implemented falls beyond the time-frame of this update of the National Reform Programme

⁹ The period when the measure will be implemented falls beyond the time-frame of this update of the National Reform Programme

Financial implications

The cost of the National Oncological Network pilot programme in 2019–2020 will be PLN 48 million. The activities undertaken under the pilot programme and the development of comprehensive services in the area of hemato-oncological care will not have any impact on the budget of the State or on the budgets of regional and local government units. The implementation of the tasks will affect the financial plan of the National Health Fund. Funds from the National Health Fund's budget will be secured by means of a change in the allocation of funds designated for financing the guaranteed benefits specified in the financial plan of the National Health Fund.



Pilot programme of a new organisational model for the coordinated primary healthcare POZ+ implemented through changes in the primary healthcare model (Ministry of Health)

The process of adjusting the organisational and technological structure of primary healthcare (POZ) to the conditions of model implementation will be continued, including the payment of monthly coordination grants to primary healthcare facilities participating in the pilot programme.

Expert work will be carried out on substantive content and the OOK Platform patient account to enable cooperation of the remitter with service providers for the purpose of the pilot implementation of the model, and the economic operator to provide a Patient On-line Account platform will be selected within this process.

It is assumed that the part of the web service addressed to patients, with a working name of IKP POZ PLUS [*Patient On-line Account in POZ PLUS Programme*], will present content addressed to patients within the POZ PLUS pilot programme through the already existing Patient On-line Account. It should be emphasised that no new patient account will be created and data will be shared through the existing Patient On-line Account. It is also assumed that service providers will be able to share the documents such as the individual health procedure plan (IPPZ) under a health check and the individual healthcare plan (IPOM) as part of illness management, as well as recommendations from educational visits, through the individual patient account.

As part of the monitoring the quality of care at the project level, the continuation of survey within the POZ+ programme and at control entities is planned. The results of the survey will constitute a basis for preparing a report by the World Bank and providing recommendations on the basis of the pilot programme.

Schedule

- Adapting the organisational and technological structure of POZ to the conditions of model implementation – **Q2 2021**
- Establishing the OOK Platform for the mutual cooperation of the remitter and service providers for the purposes of the pilot implementation of the model (National Health Fund) – **Q2 2021**¹⁰
- Providing healthcare services under the POZ+ pilot programme – **Q2 2021**

¹⁰ The period when the measure will be implemented falls beyond the time-frame of this update of the National Reform Programme

- Monitoring the quality of care at the project level (National Health Fund – World Bank), including the completion of the survey within POZ+ and control entities as part of monitoring the quality of care at the project level – **Q2 2021**

Financial implications

Name of measure or part of measure	2020		
	overall implications for the public finance sector (in thousand PLN)	including State budget (in thousand PLN)	including European funds budget (in thousand PLN)
Adapting the organisational and technological structure of POZ to the conditions of model implementation	6,967.4	1,095.3	5,872.1
Creating the OOK Platform for the mutual cooperation of the remitter and service providers for the purposes of the pilot implementation of the model (National Health Fund)	3,865.7	607.7	3,258.0
Providing healthcare services under the POZ+ pilot programme	19,309.5	3,035.5	16,274.1
Monitoring the quality of care at the project level (National Health Fund – World Bank)	3,075.7	483.5	2,592.2

In 2021, the total amount planned to be spent on all measures will be PLN 7,980.7 (including 15.72% from the State budget and 84.28% from the European funds).



Daily Home of Medical Care – DDOM (Ministry of Health)

Daily Home of Medical Care services will be available to a beneficiary after hospitalisation who, due to their health condition, requires further care or rehabilitation services and further treatment, if they have received between 40 and 65 points in the Barthel scale and were not covered by:

- care provided within a long-term in-home nursing care;
- care provided by a long-term in-patient care facility;
- care provided by a long-term in-home care for adults, children and youth patients subject to mechanical ventilation;
- care provided within guaranteed benefits in the area of palliative and hospice treatment;
- care provided within guaranteed benefits in the area of medical rehabilitation, provided the beneficiary is not in an acute stage of psychiatric illness or addiction.

It is planned to undertake the following activities and procedures as part of the day-care long-term medical care:

- nursing care, including education for patients on self-care;
- consultancy in choosing appropriate medical devices;
- mobility treatment;
- cognitive processes stimulation;

- occupational therapy;
- preparation of the family and carers of the patient to the continuation of care (educational activities).

The healthcare benefit provided as part of the Daily Home of Medical Care will be introduced after financial support from the Ministry of Family, Labour and Social Policy is received for the transportation of beneficiaries, after the draft regulation of the Minister of Health on Guaranteed Benefits in the Areas of Nursing and Care Services for Long-term Care Purposes is approved by the Government Legislation Centre and the regulation is signed by the Minister of Health. Pursuant to the provisions of the amended regulation of the Minister of Health, the President of the National Health Fund will introduce a benefit to the relevant regulation of the President of the National Health Fund and will subsequently announce calls for bids for contracts in the area of such benefits.

Schedule

- Developing the amendment of the Regulation of the Minister of Health on Guaranteed Benefits in the Areas of Nursing and Care Services for Long-term Care Purposes and conducting public consultations – **Q2 2020**
- Drafting a report from public consultations, modifying the planned benefit, if necessary, proceeding with the draft in the Government Legislation Centre, signing of the regulation by the Minister of Health – **Q3 2020**
- Amending the ordinance of the President of the National Health Fund on the conditions of execution and performance of contracts on care benefits for long-term care purposes – **Q4 2020**
- Contracting benefits with the National Health Fund – **Q1 2021**

Financial implications

Estimated expenses of the public payer in 2020 may amount to PLN 24.7 million. Due to work relating to the definition of the benefit profile and its addressees, the amounts for 2021 will be estimated in Q4 2020.

Box 3. Projects aimed at developing e-services in the healthcare sector (Ministry of Health, Ministry of Internal Affairs and Administration)

‘e-Blood – Informatisation of the Public Blood Donation Service and Development of Blood Treatment Supervision’ Project

e-Blood project implemented by the Ministry of Health is supposed to support public blood donation service and supervision over blood treatment. Modern IT tools are supposed to support the optimum use of blood resources and blood components, which will improve the quality of medical services and ensure access to new electronic services. In terms of social dimension, the e-Blood project will enable the optimisation of demand and supply of blood and its components thanks to monitoring and analysing of blood and blood component consumption and on-going needs of healthcare providers in this regard. Additionally, it will also help to reach donors with a specific blood type.

Thanks to the project implementation, e-services for donors and candidates for donors will be created. They will include, among others, arranging visits at blood donation points, access to free-of-charge blood test results or data regarding demand on a specific type of blood.

The project is co-financed from the European Regional Development Fund as part of Priority II ‘E-administration and open government’ of the Operational Programme Digital Poland for 2014–2020 and is in line with measure 2.1 covering the implementation of electronic services to increase

accessibility of benefits for citizens. The upgrade of IT systems of the Centre for Blood Donation and Blood Treatment and the Institute of Haematology and Transfusion Medicine is scheduled for Q3 2020. By Q4 2021, it is planned to make a test service environment available to healthcare providers and to donors and candidates for donors.

[‘Introduction of modern e-services at healthcare providers supervised by the Minister of Health’ project](#)

The aim of the project is to implement IT solutions aimed at improving accessibility, quality and effectiveness of healthcare services provided, and to strengthen the organisational capacity of healthcare providers supervised by the Minister of Health, and to integrate the implemented solutions with other IT systems used within such entities.

As a result of the implementation of the project at healthcare providers, the following e-services will be implemented: processing of Electronic Medical Documentation, e-Order, e-Registration. The processing of Electronic Medical Documentation will enable a patient to access their medical documentation remotely via Internet and it will enable healthcare providers to share Electronic Medical Documentation of their patients. E-Order will allow for a greater flexibility of medical and business processes by means of outsourcing tasks that cannot be performed within a specific entity. It will provide the entity with mechanisms that deliver IT tools and functionalities adjusted to its needs and possibilities. For instance, thanks to the order implementation it will be possible to shorten the time of obtaining test results. Therefore, the healthcare provider will receive information regarding test results faster, which will influence positively the diagnostic and therapeutic process. The e-Order service will enable the electronic transfer of orders for medical services between a specific healthcare provider, being a Project Partner, and another entity providing diagnostic and laboratory tests and the receipt of results of such orders. The e-Order will be used within a single facility as well, e.g. when a hospitalised patient is referred from a hospital ward for a diagnostic test in a specific laboratory within the hospital. The e-Registration service will enable patients to book an appointment remotely via Internet.

The project is carried out by the Minister of Health in cooperation with 52 healthcare providers and the technical partner – National Centre for Healthcare Information Systems (CSIOZ) as part of the Operational Programme Digital Poland.

[‘e-Health Platform \(P1\)’ project](#)

The aim of the project is to build an electronic platform of public services in the area of healthcare, which will enable citizens, public authorities, including public administration, local governments and entrepreneurs, to collect, analyse and share digital records on medical events. The scope of the project include, i.a.: electronic prescription (e-prescription), electronic referrals (e-referral), support in the exchange of Electronic Medical Documentation between service providers, creation of Patient Internet Account and the application for Service Providers and Pharmacies (gabinet.gov.pl). The implementation of the project will improve the quality of patients’ life by providing patients with access to information on their medical events and it will increase the quality of healthcare services. It will also constitute a foundation for the conditions of interoperability with European electronic platforms (IT systems) in the area of healthcare through sharing digital records on medical events. To date, as many as 100 million e-prescriptions and 20 thousand e-referrals have been issued. In Q2 2020 a pilot programme of Electronic Medical Data sharing to test and thus confirm the correct functioning of the P1 System in the context of Medical Events and EMD Indexes in real conditions is planned to be started. The completion of the P1 project is scheduled for Q3 2020. The project is co-financed under the Operational Programme Digital Poland.

[‘e-Health at the SP ZOZ MSWiA: development of modern public e-services for patients’ project](#)

The project is carried out by the Ministry of Foreign Affairs and Administration in cooperation with 16 healthcare providers – independent public complex of healthcare facilities of the Ministry of Foreign Affairs and Administration. The project will be implemented to October 2022 and its objective is to create and make available to patients two advanced public e-services: e-Registration and e-EMD. After logging in to the e-Service Platform created within the Project, a patient will be able to register remotely to a selected specialised out-patient care clinic or primary healthcare facility of each among the 16 healthcare providers and to obtain access to their Electronic Medical Documentation (EMD), including diagnostic imaging. The creation of the Reporting and Analytical System relating to the e-Service Platform will allow the e-Analysis service to be launched, thanks to which both, patients and administrative and medical staff of hospitals/healthcare facilities, will obtain information necessary to improve accessibility, quality and effectiveness of healthcare services provided by 16 Project Partners. Their IT systems will be extended to cooperate, in an effective and secure manner, with the e-Service Platform and the Reporting and Analytical System.

The project is financed under the Operational Programme Digital Poland.

Labour market



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

Work aimed at preparing the monitoring system for the social economy sector purposes will be continued.

In the next years, the process of granting accreditations to Social Economy Support Centres (OWES) will be continued. Further activities within the 'System of participatory management of the sphere of social economy' will be continued. The aim of this project is to establish a permanent, comprehensive and participatory system of management for the sphere of social economy, ensuring the coherence of public policies in this regard throughout the country.

It is planned to continue activities implementing repayable financial instruments re-surety instruments under the National Social Economy Fund to ensure external funding for the Social Economy projects that have difficulties in gaining access to funds available in the commercial market (e.g. bank loan) due to the lack of required security or credit records.

In 2020, work on a draft Act on Social Economy and Solidarity Economy is to be continued. The draft is supposed to provide basic definitions, first and foremost, relating to criteria determining the status of a social enterprise, its rights and obligations, definitions of social economy and solidarity economy, environment of social economy and solidarity economy, as well as rules of cooperation between public administration and the social economy sector, including – in particular – the provision of social services by social economy entities. Moreover, the act is to establish the framework of social and professional integration of persons at risk of social exclusion through social enterprises, as well as instruments to support employment and reintegration of such persons at these enterprises. The act will also include solutions to strengthen the capacity of social economy and solidarity economy entities, in particular by providing them with access to support services and refundable forms of financing for their activities and development. The adoption of the act relating to the area of social

economy and solidarity economy will contribute to mainstream this topic within public policies and it will enable the implementation of key legal and financial instruments.

It is also planned to take actions aimed at facilitating the functioning of social employment entities. The actions will include, among others, the provision of financing options for the development of social employment entities and the testing of a new model of cooperation between social employment entities, other social economy and solidarity economy entities, and local governments in terms of providing social services. Additionally, the draft amendment of the Act on Social Employment is being prepared to introduce solutions facilitating the functioning of social employment entities.

Moreover, work is pending on the amendment of the Act on Social Employment, which is supposed to: extend the possibilities of creating Social Integration Centres by all social cooperative societies, introduce modifications in terms of supervising and reporting obligations of social employment entities, make participation in the Social Integration Centres more flexible, extend the possibilities of organising Social Integration Centres activities outside their premises.

Schedule

- Preparing a model for supporting the development of social economy at local level – **Q4 2020**
- Completing work on the draft Act on Social Economy and Solidarity Economy – **Q4 2020**
- Completing the comprehensive system of monitoring for the social economy sector – **Q2 2021¹¹**

Financial implications

Name of measure or part of measure	2020			2021		
	overall implications for the public finance sector (in thousand PLN)	including State budget (in thousand PLN)	including European funds budget (in thousand PLN)	overall implications for the public finance sector (in thousand PLN)	including State budget (in thousand PLN)	including European funds budget (in thousand PLN)
Integrated system for the monitoring of the social economy sector	276	43.40	232.73	503.02	79.08	423.95
Developing a participatory system of managing social economy	320	50.3	269.69	656.95	103.27	553.67
Implementing the BGK loan instrument	37,106.74	5,833.18	31,273.56	38,840.94	6,105.80	32,735.14
OWES accreditation process	1,900	298.68	1,601.32	682.04	107.22	574.82
Total	39,602.88	6,225.57	33,377.31	40,682.95	6,395.37	34,287.59

¹¹ The period when the measure will be implemented falls beyond the time-frame of this update of the National Reform Programme



Accessibility Plus 2018–2025 Programme (Ministry of Development Funds and Regional Policy)

The overarching objective of the Programme is to include accessibility in any public policy, which will increase the quality of citizens' life, in particular among people with disabilities and elderly people. The review of existing legislation will be carried out, among others, to create recommendations concerning accessibility issues. This will be a basis for further legislative work in the identified areas. The assumptions for the system of reporting on accessibility will be also prepared and the system will be binding on public entities starting from 2021. Moreover, work on a draft regulation which, together with the aforementioned act, will establish the framework for certifying the accessibility of entities other than public entities, has been started. The system should be launched in March 2021. To facilitate the implementation of the Act and the Programme's assumptions, work on the development of guidance for various entities concerning the implementation of the Act or on providing services to clients with disabilities has been started. Additionally, projects and calls for proposals initiated within the Programme in 2018–19 are continued. The accessibility monitoring system will be launched in cooperation with the Statistics Poland.

Schedule

- Reviewing legislation in terms of ensuring accessibility for people with special needs – **Q3 and Q4 2020**
- Work on the regulation on special requirements that should be satisfied by entities which provide accessibility certification – **Q1–Q4 2020**
- Preparing the system of monitoring of and reporting on accessibility – **Q3 and Q4 2020**

Financial implications

Activities in the area of ensuring accessibility for persons with disabilities or improving such accessibility are supported from the Accessibility Fund and the amount allocated to the Fund from the State budget in 2020 is PLN 54,581 thousand.

7. Measures towards the implementation of the 2019 Country-Specific Recommendations

In 2019, Poland received 3 country-specific recommendations (CSRs)¹².

Recommendation No 1 concerns the area of public finance, and therefore information on measures taken to implement it can be found in the 'Convergence Programme. Update 2020'.

Recommendation No 2 consists of two main parts: the first one concerns the retirement system, while the second one concerns labour market and education, and it includes a new element pointing out to the need to ensure long-term care to increase participation in the labour market.

Recommendation No 3 is focused on innovation policy, business environment and improvement of public consultation procedures. A new element in the recommendation is to take into account an investment aspect arising from the findings of the European Commission included in Annex D to the Country Report – Poland 2019.

Detailed information on measures taken in order to implement specific recommendations can be found in Table 1. Key components in this regard are presented hereinbelow.

Measures to ensure the adequacy of future pension benefits and the sustainability of the pension system are supported through encouraging people to accumulate personal savings within **Employee Capital Plans (PPK)**. The introduction of the Employee Capital Plans is aimed at strengthening the economic stability of the state and its investment foundations in a long-term perspective. It should be emphasised that the Employee Capital Plans are not strictly retirement products, but they constitute a form of universal and voluntary system of systematic accumulation by programme participants of savings, which are paid out after the age of 60 is reached by participants or for other purposes specified in the Act. Another measure aimed at ensuring the adequacy of benefits is the Act of 9 January 2020 on Additional Annual Cash Benefit for Old-age and Disability Pension Beneficiaries. Under the Act, all pensioners will be paid an additional benefit (so-called 13th retirement pension) in the amount equal to the lowest retirement pension applicable in a given year (in 2020 this is PLN 1,200 gross). Measures aimed at increasing labour market participation are focused on the continuation of the **TODDLER+** Programme [*pl. Maluch+*], which enables the support for creating and operating daycare facilities for children under 3. As part of the European Social Fund, measures to promote child care for children under 3 as an instrument impacting the professional status of parents and carers are implemented. On 6 December 2019, the TODDLER+ 2020 Programme – module 4 was announced, which provides for the possibility of receiving co-financing for the on-going operation of nurseries, child clubs and daycare services run by private sector entities. TODDLER+ 2020 Programme – module 4 constitutes a complement to the TODDLER+ Programme announced on 2 October 2019.

As far as the development of employment skills is concerned, work on the '**Integrated Skills Strategy 2030 (Detailed Part)**' is being continued by, inter alia, organising workshop seminars, expert panels and preparing expert opinions. In order to support adult education, in June 2019, the Polish Agency for Enterprise Development (PARP), as part of the SME Development Centre, launched a new version of the **PARP Academy** – an e-learning platform for entrepreneurs and people willing to develop their professional competence. Participation in a course within the Academy gives an opportunity to acquire knowledge and skills that are necessary to start and run a small and medium-sized company. The PARP Academy Portal offers as many as 17 courses at the moment, and by 9 April 2020 20,258 users were registered and completed 11,706 courses. It is planned to further develop this project by designing and offering further courses within the Academy. In 2020, the undertaking entitled: '**Didactic Initiative of Excellence**' will be continued. It was initiated for the first time in 2019 as a

¹² Council Recommendation on the 2019 National Reform Programme of Poland and delivering a Council opinion on the 2019 Convergence Programme of Poland – <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1560257926607&uri=CELEX%3A52019DC0521>

form of support provided by the Ministry of Science and Higher Education to pro-quality activities taken by public vocational higher education institutions to build high-quality education at practically-oriented fields of study and to develop such skills among students of such institutions that are in line with the needs of labour market and looked for by employers. The amount of PLN 15 million was allocated to the implementation of the programme in 2020.

Activities aimed at strengthening the economy's innovative capacity are focused on developing newly established institutions in the area of innovation policy. **The Future Industry Platform Foundation** has been operating since May 2019. The Foundation started its activity from workshops for managers of Polish enterprises to raise their awareness about the need to adapt to contemporary market challenges and improve their competence. To support digital transformation within the SMEs sector, consortia of research units, business environment institutions and enterprises will create **Digital Innovation Hubs**. Their activities are coordinated by the Steering Committee comprising of the representative of the Ministry of Development and the Future Industry Platform Foundation. Main thematic areas in which hubs will be operating include, among others: 5G network, artificial intelligence and automated systems, IoT, smart houses, cloud computing, extended and virtual reality, automation and robotics, and cybersecurity. Since April 2019, the **Łukasiewicz Research Network** has been operating and the processes of consolidating institutes have been initiated. This is supposed to increase the commercialisation capacity of the Network, and consequently, to increase openness of the research activity to the business community. In December 2019, the Łukasiewicz Research Network became a member of the EARTO (European Association of Research and Technology Organisations) – the largest lobbying group for research and development institutions in Europe. The group integrates the largest European research organisations, such as German Fraunhofer or Finnish VTT. Thanks to the membership in the EARTO, the Łukasiewicz Network will be able to participate more actively in the process of creating and implementing European programmes. The aim of such activities is to increase the involvement and activity of our institutes in European projects, including Horizon Europe. The National Centre for Research and Development continues to support Polish enterprises and research institutions in creating and implementing innovative solutions on the basis of research data collected by scientists and innovators. At the turn of 2020, it was possible to continue ongoing operations and conduct a wide-ranging transformation plan. With many challenges ahead related to the fast-changing market needs, it was vital to fine-tune NCBR portfolio accordingly.

To improve the regulatory environment in the discussed period, advantageous solutions included in the **'Friendly Law'** package aimed at creating better development conditions, in particular for SMEs, were adopted. The package also removes from the Polish legal system the provisions that fail to correspond to the current economic reality, which have been identified by individual ministries after the review of the applicable law.

In September 2019, the Government adopted the **National Strategy for Regional Development 2030**, which identifies regional and intraregional differences in economic and social development and the objectives in the area of strengthening cohesion and competitiveness of regions.

In reference to the investment part of CSR3, the majority of projects has been presented in Chapter 5 [Investment Strategy](#). Work is pending on the preparation **of operational programmes and a new Partnership Agreement for 2021–2027**, which aims at defining the conditions for the effective use of EU funds for the period of the new Multiannual Financial Framework. The approval of draft operational programmes by the Council of Ministers and regional operational programmes by the Voivodship Government is scheduled for 2021. The scope of intervention will take into account challenges and priorities included in Annex D to the Country Report – Poland 2019 and the areas which require investments, specified in the Country-Specific Recommendations (CSR 2019).

Even though steps were taken to implement CSR3 in terms of strengthening the role of public consultations within the legislative process (amendments to the rules of procedure of the Council of

Ministers, establishment of the Strategic Analysis Centre), social partners still expect the Government to respect the rules and procedures of public consultations and to request their opinions. In the descriptive part of the published CSR (recitals), the European Commission indicated that the strengthening the role of the public consultation would largely contribute to the limitation of administrative burdens arising from frequent changes of legislation. During the so-called fact-finding mission of the European Commission in November 2019, the representatives of the European Commission referred to this issue once again.

Table 1. Implementation of CSR 2019 to date

Table: Description of the measures taken from July 2019 to April 2020 and information on their qualitative impact

		Information on measures planned and already taken					Expected impact	
CSR	CSR Subcategory	Measure number	Description of main measures directly related to CSR		Objectives of the Europe 2020 strategy	Challenges/Risks	Impact on the budget	Qualitative/quantitative assessment
			Main objectives of the measures being implemented and their relevance to CSR	Description of measures taken (July 2019 – April 2020)	Assessment of the impact on the objectives of the Europe 2020 strategy	Challenges/Risks related to the measures taken	Overall and annual changes in state revenues/expenditures (PLN million) Share of EU funds (source and value)	Qualitative description of the expected impact of the measures taken and their time limits
CSR 2	<i>Ensure the adequacy of future pension benefits and the sustainability of the pension system (...)</i>	1	Increasing the private savings of citizens.	Adopting the Act of 4 October 2018 on Employee Capital Plans . Employee Capital Plans are a form of a common and voluntary schemes of systematic savings collection by their participants in order to be paid out when they reach the age of 60, but also before that age – to finance their contribution when buying a flat or house (with an obligation to return it), or for purposes relating to permanent unfitness for work or serious illness (without an obligation to return the funds used for this purpose). The Act on Employee Capital Plans (Journal of Laws [Dz.U.], item 2215, as amended) entered into force on 1 January 2019. Due to the scale of the scheme, it is implemented in stages. The main stages of creating Employee Capital Plans depend on the size or type of an employer. Employers with more than 250 employees started to implement the scheme on 1 July 2019.	Not applicable	Private entities may induce their employees to opt out of Employee Capital Plans, exerting pressure on the fact that higher remuneration depends on opting out of Employee Capital Plans, which may limit the effectiveness of the scheme.	In January 2020, the first payment of funds for this purpose from the Labour Fund was made in the amount of PLN 295 thousand. This payment concerned the liabilities for Q4 2019.	The introduction of Employee Capital Plans, including changes in the functioning of Open Pension Funds, is expected – in the long run – to result in an increase in domestic long-term private savings, at the same time strengthening the economic stability of the state and its investment and development foundations.
CSR 2	<i>Ensure the adequacy of future pension benefits and the sustainability of the pension system by taking measures to increase the effective retirement age and by reforming the preferential pension schemes.</i>	2	Supporting professional reorientation of farmers.	No reforms are currently envisaged in relation to pension systems that are separate from the general pension system.				
CSR 2	<i>Take steps to increase labour market participation, including by</i>	3	Increasing the participation of disabled people in the labour market.	Between July 2019 and now, a number of steps have been taken to increase the participation of disabled persons and their families in the labour market . Provisions reducing regulatory burdens for entrepreneurs employing disabled persons were	The measure will cause increase in employment.	Departmental programmes of the Ministry of Family, Labour and Social Policy financed by the Solidarity Fund develop and complement the system of	The programmes financed by the Solidarity Fund are financed under the financial plan for the above-mentioned Fund.	In 2019 edition of the 'Respite Care' Programme the Ministry of Family, Labour and Social Policy allocated funds in the amount of approx. PLN 24

	<i>improving access to childcare and long-term care, and remove remaining obstacles to more permanent types of employment.</i>		<p>introduced into the national legal system (Article 16 of the Act of 31 July 2019 amending certain acts to reduce regulatory burdens (Journal of Laws [Dz.U.] of 2019, item 1495) which entered into force on 1 January 2020).</p> <p>Regulations have been introduced for employers from outside the public sector which provide for a reduction in payments to the State Fund for Rehabilitation of Disabled People if they obtain a certificate confirming that they meet the requirements for ensuring accessibility for persons with special needs: architectural, digital, and information and communication (Article 45 of the Act of 19 July 2019 on Ensuring Accessibility for Persons with Special Needs (Journal of Laws [Dz.U.] of 2019, item 1696)).</p> <p>Moreover, it should be mentioned that the Solidarity Fund is the basis for the implementation of departmental programmes (Ministry of Family, Labour and Social Policy), which can be used, inter alia, by persons with severe or moderate disabilities, as well as, in the case of the 'Respite Care' Programme, family members and guardians providing direct care to persons with disabilities.</p> <p>Programmes implemented under the Solidarity Fund may help these groups to increase their participation in the labour market. On 13 March 2020 calls for proposals under the following programmes were launched: 'Respite Care' – edition 2020, and 'Care Services for Disabled Persons' – edition 2020.</p>		<p>support for people with disabilities and their families and were expected by this group. The challenges/risks relate not only to the lack of a legal definition of respite care services or assistant services, but also to a sustainable source of their financing. The programmes implemented under the Solidarity Fund should continue to be developed and become systemic solutions, especially those concerning respite care and personal assistant of a disabled person.</p> <p>The implementers of the above mentioned programmes are municipalities/districts, therefore the risk may concern the low level of interest of local governments in applying for the programmes and their subsequent implementation.</p>		<p>million to 329 municipalities/districts.</p> <p>For the implementation of the 'Personal Assistant of a Disabled Person' Programme – edition 2019–2020, the Ministry of Family, Labour and Social Policy allocated funds in the amount of approx. PLN 80.5 million.</p> <p>Under the 'Care and Residential Centres' Programme, a call for applications is conducted on a continuous basis, the total amount on applications accepted by the Ministry of Family, Labour and Social Policy to date is PLN 13.2 million.</p>
CSR 2	<i>Take steps to increase labour market participation, including by improving access to childcare and long-term care (...)</i>	4	<p>Increasing the availability of early childcare facilities.</p> <p>In 2019, the settlement of the TODDLER+ 2019 Programme and the mobilisation of funds for the implementation of projects eligible for co-financing took place. In Q2 2019, regional governors started the process of concluding agreements with the beneficiaries on the transfer of co-financing. This process was completed in Q4 2019.</p> <p>On 2 October 2019 the TODDLER+ 2020 Programme was announced. Under the programme, entities may receive co-financing to organise care for the youngest children in an institutional form. The time limit for submitting applications for co-financing under the 2020 edition expired on 13 November 2019. As part of the module addressed to private sector entities, the possibility of receiving support by entities that want to start up company care facilities was emphasised. At the same time, the level of support for setting up one childcare facility was increased for local government units – in the case of setting up a nursery or a child club in a municipality where there is no nursery or child club</p>	<p>The measure will contribute to the employment growth, especially among women caring for children.</p>	No identified challenges	<p>PLN 450 million was allocated to the TODDLER+ 2020 Programme.</p>	<p>Preliminary data from voivodships indicate that the number of created places in nurseries, child clubs and daycare services under modules 1a, 1b and 3 of the TODDLER+ 2019 Programme will amount to approx. 15 thousand. In turn, the number of childcare facilities with co-financing for current operations under modules 2 and 4 is approx. 66.8 thousand. According to preliminary data, the percentage of children up to the age of 3 years who were taken into institutional care (children in nurseries, child clubs and under the daycare services and nannies services in relation to the number of</p>

				set up by the local government – to PLN 33 thousand, and in the case of local governments performing tasks in municipalities where there are already nursery or child clubs operating – to PLN 25 thousand. On 6 December 2019, the TODDLER+ 2020 Programme was announced – module 4 which complements the programme of 2 October 2019 and provides the possibility of receiving co-financing for the current operation of nurseries, child clubs and daycare services run by private sector entities. The results of the competition for co-financing the setting up of new childcare facilities for children up to 3 years old (modules 1a, 1b and 3) were announced on 23 January this year, while for co-financing the operation of childcare facilities for children up to 3 years old (modules 2 and 4) – on 28 February this year.				children aged 1-2) in 2019 was 23.2%. According to estimates, approx. 24.8 thousand childcare facilities will be set up under the Toddler+ 2020 Programme, which will translate into achieving the availability of childcare facilities at the level of approx. 26.2% by the end of 2020. Approx. 89.1 thousand children will be covered by co-financing for the current operations under modules 2 and 4.
CSR 2	<i>Take steps to increase labour market participation, including by improving access to childcare and long-term care (...)</i>	5	Increasing the availability of early childcare facilities.	Measures aimed at increasing the availability of childcare facilities for children up to the age of 3 are being carried out under Regional Operational Programmes financed by the European Social Fund. In the years 2014–2020, more than PLN 1.8 billion has been allocated for the setting up of childcare facilities within the ROPs. As a measure supporting the implementation of the above-mentioned projects, the Operational Programme Knowledge Education Development 2014–2020 implements projects providing for training on the organisation of forms of childcare for children up to 3 years old (addressed to representatives of entities creating and running care institutions for the youngest children).	The measure will contribute to the employment growth, especially among women caring for children.	The challenge is to create the assumed number of childcare facilities.	The allocation for these measures in the years 2014–2020 is over PLN 46 million.	So far more than 18.4 thousand childcare facilities for children under the age of 3 have been set up thanks to the funds of the European Social Fund. By the end of the current financial perspective, a total of more than 51 thousand childcare facilities are expected to be set up.
CSR 2	<i>Foster quality education and skills relevant to the labour market, especially through adult learning.</i>	6	Increasing adult participation in education.	Continuous monitoring of the operations of the first 50 Local Centres for Knowledge and Education which were established in 2017 in 13 voivodships is carried out. In the first year of their operation, they received funds from a project co-financed by the European Social Fund under OP Knowledge Education Development (Measure 2.14). They should be financed by the authorities responsible for managing schools in the coming years. In July 2019, the Ministry of National Education received six-month reports from the authorities responsible for Local Centres for Knowledge and Education which confirmed the sustainability of their operation. In September 2019 the second competition for the Local Centres for Knowledge and Education projects, carried out under Measure 2.14 OP Knowledge Education Development, was settled. The aim of this competition is to create another 100 Local Knowledge and Education Centres from 2020. The plan includes promotional activities to facilitate the selection of new 100 schools to serve as	The measure will contribute to the employment growth and the employment quality.	The challenge is to implement the assumed increase in the number of Local Centres for Knowledge and Education by another 100 centres from 2020.	The measure is implemented through the Operational Programme Knowledge Education Development. The total pool of funds for co-financing projects is approx. PLN 30 million.	The measure aims at increasing the participation of adults in education, by activating and involving people who have been inactive so far, not participating in any organised form of education.

				the Local Centres for Knowledge and Education from 2020 and exchanging experience on good practice examples in the first and second network of schools serving as the Local Knowledge and Education Centres.				
CSR 2	<i>Foster quality education and skills relevant to the labour market, especially through adult learning.</i>	7	Developing a strategy for the development of competences necessary from the perspective of economic challenges, especially the digital transition.	Work on the ' Integrated Skills Strategy 2030 (Detailed Part) ' is being continued by, inter alia, organising workshop seminars, expert panels and preparing expert opinions. In December 2019 a draft <i>OECD Skills Strategy Poland</i> report was presented.	The measure will affect the quality of employment.	Effective implementation of the strategy at national level will be a challenge.	The cost of preparing the detailed part of the Integrated Skills Strategy 2030 will amount to PLN 147,190.00 in 2020 (State budget: PLN 23,138.00; European funds under the ESF: PLN 124,052.00).	The measure will affect the quality of education and the development of skills necessary for effective work in view of the ongoing changes resulting, inter alia, from the globalisation process and technology development.
CSR 2	<i>Foster quality education and skills relevant to the labour market, especially through adult learning.</i>	8	Improving the quality of higher education.	Between October and December 2019, 28 projects were launched under the second edition of the Integrated University Programmes (ZPU) and ZPU for Regional Development (ZPU REG). In both editions of the ZPU and ZPU REG competitions, a total of 305 projects are implemented. The implemented projects will contribute to improving the competences of the research staff, providing students with better education and adapting the curricula to the requirements of the changing socio-economic environment.	The measure will contribute to improving the quality of education and employment growth and its quality.	The main challenge is to attract students to participate in the projects in numbers that ensure that the project can be implemented according to the planned assumptions. An additional challenge is to achieve the target level of graduation rates over the project period. There is a risk of delays in the implementation of projects by higher education institutions.	As part of the measures implemented so far, a total of 258 agreements with a total value of PLN 2,507 million were signed for ZPU competitions and 47 agreements with a value of PLN 354.2 million for ZPU REG.	The implemented projects will allow for greater use of the potential of Polish higher education institutions. The implemented programmes will undoubtedly raise the level of education by developing the knowledge and skills of future generations that will create a scientific base on a national and regional scale.
CSR 2	<i>Foster quality education and skills relevant to the labour market, especially through adult learning.</i>	9	Improvement of quality of vocational higher education.	The Minister's undertaking – Didactic Initiative of Excellence – in the formula introduced and described in Article 400 of the Act of 20 July 2018 – Law on Higher Education and Science (Journal of Laws [Dz.U.], item 1668, as amended), was carried out for the first time in 2019. A report summarising the first edition of the programme on a national scale was prepared. The next edition of the Didactic Initiative of Excellence was announced on 30 January 2020. In 2020, 15 public vocational higher education institutions, which on their own initiative take effective pro-quality measures, will benefit from pro-quality support. Each public vocational higher education institution will receive a bonus of PLN 1 million in the form of a grant.	The measure will contribute to the employment growth and the quality of education.	The measure is not associated with any risk.	In the current financial year, PLN 15 million was allocated for the implementation of the project in 2020.	The measure supports the building of high quality education at practically-oriented fields of study and aims at developing the skills of students of vocational higher education institutions which are consistent with the needs of the labour market and demanded by employers.
CSR 2	<i>Foster quality education and skills relevant to the labour market, especially through adult learning.</i>	10	Knowledge and competence development of entrepreneurs.	To support adult education, in June 2019, the Polish Agency for Enterprise Development (PARP), as part of the SME Development Centre, launched a new version of the PARP Academy – an e-learning platform for entrepreneurs and people willing to develop their professional competences. Participation in a course within the Academy gives an opportunity to acquire knowledge and skills that are necessary to start and run a small and medium-sized company.	The measure will contribute to the quality of education.	The main challenge is to continuously develop the project by designing further training courses, adequate to the ongoing changes in the economy.	In 2020, PLN 1.2 million is planned to be allocated to the project.	The measure will facilitate the development of professional competences, especially will help potential entrepreneurs to acquire knowledge on establishing and running their own business.

CSR 3	Strengthen the innovative capacity of the economy, including by supporting research institutions and their closer collaboration with business.	1	Supporting entrepreneurs in the process of digitisation and introduction of new technologies.	The Future Industry Platform Foundation has been operating since May this year. Its aim is to strengthen the competence and competitiveness of enterprises operating in Poland by supporting their transformation towards Industry 4.0. The Future Industry Platform started its activity from conducting trainings for managers of Polish companies. Currently, 60 workshops for managers are being conducted in order to educate entrepreneurs about the need to adapt to contemporary market challenges and improve their competences. The change of perception among entrepreneurs is the foundation for further solutions towards robotisation and automation of industry.	The measure will contribute to the innovation capacity of the economy, in particular towards the digital transformation of enterprises.	The measure is not associated with any risk.	In the years 2020–2021, the state budget plans to allocate approx. PLN 43.7 million for statutory solutions.	The measure will provide entrepreneurs with an awareness of the need to adapt their business to the requirements of the modern digital market, and at the same time it will contribute to the digitalisation of enterprises and the introduction of new technologies.
CSR 3	Strengthen the innovative capacity of the economy, including by supporting research institutions and their closer collaboration with business.	2	Increasing the commercialisation rate of innovative undertakings.	On 2 July 2019 the Ministry of Science and Higher Education announced two communications concerning the Virtual Research Institute . They determine the governing entity of the Virtual Research Institute, define the area of scientific activity of the Virtual Research Institute, specify the amount of funding for scientific activities and indicate the maximum duration of funding for scientific activities. The Minister of Science and Higher Education, in consultation with the Minister of Entrepreneurship and Technology, decided to designate a research area financed by the Polish Science Fund – this is medical biotechnology – oncology. The Łukasiewicz Research Network – PORT Polish Centre for Technology Development with its registered office in Wrocław became the governing entity of the Virtual Research Institute.	The measure will contribute to the innovation capacity of the economy.	The challenge is to use funds effectively to increase the commercialisation rate of projects.	PLN 450 million over 10 years will be allocated to the financing of the Virtual Research Institute.	The measure will contribute to the financing of internationally competitive research teams involved in scientific activities with a high potential for social and economic applications and the commercialisation of their results.
CSR 3	Strengthen the innovative capacity of the economy, including by supporting research institutions and their closer collaboration with business.	3	Developing innovative skills already at the school education stage.	On 3 December 2019, the Centre for Citizenship Education (CCE) was selected to be the operator of the pilot project – ‘ School for Innovators ’. The CCE has launched a call for schools that would like to take part in the project. Applications could be sent between 3 and 13 December 2019. The list of the institutions that will take part in the pilot project was announced in the first half of January 2020. The schools participating in the programme will receive comprehensive and intensive support for headmasters and teachers, including study visits, training and workshops, individual counselling, knowledge exchange. The substantive support received during the project will help to carry out an intensive programme with students to develop their pro-innovative competences.	The measure will contribute to the quality of education.	The challenge will be to prepare a comprehensive curriculum that develops pro-innovative student competences and to prepare its evaluation.	PLN 10 million is allocated to the pilot project.	On 10 January 2020, the registration process for schools to participate in the pilot project was closed. Twenty schools have been selected to take part in the programme.
CSR 3	Strengthen the innovative capacity of the economy, including by supporting research institutions and their closer	4	Increasing the effectiveness of the activities of the administration in selected areas of social and economic issues by	The Integrated Analytical Platform project will respond to the identified needs by pursuing the following specific objectives: 1. Providing in one place analytical tools to support decision-making processes in public administration. 2. Developing data access patterns and analyses for	The measure will contribute to the innovation capacity of the economy.	The challenge is to connect securely and constructively data from different government registers.	Project value: PLN 41,998,811.73 European Union funds: PLN 35,543,594.36 Co-financing from the state budget: PLN 6,455,217.37	<ul style="list-style-type: none"> • Providing in one place analytical tools to support decision-making processes in public administration. • Preparing and implementing the

	<i>collaboration with business.</i>		supporting decision-making processes with high quality analytical information.	<p>key social and economic areas.</p> <ol style="list-style-type: none"> 3. Creating technical and organisational opportunities for social dialogue and cooperation of scientific circles in the development of state analytics and increasing the effectiveness of solving social issues. 4. Organising technical methods and rules of access to key state information resources for analytical purposes, including implementation of a coherent security system, data access methods, access for analytical purposes. 5. Providing access to public administration data for scientific research supporting decision-making by public policy makers while ensuring proper protection. 6. Improving the digitalisation of government administration in the scope covered by the catalogue of recommendations on promoting the e-government. 				<p>Platform, as a central analytical system for public administration, that is based on data collected in all institutions of that administration will facilitate more efficient and accurate preparation of analyses for decision-making processes.</p> <ul style="list-style-type: none"> • Developing data access patterns and analyses for key social and economic areas. • During the project, access patterns for key administrators providing access to ZPA data will be developed, documented and placed in the Knowledge Base. The provided access patterns will be used to implement standards for research processes in public administration in order to be applied in the implementation of subsequent research and analyses going beyond the scope of the project. • Future research will benefit from knowledge and experience, reducing costs and accelerating its execution cycle.
CSR 3	<i>Strengthen the innovative capacity of the economy, including by supporting research institutions and their closer collaboration with business.</i>	5	Strengthening cooperation between the business and science sectors.	Fifty agreements have been signed with the higher education institutions and institutes as part of the third edition of the 'Industrial Doctorate' competition, the purpose of which is to create conditions for the development of cooperation between the scientific and socio-economic environment in the framework of doctoral schools and to introduce the possibility of educating a participant of the 'Industrial Doctorate' programme in cooperation with an entrepreneur employing them.	The measure will contribute to the innovation capacity of the economy.	The measure is not associated with any risk.	The funds from the state budget spent on the programme in 2019 amounted to PLN 53.2 million, and in 2020 they will amount to PLN 68.7 million.	The beneficiaries of the 'Industrial Doctorate I' module are 45 higher education institutions/institutes with 336 programme participants. The beneficiaries of the 'Industrial Doctorate II' module in terms of artificial intelligence are 7 higher education institutions with 28 programme participants.

CSR 3	<i>Strengthen the innovative capacity of the economy, including by supporting research institutions and their closer collaboration with business.</i>	6	Intensifying cooperation between research institutes to increase efficiency.	As part of the existing Łukasiewicz Research Network , inter alia processes of institute integration have been initiated. To increase the commercialisation potential, the institutes belonging to the Łukasiewicz Research Network are merging. On 1 November 2019, the Institute of Applied Optics in Warsaw merged with the Tele and Radio Research Institute. On 1 January 2020, COBRO Packaging Research and Development Centre in Warsaw merged with the Institute of Biopolymers and Chemical Fibres in Łódź. On 1 April 2020, the Institute of Advanced Manufacturing Technology and the Foundry Research Institute were merged. In December 2019, the Łukasiewicz Research Network became a member of the EARTO (European Association of Research and Technology Organisations) – the main lobbying group for research and development institutions in Europe.	The measure will contribute to cooperation between entrepreneurs and research institutions.	The organisational consolidation of the merging institutes will be a challenge for the Łukasiewicz Research Network.	Financing allocated to the activities of the Network in 2020 amounts to PLN 17.5 million.	The consolidation will facilitate work and encourage stronger openness to business. Joining EARTO will help increase the involvement and activity of our institutes in European projects, including Horizon Europe.
CSR 3	<i>Focus investment-related economic policy on innovation, transport, in particular on its sustainability, digital and energy infrastructure, healthcare and cleaner energy, taking into account regional disparities.</i>	7	Developing the basic strategic document for the state regional policy.	In September 2019, the government adopted the National Strategy for Regional Development 2030 that identifies regional and intra-regional disparities in economic and social development in the most comprehensive way to date. It identifies for regional policy purposes both the objectives of strengthening cohesion and the competitiveness of regions. The strategy defines areas of strategic intervention at the national level and recommends supporting them with both cohesion policy funds and state budget resources. The indicated strategic intervention areas are areas endangered by permanent marginalisation, medium-sized cities losing their social and economic roles, the Śląskie voivodship undergoing economic transformation, the eastern Poland area (so far 5 voivodships covered by the Eastern Poland Programme).	Not applicable	The challenge is to implement the strategy, especially in regions requiring special intervention.	The estimated financial plan included in the National Strategy for Regional Development provides for allocation of the total amount of PLN 89,440.77 million for implementation of the Strategy in the years 2018–2020 and PLN 91,521.70 million in the years 2021–2025.	The document presents the objectives of regional policy and the measures and tasks to be taken by the government together with the voivodship, district and municipal governments and other entities participating in the implementation of this policy in the perspective of 2030. The National Strategy for Regional Development 2030 will replace the existing 'National Strategy for Regional Development 2010–2020: Regions, Cities, Rural Areas'.
CSR 3	<i>Focus investment-related economic policy on innovation, transport, in particular on its sustainability, digital and energy infrastructure, healthcare and cleaner energy, taking into account regional disparities</i>	8	Development of the Assumptions to the Partnership Agreement constituting the basis for the Main Partnership Agreement that will constitute a negotiating mandate with the EC in the process of formulating the details of structural funds under the MFF 2021–2027.	Work is ongoing on the preparation of operational programmes and a new Partnership Agreement for 2021–2027 which aims at defining the conditions for the effective use of EU funds for the period of the new financial perspective. The scope of intervention will take into account the challenges and priorities contained in Annex D of the Country Report – Poland 2019 and the areas identified in the Council Recommendation (CSR 2019) requiring investment activities. The Assumptions of the Partnership Agreement were adopted by the members of the Council of Ministers' Committee for European Affairs by circulation on 25 February this year.	Not applicable	The challenge is to adopt the Assumptions to the Partnership Agreement as soon as possible, as the document is intended to set out the main lines of EU financial intervention for the period 2021–2027.	Not applicable	The preparation of the Assumptions to the Partnership Agreement is crucial for the negotiation process and ultimately for designing the use of EU funds under the new financial perspective.

CSR 3	<i>Improve the regulatory environment, in particular by strengthening the role of consultations of social partners and public consultations in the legislative process.</i>	9	Creating a more favourable business environment by reducing the regulatory burdens.	On 6 August 2019, the legislative process of the Act amending certain acts to reduce regulatory burdens called the ' Friendly Law ' package was completed. The initiative aims at providing a better business environment by reducing unnecessary and excessive regulatory burdens. The expected outcomes include faster and more efficient administrative procedures and the release of potential for further development of entrepreneurship, especially of micro, small and medium-sized enterprises. The draft act is complementary to such initiatives as '100 Changes for Companies', 'SME Package', 'Business Constitution', and has been the subject of extensive public consultation. The draft act proposes the right to 'make a mistake' – introducing priority for caution over punishment in the first year of conducting business activity by entrepreneurs who are natural persons if the infringement would be of minor importance and one-off; facilitating business succession (where the enterprise belongs to the entrepreneur and their spouse, it will be possible to appoint a temporary representative after the death of the entrepreneur's spouse); facilitations in postal, aviation, energy law. The new law entered into force on 1 January 2020, with the exception of certain articles which will take effect on other dates.	Not applicable	The main challenge will be an efficient implementation of the adopted solutions for the liberalisation of regulations on business activity and dissemination of information on the changes undertaken among entrepreneurs.	In accordance with the impact assessment of a legal act, the financial effect of the Act was estimated at approx. PLN 15 million over 10 years (mainly the cost of developing the ERO's ICT system)	The 'Friendly Law' package will contribute to creating better conditions for the development of SMEs in particular. It also removes burdensome – not reflecting the contemporary economic reality – provisions from the Polish legal system which have been identified by individual ministries after the review of the applicable law.
CSR 3	<i>Improve the regulatory environment, in particular by strengthening the role of consultations of social partners and public consultations in the legislative process.</i>	10	Increasing the transparency of the legislative process and public consultations.	<ul style="list-style-type: none"> As regards increasing the role of public consultations, the legal changes in the Work Regulations of the Council of Ministers, which have been in force since 5 February 2019, are crucial. The amended Work Regulations provide for the possibility of returning the draft act to the Initiator due to the lack of public consultations or their improper conduct, in particular: if the draft act was not presented for public consultations and the reasons for resignation from the consultation were not indicated in the impact assessment of a legal act; if the report from public consultations was not attached to the application for consideration of the draft act by the Standing Committee of the Council of Ministers; if shorter time limits for taking a position than those resulting from the Work Regulations were set without detailed justification. Documents concerning work on the draft act are available in the Public Information Bulletin of the Government Legislation Centre in the Government Legislation Process section. Every citizen can get acquainted with draft legal acts and submit comments to them. Training courses, entitled Academy of Public Consultations, co-financed by the European Social Fund, were delivered in the field of public consultations 	Not applicable	The challenge is to find a balance between the statutory consultation time and the political urgency of the issue being solved by a given draft act.	Not applicable	The possibility of rejecting a draft act that does not include a public consultation report will contribute to the adoption of laws that will be socially acceptable.

			<p>addressed to public administration employees in the form of post-graduate studies. In 2019, 93 employees from 20 administration departments completed them.</p> <ul style="list-style-type: none"> • The Council for Dialogue with the Young Generation was established as an advisory and consultative authority for the Committee on Public Benefit. The Council includes representatives of youth organisations, municipal councils, associations, foundations or scouts. The Council serves as a forum for discussion with the government on the priorities outlined from a youth perspective. • Within the framework of the Structural Reform Support Programme, a final report has been prepared, containing recommendations for improving the regulatory impact assessment system (impact assessment of a legal act), a guide on identifying and measuring regulatory benefits, and a model of the Standard Cost Model (SCM) with a database of estimated costs of standard administrative activities performed by entrepreneurs. The documents were translated into Polish and sent to ministries. The guide together with the SCM template is available on the website of the Ministry of Development. 				
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8. Progress towards the Europe 2020 strategy targets

The progress in the implementation of the Europe 2020 strategy is measured through indicators relating to five main objectives of the strategy regarding the following areas: employment, research and development, energy and climate changes, education and higher education, and limitation of poverty and social exclusion.

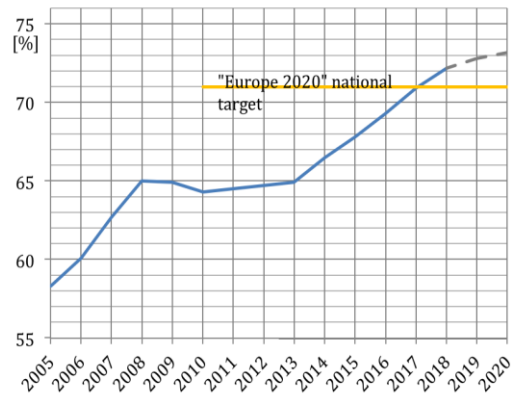
The first target relating to employment is monitored using the employment rate for people aged 20 to 64, namely the percentage

of the employed people in the total population (in a given age group). **In 2019, the rate was 73.0%, while the average for the European Union equals to 73.2%. Given the target value for 2020 (71%), Poland achieved the set objective.**

The level of R&D expenditure in relation to GDP was 1.21% in 2018 (PLN 25.6 billion). In comparison to the previous year, it means an increase by 24.6%. The growth rate of the share of R&D expenditure in the GDP in 2007–2018 is more dynamic in Poland than the average rate for the EU, and during the last five years the growth was 58.6%. Poland is close to achieving the R&D target, while systematically expanded R&D reliefs suggest further acceleration in this regard. The highest level of internal expenditure on R&D activities in Poland is observed in the business sector. In 2018, the entities of this sector allocated PLN 17.0 billion for research and development, that is 27.7% more than in the previous year. The achievement of the declared targets is a challenge both for Poland and for the entire European Union (2.12% vs. 3%).

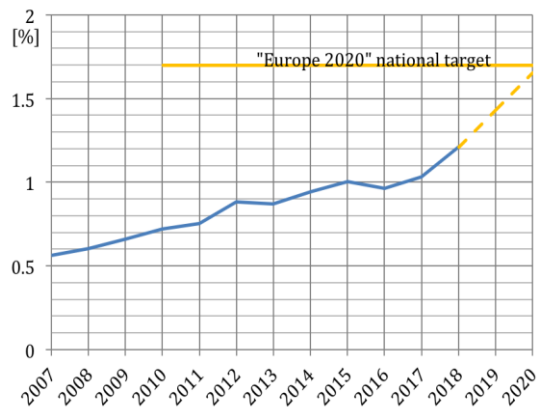
Another group of targets within the Europe 2020 strategy are so-called 20/20/20 targets, which refer to common reduction efforts for energy and climate. They mean the reduction of greenhouse gas emissions by 20% in comparison to the level of 1990, the increase of the renewable energy share to 20%, and the increase in energy efficiency by 20%. 20/20/20 targets apply to the entire EU, while specific targets are established for each Member State.

Chart 1. Employment rate among people aged 20 to 64



Source: Own compilation on the basis of Eurostat data.

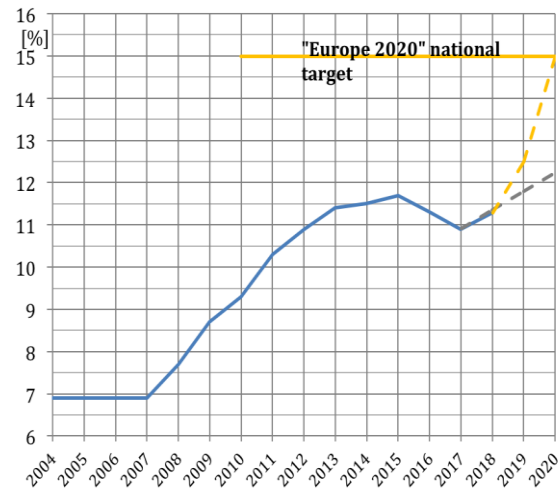
Chart 2. R&D expenditure in relation to GDP, target achievement forecast



Source: Own compilation on the basis of Eurostat data.

The share of energy from renewable sources in gross final energy consumption in Poland in 2018 amounted to 11.28%, which represents an annual growth by 0.32 p.p. Recent years witnessed a slight increase in the trend of obtaining energy from renewable sources. The achievement of the target set for 2020, being 15%, requires additional efforts, however, it should be noted that Poland takes regular steps to enable the achievement of the target by the end of 2020. They consist mainly in changing the legal environment in the RES sector, e.g. by implementing solutions arising from the amendment of the Act on Renewable Energy Sources that entered into force on 29 August 2019. The amendments enable, among others, auctions for the purchase of RES energy, and solutions to develop the prosumer energy sector and energy cooperatives were introduced. Legal foundations were also established for the creation of the Low-Carbon Transport Fund that is supposed to contribute, among others, to the de-carbonisation of transport.

Chart 3. Share of renewable energy in gross final energy consumption. Target achievement forecast

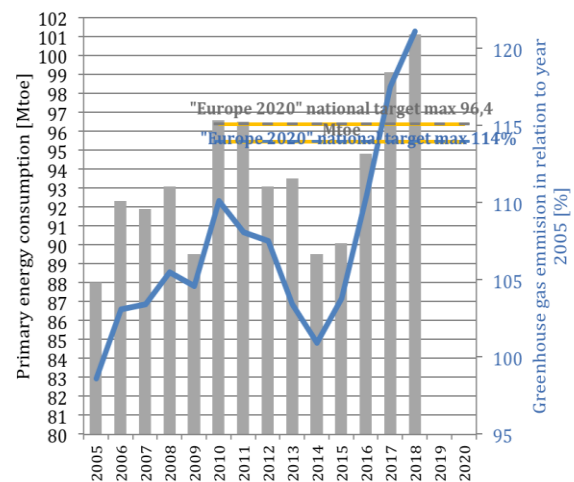


Source: Own compilation on the basis of Eurostat data.

The second energy and climate indicator refers to **reducing the emission of greenhouse gases** through two mechanisms assigned to two different sectors of economy, namely the European Union Emission Trading System implemented at the level of companies (EU ETS) and the reduction of emissions at the national level in sectors outside the ETS system (non-ETS or ESD, the Effort Sharing Decision). The proxy inventory for 2018 concerning the emissions in non-ETS sectors shows a **21.1% increase** in comparison to the baseline position of 2005. This means that the emission of greenhouse gases in 2018 increased by approx. 1% in comparison to 2017, which was caused mainly by the increased consumption of coal and natural gas, fuels and inorganic fertilisers.

The third energy and climate indicator refers to **energy efficiency, and it is expressed by the level of primary energy consumption**, which in 2018 amounted to 101.1 Mtoe. The trend in Poland in the use of primary energy is increasing and Poland has exceeded the target set in this regard, which is 96.4 Mtoe. For many years Polish economy has displayed an improvement of energy efficiency, while energy savings are made mainly within the most energy-intensive industry sectors. Primary and final energy intensity of the GDP is decreasing every year (in 2017 it dropped by 23% and 17% respectively in comparison to 2007, and after the climate adjustments were taken into account the rate of improvement was slightly higher). The highest consumption of energy has been recently recorded in the transport sector, which is a result of, among others, data adjustments made. The increase in the demand on energy in the transport sector was also a result of a significant increase in the

Chart 4. Use of primary energy (grey) and the level of CO₂ equivalent emissions in non-ETS sectors in comparison to 2005 (blue)



Source: Own compilation on the basis of Eurostat data.

volume of both cargo and passenger transport. Road transport accounts for a decisive majority of the increase in energy consumption.

Chart 5. Early leavers from education and training (black), people aged 30–34 with higher education degree (blue), and forecasts on the basis of the trend for years 2001–2018 (grey dotted line).

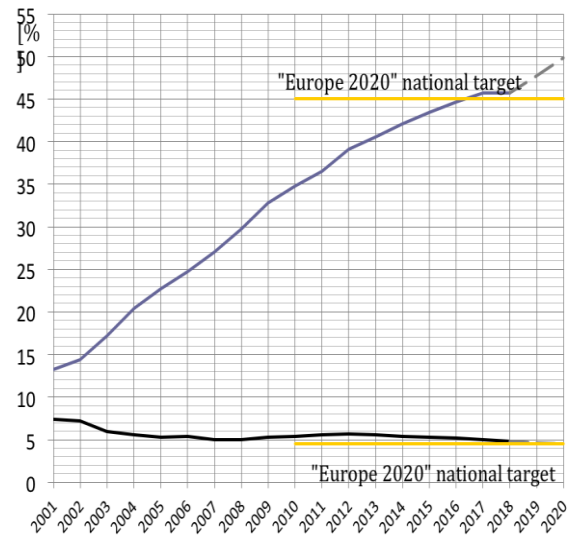
The targets of the Europe 2020 strategy relating to education include the reduction of the number of people dropping out of school early and the increase in the number of people with higher education degree. For the first of these two indicators, Poland has declared a very ambitious national target (below 4.5% vs. 10% for the entire EU). **The early leaver rate is systematically dropping in recent years – in 2018 it was 4.8%, while the EU28 average was 10.6%.** The last seven years (2012–2018) witnessed a stable decrease of the indicator, which brings Poland closer to the national target.

As far as the improvement of educational attainment level is concerned, Poland's results are very good. **The most recent available data from 2018 indicate that, similarly as in 2017, 45.7% of the population aged 30–34 has a higher education degree** (Chart 5). Even though the upward trend in this regard has stopped, the rate is still higher than assumed for 2020. A very dynamic growth in the rate is also worth noting, as in 2001 it was 13.2%.

The fifth element of the Europe 2020 strategy is to decrease the number of people at risk of poverty or social exclusion by at least 1.5 million in comparison to 2008. **The target was achieved in Poland already in 2013.** **The number of people at risk of poverty dropped by 4.51 million between 2008 and 2018.** The number shows a downward trend (in 2018 the number decreased by 300 thousand), which is a result of a good labour market situation and the implementation of pro-society programmes. In absolute terms, the number of people at risk of poverty or social exclusion in Poland in 2018 was 6.97 million, i.e. 18.9% of the total population.

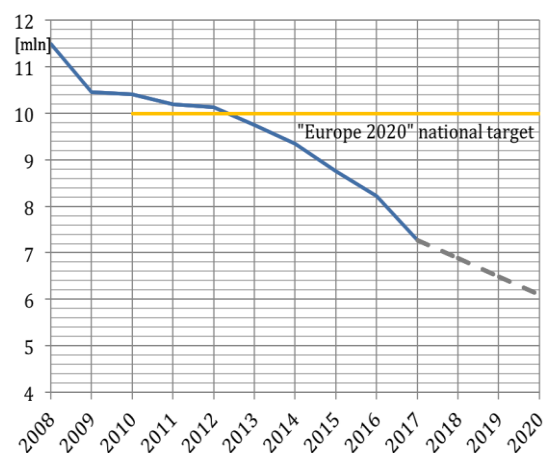
Poland, whose population accounts for 7.4% of the EU population, participated in 22.6% of the EU target relating to the reduction of poverty and social exclusion (4.516 million out of the planned 20 million people in the EU by 2020). This is equivalent to the achievement of the target set in the Strategy for Responsible Development, which is at least 20% by 2020.

Chart 5. Early leavers from education and training (black), people aged 30–34 with higher education degree (blue), and forecasts on the basis of the trend for years 2001–2018 (grey dotted line).



Source: Own compilation on the basis of Eurostat data.

Chart 6. The number of people at risk of poverty or social exclusion and the forecast of decrease based on the trend from 2008–2018.



Source: Own compilation on the basis of Eurostat data.

9. The institutional process of NRP updating and involvement of stakeholders

The updates of the National Reform Programme are determined, on the one hand, by the schedule of the European Semester, and on the other hand – by rules applicable to the preparation of programme documents. As a rule, a draft document goes through the phase of interdepartmental arrangements and opinions from social partners and other stakeholders; afterwards, it is analysed by appropriate committees of the Council of Ministers to be finally adopted by the Council of Ministers. Taking into account both the need to ensure accuracy of measures proposed for the upcoming update of the NRP, and the need to obtain the widest possible approval for these measures, the Government invites a broad spectrum of stakeholders representing the world of economy, science and civic society to participate in the work on the development, implementation and monitoring of the NRP. The Polish Parliament is also involved in the process of updating the NRP and implementing the European Semester.

This year the process of work on the NRP was of an extraordinary nature. Due to extraordinary circumstances related to the COVID-19 crisis, neither the Sejm, nor the Senate could be involved in the discussions on the preparation of the National Reform Programme.

As the guidelines to the document were provided by the European Commission late, the draft NRP was not submitted to economic and social partners from the Interministerial Team for the Europe 2020 strategy to gather their opinions. This consultative and advisory body of the Prime Minister brings together a broad spectrum of representatives of governmental administration, local government units, entrepreneurs' organisations, trade unions, commercial chambers, agricultural chambers, NGOs, and science and research institutions.

The Team managed to discuss the assumptions of the National Reform Programme during its meeting in February. It also provided an opinion on the Annual Sustainable Growth Strategy 2020 (an opinion in this regard is included in Appendix No 2).

Not only are the opinions on documents provided, but horizontal issues are also discussed at plenary meetings of the Team or at working meetings of the Team members concerned. In December 2019, an annual working meeting was held. It focused on the poverty situation in Poland. The most recent data were used to discuss, among others, the findings from the monitoring of poverty in Poland in 2018 carried out by the Polish Committee of the European Anti-Poverty Network (PC EAPN), the preliminary analysis of causes of the increase in extreme poverty in Poland in 2018, the results of the household budget surveys and the results of the social cohesion survey in 2018, which were based on the subjective assessments of changes in the quality of life in households. The trends in poverty in Poland were also presented against the backdrop of EU data on the basis of the EU Statistics on Income and Living Conditions (EU-SILC). Additionally, the recommendations of the EU Council of 9 July 2019 issued for Poland were discussed and so was the mode of implementation of selected elements of these recommendations such as ensuring effective public and social consultations in the legislative process or strengthening the economy's innovative capacity.

As the decade of the Europe 2020 strategy has passed, the Team started discussions on lessons to be learnt from the functioning of the strategy and implications for the functioning of the Team in the post-2020 period, as well as the scope of matters to be dealt with under the new EU sustainable development strategy based on the European Green Deal. Not only the Team, but also the Social Dialogue Council takes initiatives aimed at improving the involvement of social partners in the process of the European Semester. In particular, more formal rules concerning potential reactions of the Social Dialogue Council's forums to the documents created at specific stages of the European Semester were adopted. The Social Dialogue Council organised a workshop session for the representatives of member organisations on the role of the European Semester in the coordination of economic policies of EU Member States.

Appendices:

1. Summary of the implementation of measures specified in NRP 2019/2020

Cut-off date for the information provided is 20 March this year.

Chapter 4.2 Better regulatory environment and the digital State

The new [Public Procurement Law](#) was adopted by the Sejm on 11 September 2019. The Act will enter into force on 1 January 2021. It is expected that the new act will increase, among others, the participation of the SMEs sector in public procurement contracts, and that it will increase general interest in public contracts among potential economic operators. Additionally, on 18 April 2019 an intermediary platform for electronic invoicing was launched, through which the obligation to receive structured electronic invoices by public administration, as provided for in Directive 2014/55/EU on electronic invoicing in public procurement, was implemented.

On 1 January 2020, the [Act amending Certain Acts to Limit Payment Bottlenecks](#) entered into force (Journal of Laws [Dz.U.] of 2019, item 1649). Civil law solutions were provided for therein, such as the maximum statutory time limits for payment not subject to extension in asymmetric relationships and in transactions where the debtor is a public entity (other than a healthcare provider), the increase of interest rates for delays in commercial transactions (except for relations where the debtor is a healthcare provider), three levels of compensation for the cost of debt collection, or simplifications for creditors in interim measures procedures. At the same time administrative law procedures were applied, including, among others, publication of annual report on payment practices of the largest companies, introduction of income tax bad debt relief, or establishment of administrative sanctions for entities with excessive payment delays that are imposed by the President of the Office of Competition and Consumer Protection. The introduced or modified regulations provide for better creditor protection opportunities. Some solutions are aimed at strengthening the position of creditors from the SMEs sector in transactions with large enterprises as the available data show that the negative consequences of bottlenecks are experienced particularly by SMEs.

The draft of the [new Tax Ordinance Act](#) was submitted to the Sejm on 4 June 2019 and after the first reading on 3 July 2019 it was referred to the Public Finance Committee. Due to the expiry of the Sejm's term, the draft was not adopted in the previous term. The draft of the new Tax Ordinance, being a draft of an act of fundamental importance for the entire tax system, requires exhaustive review, among others, in terms of its validity in view of the recently adopted amendments to the existing legislation. This will enable to determine the scope and schedule of further legislative work on the draft.

As for the [reform of spatial planning and land use planning as part of the process of simplifying the investment and construction process](#), intra-ministerial consultations and social pre-consultations were carried out in mid-2019 on the initial draft Act on the Spatial Planning and Land Use Planning Law. In the current year, the work on the draft act will be continued intensively. The reform of the system of spatial planning and land use planning aims at ensuring sustainable development of the country while maintaining spatial order and taking into account public interest, as well as simplifying the investment process and enhancing effectiveness of spatial planning. Details of work on the act are provided in Chapter 5 Investment Strategy.

As part of [improving the efficiency of court proceedings in commercial cases](#), contributing to the widely understood business security, the Act amending the Code of Civil Procedure and Certain Other Acts (Journal of Laws [Dz.U.] item 1469) entered into force on 7 November 2019.

As part of introducing [amendments to the bankruptcy law in relation to natural persons](#), on 30 August 2019 the Act amending the Bankruptcy Law Act and Certain Other Acts was adopted (Journal of Laws [Dz.U.], item 1802), and it entered into force on 24 March 2020. The Act includes the provisions which enable natural persons to enter into an arrangement with creditors on the basis of the arrangement approval procedure provided for in the Restructuring Law Act, which so far has been reserved for entrepreneurs only.

As part of the [Programme for promoting cashless payments at public administration offices](#) (launched in April 2017), the percentage of public administration offices accepting cashless payments with the use of credit card terminal was increased from 10 to 80. More than 1800 POS terminals were installed in public administration offices and 2000 were installed in road police vehicles. Since September 2018, the programme of equipping state institutions with such terminals has been continued with the support of the Cashless Poland Foundation, which was established as a result of an agreement concluded by the Polish Bank Association, the then Ministry of Entrepreneurship and Technology and Visa and Mastercard organisations.

In its current shape, the programme assumes that the public administration offices may accept cashless payments without incurring the cost of POS terminals and transaction processing until 31 August 2021. No transaction fees are charged to the clients of such offices as well. Ultimately, the Foundation's programme is to cover new categories of public institutions that were not eligible as beneficiaries so far (e.g. hospitals or tax offices).

By the end of 2019, more than 230 thousand terminals were installed within the Programme, which were used to process transactions worth approx. PLN 8.1 billion.

The dynamics growth and satisfactory rates of the payment instrument acceptance network expansion resulted in making a decision (in mid-2019) on a temporary waiver of legislative intervention in this regard, which was intended to promote cashless payments by the obligation to use them at public administration offices, points of sale and points of services.

To introduce a [registered electronic delivery service](#) allowing for decreasing the fixed costs of public entities generated by processing of correspondence and accelerating case processing, on 4 February 2020¹³, the Council of Ministers adopted a draft Act on Electronic Deliveries, which is subject to further parliamentary work. Additionally, on 10 May 2019, an agreement was signed with the Central Information Technology Centre (COI) for the implementation of the e-Delivery project. As part of the agreement, business requirements were defined in a form of the need for the implementation of a solution for the COI and the first stage of usability tests for front-end application with end users (business, public officer, citizen) were carried out.

On 7 November 2019, an agreement for funding was signed with the Digital Poland Project Centre. The e-Delivery Project received funding from the Operational Programme Digital Poland within Priority Axis II – 'E-administration and open government', Measure 2.1: 'High accessibility and quality of public e-services'. The project has been carried out in partnership with the Ministry of Digital Affairs and the Ministry of Development. Work was also initiated to draft a technical documentation for the e-Delivery Standard, including meetings and working workshop sessions with stakeholders. Given the extended process of verifying the applications for funding submitted as part of the Priority Axis II of the Operational Programme Digital Poland 'E-administration and Open Government', some measures described in the schedule of the National Reform Programme 2019/2020 will be implemented later than planned. Detailed information on the work under this measure is provided in Chapter 5b.

¹³ On 24 September 2019, the Council of Ministers adopted a draft Act on Electronic Deliveries and Amendments to Certain Other Acts, but the expiry of the previous term resulted in a need to have the draft approved again.

Chapter 4.3 Healthcare

As part of the [Clean Air](#) measure, on 29 June 2019, the Act amending the Environment Protection Law Act and the Crisis Management Act entered into force (Journal of Laws [Dz.U.], item 1211) and on 9 July 2019 the Regulation of the Minister of Environment dated 14 June 2019 on Clean Air Programmes and Short-term Action Plans entered into force (Journal of Laws [Dz.U.], item 1159). The main objective of these regulations is to speed up the process of eliminating threats relating to excessive concentration of certain substances in ambient air in the majority of Poland's territory by imposing on voivodship governments the obligation to prepare new and more effective clean air programmes and short-term action plans in line with the new and detailed scope defined in the regulation, and the obligation to prepare periodic reports and final reports on the implementation of such programmes and plans.

Additionally, legislative process has been pending on another amendment to the Environment Protection Law, aimed at increasing the effectiveness of the system of controlling the compliance with regulations specifying the requirements for solid fuel boilers. The Act amending the Environment Protection Law and Certain Other Acts was adopted by the Sejm on 16 October 2019.

The Regulation of the Minister of the Environment dated 8 October 2019 amending the Regulation on Limit Values of Certain Substances in Ambient Air (Journal of Laws [Dz.U.], item 1931) was also published. According to the regulation, the smog alert will be announced when the PM10 daily average of 150 µg/m³ is exceeded, while the information threshold is 100 µg/m³.

On 28 June 2019, the process of signing agreements with municipalities to implement low-carbon projects as part of the STOP SMOG Programme was initiated. In 2019, the agreements with the following municipalities were signed: Skawina, Sucha Beskidzka and Pszczyna. At the same time, discussions are held with further municipalities interested in such agreements.

On 28 June 2019, the Minister of Entrepreneurship and Technology signed an agreement with the Marshal of the Śląskie Voivodship and the Minister of Investment and Economic Development on the cooperation in the implementation of low-carbon projects, including in the area of the use of the funds of the Śląskie Voivodship's Regional Operational Programme to cover the financial contribution of municipalities required for their participation in the governmental programme. The outcome of this arrangement is the announcement of call for proposals as part of the Śląskie Voivodship's Regional Operational Programme (submission date: 28 February 2020), which will provide the most polluted municipalities of the Śląskie Voivodship (the total of 16 municipalities) with their own contribution required for the implementation of low-carbon projects.

Starting from July 2019, the Ministry of the Environment (currently the Ministry of Climate) has been entering into agreements with municipalities on the implementation of low-carbon projects through the National Fund for Environment Protection and Water Management (NFOŚiGW) and voivodship-level funds as part of the Priority Programme called 'Clean Air'. By 21 February, 646 agreements were signed.

Additionally, as part of the '*National Advisory Support System for the Public, Commercial and Housing Sectors in the field of energy efficiency and RES*' project, Energy Advisers of the National Fund for Environmental Protection and Water Management provided assistance in all regions of Poland to potential applicants who wished to apply for funds from the 'Clean Air' Programme. The above advisory activities were financed from the funds of the Operational Programme Infrastructure and Environment 2014–2020, as part of Sub-measure 1.3.3.

The advisers still support local communities by explaining how to fill in an application for funding and by clarifying technical aspects relating to individual investments aimed at effective energy management in single-family houses, in particular in relation to the replacement of obsolete boilers to low-carbon solutions, methods of thermal upgrading and potential savings in household budgets.

By means of the ordinance of 8 October 2018, the *Team for the Establishment of the Heat Market Functioning Model* was set up by the Minister of Energy to, among others, provide an assessment of the functioning of the heat market in Poland. Recommendations were prepared concerning the directions of the implementation of Directive 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (RED II), which specifies the targets on the use of renewable energy sources for 2021–2030 and Directive of the European Parliament and of the Council of 11 December 2018 on energy efficiency (EED), as well as assumptions concerning, among others, the rules of cooperation among heat market players.

The implementation of RED II and EED directives will determine, to a large extent, the new heat market model in Poland. The changes arising from the aforementioned legal acts will specify, inter alia, manner of implementing the obligation to green the heat sector in Poland, including through district heating sector, level of participation in the achievement of the target set in relation to specific sub-sectors (district heating, individual heating, industry), and tools to perform such activities. Additionally, methods of achieving the target relating to energy efficiency improvement in this sector will be indicated.

Currently, work is pending on a document entitled ‘Heating Development Strategy’, in which the framework of the new heating market model will be set. The schedule of work on the document depends on the scope of work entrusted to the *Team for the Establishment of the Heat Market Functioning Model*, which is currently the subject of governmental analyses, and on the direction of actions proposed by the Ministry of Climate.

Additionally, on 23 November 2019, the Act of 16 October 2019 entered into force amending the Environment Protection Law and Certain Other Acts (Journal of Laws [Dz.U.] of 2019, item 2166), which introduced changes, effective from 1 January 2020, to Article 33(2) of the Act of 7 July 1994 – Construction Law (Journal of Laws [Dz.U.] of 2019, item 1186, as amended) by adding a legal provision under which it is obligatory to enclose to a building permit application a designer’s statement, whose untruthfulness may result in criminal liability, on the possibility of connecting the designed building construction to the existing district heating in accordance with the conditions specified in Article 7b of the Act of 10 April 1997 – Energy Law. The aim of the amendment is to introduce the requirement to verify, already at the stage of designing a building, whether such building may be connected to the existing heat network and, if such possibility exists, to design it in a manner taking into account such connection.

Since February 2019, pilot care over beneficiaries has been carried out as part of the oncological network (the first stage), which consists in establishing oncological centre networks in Dolnośląskie and Świętokrzyskie Voivodships. The Regulation of the Minister of Health of 2 October 2019 amending the Regulation on the Pilot Programme for Care over Patients within the Oncological Network (Journal of Laws [Dz.U.] of 2019, item 1902) extended its pilot programme to two next voivodships – Podlaskie and Pomorskie. Currently, the end of the implementation of such pilot care programme over beneficiaries within the oncological network is scheduled for Q4 2021. The findings from the pilot programme will be used to develop a draft Act on the National Oncological Network, which will ensure access to coordinated oncological care for patients from all voivodships. Due to the extension of the pilot programme to two more voivodships, the date of drafting and adopting the Act on the National Oncological Network has been postponed. Work on the aforementioned Act will start in Q4 2020.

As far as comprehensive benefits in the area of hemato-oncological care are concerned, a draft regulation has been prepared amending the Regulation of the Minister of Health dated 22 November 2013 on Guaranteed Benefits in the Area of Hospital Treatment (Journal of Laws [Dz.U.], item 1520, as amended). The provisions of the draft are subject to on-going consultations within the Ministry of Health. Delays in proposing comprehensive benefits in the area of hemato-oncological care arise from the difficulties in estimating the costs of implementing changes provided for in the regulation

amending the Regulation of the Minister of Health dated 22 November 2013 on Guaranteed Benefits in the Area of Hospital Treatment (Journal of Laws [Dz.U.], item 1520, as amended).

As for the [pilot programme for the new organisational model for coordinated primary healthcare POZ+ implemented through changes in the primary healthcare model](#), the process of adjusting the organisational and technological structure of primary healthcare (POZ) to the conditions of model implementation was initiated by technological and organisational grants provided by the National Health Fund to 42 primary health care facilities participating in the pilot programme of the new model of coordinated care (POZ+).

Additionally, steps were taken to create and expand the OOK Platform, being a tool of mutual cooperation between the payer and healthcare providers for the purposes of pilot implementation of the model. The steps in question included, among others, the expansion of the information web portal of the OOK Platform, including: benchmarking of contractors performing health checks, illness management – reports in a descriptive and graphic form, filling in a tab on good practices and statistics for the project on an on-going basis, human story, informing on the planned patient surveys.

As far as the monitoring of the quality of care at the project level is concerned, the tasks performed are related to monitoring and evaluating, in accordance with the provisions of the agreement between the National Health Fund and the World Bank, and questionnaire-based surveys are carried out, such as: PROM Patient reported outcome measure), PREM Patient reported experience measure), PAM Patient activation measure) to verify customer satisfaction.

Chapter 5.2 Employment target

As for the [zero personal income tax rate for employees under 26](#), the Act of 4 July 2019 entered into force on 1 August 2019, amending the Act on Personal Income tax, the Act on Family Benefits and the Act on Healthcare Benefits Financed from Public Funds (Journal of Laws [Dz.U.], item 1394).

The personal income tax exemption applies to people under the age of 26 employed under the contract of employment and the contract of mandate. Additionally, the tax exemption applies to the revenue below the threshold of PLN 85,528 in a financial year (the assumed amount was PLN 42,764). Ultimately, the solutions entered into force on 1 August 2019 and covered also the amounts deducted for PIT withholding purposes. This is earlier than assumed in the National Reform Programme 2019/2020, where Q3 2019 was indicated.

In comparison to the provisions of the National Reform Programme 2019/2020, financial implications for 2020 has changed as they were supposed to amount to PLN 1.7 billion, while according to the impact assessment conducted for the draft of the Act adopted, the financial implications are estimated to be PLN 950 million in 2019 and PLN 2.5 billion in 2020.

This solution will have a positive impact on the activity of young people gaining their first professional experience (including those who simultaneously attend universities). For years, Poland has been witnessing low labour market participation rate in comparison with the EU average (approx. 35.1% and approx. 41.6%, respectively)¹⁴. Higher disposable income among persons under the age of 26 may contribute to improved economic stability, allowing this group to become independent faster, which is very important for this age group. This solution may also serve as an incentive to pursue a professional career in Poland and as a factor encouraging young people to return to the country from economic migration.

As part of the measure aimed at [reducing a tax wedge in personal income tax](#), the Act of 30 August 2019 entered into force on 1 October 2019, amending the Act on Personal Income Tax and the Act

¹⁴ 15–24 age group, data from 2018.

amending the Act on Personal Income Tax and Certain Other Acts (Journal of Laws [Dz.U.], item 1835).

In comparison to the provisions of the National Reform Programme 2019/2020, the proposed additional threshold of PLN 42,764 with the 17% PIT rate was replaced with the reduction of the rate from 18% to 17% within the existing PIT threshold of PLN 85,528.

Additionally, the National Reform Programme 2019/2020 provided for financial implications in the amount of PLN 8.7 billion in 2020, while according to the impact assessment conducted for the draft of the Act adopted, financial implications will amount to PLN 9.7 billion in 2020, while the amount in 2019 was estimated to PLN 2.7 billion.

The objective of these amendments is to make contracts of employment more attractive, thus limiting precarious forms of employment. Another objective is to increase disposable income of persons paying personal income tax and settling their tax liabilities with the use of the tax scale (employees, old age and disability pensioners), which will result in increase in consumption. In the light of increased tax-deductible expenses, it is also expected that the issue of in-work poverty will be mitigated as its level in 2017 was approx. 10%.

On 10 February 2020, the non-competitive project entitled 'Inclusion of the excluded – active instruments supporting the activity of people with disabilities in the labour market' was approved for funding under Measure 2.6 *High quality of policy for social and professional inclusion of people with disabilities* in the Operational Programme Knowledge Education Development 2014–2020. Due to the ongoing work on the partnership agreement, there was a shift in the schedule of implementation for the project.

The Act establishing the Bus Transport Development Fund of public utility of 16 May 2019 entered into force on 18 July 2019 (Journal of Laws [Dz.U.], item 1123). The aforementioned act serves to implement the task entitled '[Restoration of local bus connections](#)'.

As a result of two calls for applications for support from the Bus Transport Development Fund of public utility in 2019, 1,500 bus connections were granted financing. In 2020, the support was provided to 1,741 connections.

As far as [social economy](#) is concerned, a programme promoting social economy among children and young people, including school communities, was developed, and so were the tools to implement the programme at the level of primary schools. In 2019, a call for proposals was ended and an agreement was signed with an economic operator which will prepare an educational package for teachers and carry out a pilot programme in 50 high schools under Measure 2.9 of the Operational Programme Knowledge Education Development. In 2019 the steering committee of this project held a meeting at which key organisation matters were arranged. Additionally, an analysis of similar documents was initiated as such analysis was necessary for the purpose of preparing a package on social economy. In 2020, work on the programme promoting social economy addressed to high schools will be continued.

On 31 May 2019, the BGK announced a tender procedure to select financial intermediaries providing loans within the National Social Entrepreneurship Fund. The tender procedure led to the selection of intermediaries and the agreements were signed in September 2019. The selected financial intermediaries carried out wide-ranging activities aimed at providing loans to end users, i.e. Social Economy Entities from all over the country. By the end of 2019, 920 jobs were created at Social Economy Entities and 743 loans for the total amount of PLN 83 million were provided.

In Q3 2019, the Council of Ministers adopted a report on the implementation of the Act on Childcare for Children under 3 for 2018.

Chapter 5.3 R&D investment target

Information on the measures such as: [Łukasiewicz Research Network and Virtual Research Institute](#) is included in Chapter 6 of this document.

The implementation of the measure entitled [Technological foresight of the Polish economy by 2040](#), covering additional, indirect expert analysis on the capacity and activity of enterprises and research institutions in terms of technological development and the identification of development trends was postponed due to the lack of economic operators that would satisfy the conditions set for the tender or the lack of bids for such analysis.

The expert analysis in the field of resources, activity and achievements of enterprises in the area of creating and developing technology will be completed in Q2 2020, while the next *Analysis in the field of resources, activity and achievements of enterprises in the area of creating and developing technology* will be commissioned in Q2/Q3 2020 after consultations with experts and the introduction of changes to the contract.

On 30 December 2019, a contract agreement was signed with the economic operator for the *Analysis in the field of resources, activity and achievements of enterprises in the area of creating and developing technology*, while the preparation of the analysis was postponed to Q1 2020.

As part of the measure entitled [Key National Clusters](#), the process of submitting applications within the Call for Proposals for the Key National Clusters status was ended on 30 May 2019 and in Q2 2019 formal and parameter-based assessments were carried out. Subsequently, in Q3 2019, expert panel meetings were held. The process of application assessment was completed on 12 August 2019. The results were announced on 10 September 2019 during the Regional and Economic Diplomacy Summit. The Working Group for Cluster Policy started work on a report summarising the Group's efforts and defining the directions of cluster policy development in post-2020 Poland. The call for proposals for the Key National Clusters status is conducted in order to strengthen concentration of efforts and resources of the central administration on a specific group of Key National Clusters (KNC), identified through an open call for proposals, understood as highly internationally competitive clusters that are of significant importance for the national economy. The Key National Clusters are identified at the national level, inter alia, on the basis of criteria concerning: critical mass, development and innovation capacity, earlier and planned cooperation, as well as experience and capacity of the coordinator.

On 2 July 2019, the Council of Ministers adopted a [draft act amending the Industrial Property Law](#). The Act entered into force on 27 February 2020. The measure aims at encouraging entrepreneurs to more conscious and economically profitable use of their own and others' intellectual property rights. In terms of the required legislative changes, the project is implemented by two legal acts amending the Industrial Property Law. The first act, which entered into force on 16 March 2019, implements the provisions of the European Union law and includes solutions that aim at improving the competitiveness of the national system within proceedings before the Patent Office of the Republic of Poland in relation to the European Patent Office and the European Union Intellectual Property Office. On the other hand, the act amending the Industrial Property Law implements solutions that aim at adapting its provisions to EU and international standards. Another objective is to reduce the costs of proceedings initiated to obtain protection of intellectual property rights by strengthening competitiveness among professional representatives involved in such proceedings. The amendment also aims at raising SMEs' awareness of the significance and value of their intellectual property rights and ensuring effective use of such rights in the enterprise development strategy.

The Act of 19 July 2019 amending the Code of Commercial Companies and Certain Other Acts (Journal of Laws [Dz.U.], item 1655) was adopted, by which the concept of a [simple joint-stock company](#) was introduced. The Act will enter into force on 1 March 2021. The aim of this initiative is to facilitate the operation of start-ups in Poland. These are projects implemented most often in the

area of new technologies, under the conditions of high market uncertainty, which are at the stage of searching for a repeatable and scalable business model. With the simple joint-stock company, requirements that refer to establishing a company and operating it were reduced to a minimum. Due to a simple registration process, flexible capital structure and possibilities of choosing an optimum system of bodies, the proposed solutions should facilitate taking up business activity to all those who base their business idea on knowledge and possess skills necessary to improve this idea. Importantly, a simple joint-stock company is available to investors planning to initiate business activity in any industry, excluding exceptions arising from special provisions, and its existence is not limited in time.

As part of [research and development work in the area of nuclear technologies](#), due to the negative opinion of the Strategic Analysis Centre and research institutes (other than the National Centre for Nuclear Research) which were supposed to be subject to reorganisation processes (IChTJ, CLOR, IFPiLM), work on the draft Act establishing the National Nuclear Energy Laboratory has been suspended indefinitely.

Talks with potential industrial partners held in 2018 and 2019 did not result in signing an agreement on the establishment of the Research and Industrial Centre at the National Centre for Nuclear Research, which was responsible for the implementation of the HTGR in Poland.

On 20 September 2019, the National Centre for Nuclear Research entered into an agreement with the Japan Atomic Energy Agency on cooperation in the area of research and development concerning HTGR technologies. The agreement defined the following areas of research cooperation: materials tests, security analyses for a nuclear and chemical installation (PRA – Probabilistic Risk Assessment); neutron and thermal-flow simulations and analyses; cooperation in terms of training sessions and seminars.

The analyses of HTR technology as part of the Gospostrateg-HTR programme started on 1 February 2019. The work is financed by the National Centre for Research and Development and carried out by the consortium composed of: the Ministry of Climate (as a consortium leader), the National Centre for Nuclear Research (NCBJ) and the Institute of Nuclear Chemistry and Technology (IChTJ). The subject of Gospostrateg-HTR analyses is 'preparation of legal, organisational and technical instruments to implement HTR reactors', and therefore – in particular – the analysis of legal and technical conditions to be met by the reactor.

Chapter 5.4 Climate change and energy sustainability target

As part of introducing [administrative and systemic facilitating solutions for RES energy producers](#), on 25 June 2019 the Council of Ministers adopted a draft act amending the Act on Renewable Energy Sources and Certain Other Acts. The Act was adopted by the Sejm on 19 July 2019 (Journal of Laws [Dz.U.], item 1524) and entered into force on 29 August 2019. The objective of the Act is to implement additional actions that aim at achieving the target of 15% of renewable energy source contribution to the gross final consumption of energy by 2020.

The Act on Renewable Energy Sources enabled auctions for the purchase of RES electricity in 2019. By contributing to further harmonisation of legal environment and the RES market, the Act is a strong impulse for its development and contributes to directing regulatory activities towards the implementation of national commitments in terms of RES. As part of the RES electricity auctions held in 2019 five auctions were ended and more than 90 TWh of electricity were sold with the total value of slightly more than PLN 20.5 billion (including more than 77 TWh contracted in installations using onshore wind energy and approx. 12 TWh in installations using solar energy). Following the results of auctions in 2019, approx. 3,100 MW of new capacity will be installed in RES installations, out of which 2,300 MW in onshore wind energy installations and 750 MW in photovoltaic installations, while the remaining amount will be accounted for by biogas, biomass and hydroelectric plants.

The sale of electricity generated in new RES installations is planned in 2020, which will result in the creation of, among others, onshore wind power stations with the capacity of 800 MW and

photovoltaic power plants with the capacity of 1.5 GW (including 800 MW in installations up to 1 MW).

As part of the measure entitled [Polish Nuclear Power Programme](#), in Q4 2019 a dialogue with the technology providers on building nuclear units with the total capacity of 6–9 GWR was held within the first stage of tender procedure for the selection of the technology provider.

The date of initiating work on the draft Act on the Preparation and Performance of Investments in Nuclear Energy Facilities and Accompanying Investments and the date of adopting the draft by the Council of Ministers have been postponed to Q4 2020 due to failure to introduce the draft act into the list of legislative assignments of the Council of Ministers.

Also the date of adopting the update of the Polish Nuclear Power Programme by the Council of Ministers has been postponed to Q4 2020 due to the pending work on the Energy Policy of Poland until 2040, the assumptions of which will be included in the Polish Nuclear Power Programme.

In Q4 2019, the PGE-EJ1 company carried out work in the area of environmental assessment for nuclear power plant purposes, such as seismic activity monitoring, on-shore geological studies (for nuclear power plant main buildings locations) and off-shore geological studies. Location site studies are scheduled for 2020/2021.

The Ministry of Climate (earlier: the Ministry of State Assets), supported by the Structural Reform Support Programme, runs a project addressed to small and medium-size enterprises to raise their awareness in the area of energy efficiency improvement. In particular, it aims at promoting energy audits at enterprises and investments in the area of energy efficiency. One of the outcomes of the project was a report entitled: *Literature review accompanied by the analysis of existing financial instruments and support measures for investments in energy efficiency for SMEs in Poland and selected EU Member States*. Five regional meetings were held to discuss support instruments for pro-saving actions to be taken in small and medium-size enterprises in Poland. Currently, work is pending on the organisation of an international workshop session during which instruments used for supporting SMEs in selected EU Member States will be presented. Subsequently, recommendations for authorities on financial instruments encouraging investing in energy efficiency will be prepared.

Chapter 5.5 Educational targets

As for the measure entitled [Inclusive Education](#), educational and teaching materials concerning the model of training and counselling are prepared on an ongoing basis. Currently, the following activities are on-going: preparation of staff (models are being developed for the purpose of training staff and creating institutions to support the staff of inclusive education (Specialised Inclusive Education Support Centres)); development of diagnostic tools and educational materials for students and preparation of teaching materials for teachers, counsellors, psychology and pedagogy centres staff and school staff (as part of four projects run under the Operational Programme Knowledge Education Development); pilot implementation of assistant service for students with special educational needs (as part of the Operational Programme Knowledge Education Development).

Conceptual work on an expert document entitled ‘The Model of Education for All’ has been completed. The project run by the Ministry of National Education and supported through the Structural Reform Support Programme provides for the preparation of legal and organisational solutions that aim at improving the quality of inclusive education in Poland. The implementation of the project is divided into two stages, the first of which has been already finished. Its objective was to draft 16 recommendations on changes that need to be introduced in the Polish education to improve its inclusiveness. The recommendations were drafted by the European Agency for Development in Special Needs Education in cooperation with the Ministry of National Education.

The objective of the second phase is to prepare assumptions for the draft Act that will regulate the inclusive nature of the Polish educational system.

As for the activities arising from the measure entitled [Integrated University Programmes](#), 305 projects are implemented as a result of the two calls for proposals within the Integrated University Programmes and the Integrated University Programmes for Regional Development. The projects implemented within the Integrated University Programmes and the Integrated University Programmes for Regional Development will contribute to the improvement of the academic staff's competence, the provision of better education to students and the adjustment of curricula to the requirements of the changing social and economic environment. They will also allow for greater use of Polish higher education institutions' potential. The implemented programmes will undoubtedly raise the level of education and, at the same time, they will develop knowledge and skills of future generations that will create a scientific base on a national and regional scale. The implementation of the projects submitted within the call for proposals will be beneficial for higher education institutions and for students, as well as for the labour market, which will be entered by graduates able to meet the requirements of the modern knowledge-based economy.

Information on the implemented measures entitled: [Integrated Skills Strategy](#), [‘School for Innovators’](#), [Teaching Initiative of Excellence](#), and [Industrial Doctorate](#) is included in Chapters 5 and 6 of this document.

Chapter 5.6 Poverty and social exclusion target

The [‘Family 500+’ Programme](#) was modified in 2019. On 1 July 2019 an amendment of the Law on State support in bringing up children (establishing the ‘Family 500+’ Programme) entered into force to enable applying for a benefit for bringing up a child (so-called 500 Plus) irrespective of the family income. From the same date applications were accepted for the establishment of the right to the benefit for bringing up a child in the new benefit period, including applications for the first child without income criterion. In July payments for the benefit for bringing up a child without income criterion being taken into account were initiated and payments for other eligible children were continued. As at the end of 2019, the support under the ‘Family 500+’ Programme was provided to 6.4 million children under the age of 18, including children under foster care. PLN 31.2 billion was spent from the State budget on the programme in 2019. When analysing the impact of the 500+ Programme on the situation in the labour market, it should be pointed out that in Q2 2019 higher labour market participation rates and employment rates, as well as lower unemployment rates were witnessed among the parents of children living in households without the 500+ benefit, both among women and men. Nonetheless, this situation is determined mostly by high disproportions relating to households with one child, where the employment rate of women from households receiving the 500+ benefit was 48.0%, and without the 500+ benefit – 83.2%. In the case of two children, the rate was similar or even higher – it was 72.0% vs. 71.0% for households with two children.

Under the [Pension Plus](#) programme, pursuant to the Act of 4 April 2019 on Non-recurring Cash Benefit for Old-Age and Disability Pension Beneficiaries in 2019 (Journal of Laws [Dz.U.], item 743), an additional benefit (so-called 13th retirement pension) was paid to retirement and disability pension beneficiaries in Q2 2019. This additional benefit is a part of reducing financial differences in the society and increasing consumption in relative terms. Under the Act of 9 January 2020 on Additional Annual Cash Benefit for Old-Age and Disability Pension Beneficiaries, which entered into force on 28 February 2020, the so-called 13th retirement pension was introduced and granted to all retirement and disability pension beneficiaries. The benefit in 2020 is PLN 1,200 gross. The first payments were made on 1 April this year. The benefit will be paid each year.

To launch [modern tools to support the activity of people with disabilities – Accessibility Plus](#), *the Act of 19 July 2019 on Ensuring Accessibility for People with Special Needs* (Journal of Laws [Dz.U.], item 1696) entered into force on 19 September 2019, which will coordinate the process of accessibility improvement, make it more effective and overcome sectoral barriers. The Act specified minimum requirements in architectural, digital and information and communication accessibility that, if

satisfied by public institutions, including local governments, are supposed to improve the level of accessibility in the entire public sphere and wherever public funds are used. Funds employed in the implementation of the programme were allocated to the activities carried out by the Ministry of Funds and Regional Policy, the Ministry of Infrastructure, the Ministry of Family, Labour and Social Policy, the Ministry of Digital Affairs, the Ministry of Internal Affairs and Administration, the Chancellery of the Prime Minister, the Ministry of Health, Bank Gospodarstwa Krajowego, State Fund for Rehabilitation of Disabled People [PFRON], as well as Managing Authorities and Intermediary Institutions responsible for regional and national operational programmes within the multiannual financial framework 2014–2020. These are measures that aim at improving accessibility, among others, at primary schools, universities, healthcare institutions, hospitals and railway stations. Financed services include assistance and care services for dependent persons, including persons with disabilities, de-institutionalised services for people with mental disorders and illnesses, individual door-to-door transport within municipalities, and the mobile alert application that enables the deaf and hard of hearing people to use 112 emergency number, creation of the training system for guide dogs, implementation of public services for people with special needs on the basis of foreign solutions or internship and employment programmes for people with disabilities in public administration and public service. The Act also established the Accessibility Fund – an instrument used for the financing loans granted for the adjustments of residential and public use buildings.

On 14 December 2019, the non-competitive project entitled *‘Active disabled people – instruments supporting the independence of people with disabilities’* was approved for funding under Measure 2.6 *High quality of policy for social and professional inclusion of people with disabilities* within the Operational Programme Knowledge Education Development 2014–2020. Due to the ongoing work on the partnership agreement, there was a shift in schedule of implementation of the project.

2. Opinions of socio-economic partners on the documents of 2020 European Semester

In the course of the European Semester, socio-economic partners were informed of documents published by the European Commission. The Independent Trade Union (NSZZ) 'Solidarność' and the All-Poland Alliance of Trade Unions (OPZZ) submitted their remarks concerning the Commission Communication on [Annual Sustainable Growth Strategy 2020 \(ASGS\)](#).

The NSZZ 'Solidarność' welcomes the statement that in the context of implementing structural reforms, while implementing sustainable development goals, benefits should be shared and costs must not be borne by the most vulnerable. For this reason, the reforms should be accompanied by the creation of new, safe jobs, as well as public and private investments in training, re-qualification and innovations. Acknowledging that in many places the document provides for an adequate diagnosis of issues and proposes suitable recommendations, the trade union emphasises at the same time the problem of low salaries, in spite of their real increase. According to the trade union, one of basic steps towards economic growth should be a higher real wage growth and income growth in the group of households which are in the middle of income distribution, with the best path to achieve it being collective bargaining which allow for salaries to be increased in a foreseeable and just manner. The trade union also emphasises that the adequate level of household income is a pre-condition of pro-environmental consumer choices. In relation to the role of standardisation in the achievement of sustainable development, the trade union emphasises that the standards, being the soft instruments of convergence, cannot replace EU legislation or divert attention from transparent legislative processes and social dialogue, and therefore, they should be used exceptionally and complementary towards legislation.

The All-Poland Alliance of Trade Unions (OPZZ) expresses a positive opinion on the direction of the EU policy for the next years indicated in the document, in which – on the basis of the UN 2030 Agenda, the European Green Deal and the European Pillar of Social Rights – matters relating to sustainable development and citizens' welfare are foregrounded. At the same time, it points out that the European Semester may be used to monitor the implementation of the 2030 Agenda and the European Pillar of Social Rights, but the analysis of its earlier functioning should be carried out in terms of its effectiveness in the implementation of the Europe 2020 strategy and CSR, as well as the real involvement of social partners in this process. This would serve to improve the effectiveness of EU economic process management in the years to come.

The OPZZ welcomes putting in the heart of the EU economic programme an industrial strategy whose key element is the protection of industrial sectors against unfair competition in the process of climate-related economic transition. In this context, the OPZZ believes that the European Commission should carefully consider the recommended change of the system of subsidies supporting certain energy sources by looking for a compromise between stimuli to pro-ecological investments and maintaining competitiveness. While welcoming the initiative of earmarking EU funds for just transition, the OPZZ emphasises that this should not affect negatively the amount of funds to be allocated to the cohesion policy.

In its opinion, the OPZZ shares the European Commission's concerns about in-work poverty and expects that greater emphasis will be put in country reports on the verification of the states' actions that aim at making dignified labour and decent salary reality, as well as on the review of the use of public procurement in terms of the achievement of Social Development Goals. The trade union also supports the Commission's initiative on a just minimum wage in the EU and expects further work in this regard. Given the scale of investment needs in the area of climate policy, the OPZZ finds it necessary to analyse the functioning of the Stability and Growth Pact to create an area for the effective implementation of the objectives of the EU strategy. Sharing the European Commission's

view on the need to prioritise public spending that encourages long-term economic growth and investments in public services and the remark included in the Annual Sustainable Growth Strategy concerning the insufficient capacity of public administration and qualifications of its officers, the OPZZ emphasises the need to ensure adequate investments in salaries in the public sector

The NSZZ „Solidarność”, the OPZZ, the Polish Craft Association (ZRP), and the Union of the Voivodships of the Republic of Poland (ZWRP) have submitted their opinions on the Commission staff working document entitled ‘Country Report – Poland 2020’.

Firstly, the NSZZ reiterated its claims made in its opinions on country reports from previous years, relating among others to: strengthening the innovativeness of the economy, building a system of life-long learning, cooperation between business and academia, curtailing competition based on low salaries, strengthening the system of collective bargaining, housing policy, monitoring of migration and immigration processes, consultations with social partners in the legislative process. In relation to the call for ensuring better cooperation between the social policy and the health policy, the NSZZ points out that this requires higher salaries in the public sector, in particular in the area of social welfare. Having welcomed the inclusion of the monitoring of the European Pillar of Social Rights in the Report, the NSZZ urges that the strive for convergence should apply not only to the economic sphere, but also to the social sphere.

In response to the problems of the labour market, the NSZZ points out that, irrespective of the lower unemployment rate, the quality of employment remains an issue. In particular, the trade union disagrees with the European Commission’s claim regarding the existence of barriers in applying more stable forms of employment. According to the NSZZ, these are not barriers, but numerous incentives to use atypical contracts and self-employment which encourage the departure from contracts of employment. Besides, the State did not equip the National Labour Inspectorate with tools that would enable the effective enforcement of labour law or the verification of whether self-employment is justified. In this context, the trade union refers also to the concept of the contract of employment for the purpose of harvesting in agriculture, where there are no standards to ensure occupational health and safety. Among causes of low employment rates in Poland in comparison to the EU, the trade union points, among others, lack of responsible attitude of employers towards age management, barriers to the professional integration of people with disabilities caused by the regulations of the disability pension system, inadequate institutional support in terms of providing care for children and the virtual lack of a long-term care system. According to the trade union, in spite of the significant improvement of youth employment rate and the decrease in youth unemployment rate, the Youth Guarantee scheme should be continued.

In the area of social policy, the NSZZ referred firstly to the problem of the higher rate of extreme poverty witnessed in Poland in relation to households with children. According to the trade union, by making the 500+ benefit universal, the Government ignores the role of benefits addressed to the poorest families, i.e. so-called family benefits, which are not indexed. In the opinion of the trade union, such duality in benefits for families is very harmful to the system, and, above all, very expensive. An additional problem is the fact that the development of childcare services is not as dynamic as the increase in expenses to support families. The trade union shares the view that the situation of carers for people with disabilities has not improved and has doubts relating to the fact that the Solidarity Fund is used to finance the thirteenth retirement pension. The trade union finds it necessary to support employees and their families with low income by decreasing their tax burden. In particular, the tax-exempt amount should be increased. Similarly as in previous years, in view of the trade union, which is opposite to the position of the European Commission, lowered VAT rates for selected products are an important instrument to support the poorest and families.

According to the NSZZ, the diagnosis included in the report indicates that the European Commission fails to understand the specificity of the Polish housing market. Therefore, it points out that housing

resources are limited, and many households do not have access to affordable apartments, while social housing is largely under-invested.

The NSZZ has a negative opinion on the so-called European Green Deal. In the opinion of the NSZZ, the implementation of the economic transformation in the shape and pace proposed by the European Commission will bring extremely detrimental effects to the Polish economy and it will contribute to a permanent deterioration in the quality of life of citizens. According to the trade union, the transition towards the low-carbon economy may bring positive results only if all available technologies and energy carriers are used, without excluding financing options for the development of modern technologies based on solid fuels. The NSZZ points out to the fact that the submitted document is a long-term strategy and for this reason it should contain a strategic analysis of its environmental impact and the assessment of social and economic impact for specific Member States, and that it should be subject to social consultations in accordance with the requirements applicable to EU legislation.

The NSZZ agrees with the European Commission in its assessment of the social consultation process, which was presented in the annual White Book prepared by the trade union, i.e. a report on violations of social consultation rules. The trade union notes the need for strengthening a trilateral social dialogue in Poland and reiterates that it is necessary to establish the Social Dialogue Council at an entity independent of the government (e.g. Social Dialogue Advocate).

In response to the assessment of Poland's progress towards the achievement of Sustainable Development Goals, the All-Poland Alliance of Trade Unions firstly raises doubts as for the number and type of indicators taken into account by the European Commission in the assessment. For instance, in the case of Goal 8. *Decent work and economic growth*, only two targets apply to the situation of employees and it is impossible to fully assess whether the criterion of decent work is satisfied. The alliance also points out to the fact that the European Commission did not specify the target value of indicators, as it did in the Europe 2020 strategy. The OPZZ also has some doubts concerning the assessment of progress in the implementation of the recommendations issued by the EU Council, which is based mainly on the analysis of actions taken and not their effectiveness. According to the alliance, the European Commission generally assessed the economic situation of the country correctly. According to the OPZZ, essential for economic growth are public investments, which should stimulate the economic activity of companies. The Government should invest more in science, education, innovations and support for entrepreneurship, using the system of public procurement for this purpose. It is also necessary to ensure better stability of law, higher quality of legislation and proper mode of enacting them (the OPZZ agrees with the European Commission that the quality of social consultations has not improved).

In view of Poland's distance to the EU average in the efficiency of work, as referred to in the Report, the OPZZ notes that differences in efficiency between small and large enterprises should be a guidance for tax policy. Therefore, it points out that targeting tax reliefs at micro enterprises and small enterprises may prove disadvantageous for the growth of the economy's innovativeness. In this context, it also points out that in spite of wage growth, it is still the cost advantage that decides on the competitiveness of the national economy. Due to the persistent scale of in-work poverty, according to the OPZZ, it is necessary to raise salaries, including the minimum wage, whose growth does not reflect the growth of GDP in recent years and work effectiveness. One of solutions to improve the situation relating to salaries is to increase the importance of social dialogue and employee participation within companies. It is also necessary to implement solutions which will make the principle of equal pay for equal work at the same place real. In response to the assessment made in the Report of the labour market situation, the OPZZ notes that in spite of the low unemployment rate, the distribution of unemployment in Poland is not equal and there are still areas where the unemployment rate exceeds 20%, which requires urgent intervention operations.

In reference to the opinion of the European Commission concerning the need to improve the quality of public policies and lack of a strategy in Poland to ensure equal access to high quality and sustainable social services, the OPZZ emphasises that it is necessary to increase investments in public services, including salaries in the public sector. In this context, the alliance does not agree with the assessment concerning a high increase in the salaries of public administration officers in 2019 and 2020, and reminds that the salary growth in the public sector has been frozen since 2011. The OPZZ agrees that the progress in increasing the effectiveness of public spending is limited, while circumventing the expenditure rule weakens the budgetary framework. The OPZZ is concerned that special-purpose funds from the state budget are spent not in line with the objectives of the funds in question, and names, among others, the Labour Fund to illustrate its point. According to the alliance, the recent changes in the tax system have not contributed to the improvement in social equity in terms of tax burdens, and it calls for a greater tax progression and a lower tax wedge for people with relatively low remuneration; it is also necessary to make all income subject to taxes and social insurance contributions in order to promote contracts of employment. The OPZZ would expect that the Report focuses more on housing policy matters, and it calls for a housing policy addressed to people with the lowest income.

In response to the statement made by the European Commission regarding the fact that Poland made a limited progress in the reform of the retirement pension system and in ensuring its stability, the OPZZ points out that it is necessary, inter alia, to take steps to extend the possible period of professional activity, to grant retirement pension rights after a specific number of years in employment and to introduce special, but not expirable as today, retirement rules for persons working in onerous conditions causing a permanent deterioration in health.

Having noted that the Report is highly focused on the national challenges relating to the achievement of EU climate targets, the OPZZ states that it is necessary to ensure the highest possible funds for the Just Transition Fund without the EU funding under cohesion funds being affected. The alliance emphasises at the same time that EU funds should support Member States facing the biggest challenges in the implementation of the climate policy, while national measures should be implemented within the framework of the EU policy oriented towards the strengthening of industrial competitiveness and protection of the EU internal market against the products from countries which do not follow environmental standards. Additionally, it is necessary to work out a comprehensive protection policy targeted at vulnerable social groups to protect them against energy poverty.

The ZRP notes in its remarks, firstly, that similarly as in the previous years it does not share the critical opinions on Poland's progress towards the limitation of excessively applied reduced VAT rates by pointing out that the unification of VAT rates cannot be perceived as a solution to improve the effectiveness of tax collection. The ZRP also notes that the majority of products and services listed on the preference rate list are products and services focused on local markets. Therefore, in their cases, the application of lowered VAT rates does not cause any distortion of competition within the EU market. The ZRP reiterates its previously voiced concerns that some of the implemented or planned solutions that aim at improving the compliance with VAT tax regulations will turn against diligent taxable persons on whom excessive bureaucracy, difficult to manage in particular for small companies, was imposed.

In response to the matter of increasing the level of private investments, the ZRP points out that, so far, small companies have been taking advantage of EU funds and programmes to a very limited extent. Therefore, it calls for taking steps, within the Multiannual Financial Framework 2021–2027, to increase investments in small companies with the use of EU funds, for example through simplifying application procedures even more and through increasing the pool of funds to be spent exclusively on support for micro enterprises. At the same time, according to the ZRP, the main barrier to increase of private investments is that the Government pursues its policy of building consumer welfare at the cost of reducing financial capacity of enterprises. The ZRP believes that an optimum solution for SMEs would be the introduction of investment tax reliefs, which for smaller enterprises

should be based not on the criterion of innovativeness and competitiveness, but, for example, on the number of jobs created, provided that the economic effectiveness of the project is maintained.

In response to the matter of education quality improvement, the ZRP notes that only some of newly implemented solutions are quality-focused, while some of them even go against the rules of improving the quality of education. Among the examples of bad solutions, the ZRP names the shortening by half of the time of pedagogical course for candidates for practical vocational training instructors, constant striving for promoting technical school education (while unemployment among technical school graduates is as high as 30%), and marginalising craft apprenticeship (including attempts to eliminate journeyman and master craftsman exams). The ZRP also points out that employers are increasingly less interested in providing on-the-job training to young employees, which is accompanied by downgrading this form of apprenticeship through unequal treatment in distributing educational subsidies.

The ZWRP provided short opinions from the Marshal Office of three voivodships. Apart from a general remark that the Report accurately reflects the reality of the Polish economy, certain possible explanations and clarifications were provided. In particular in reference to the labour market, it was pointed out that apart from repetitive contracts for a specified period, a significant issue are civil law contracts or forced self-employment, as well as high and still raising staff costs of employment (with an additional perspective of increased minimum wage, while there are no qualified employees and it is necessary to employ 'anyone'). In reference to the energy transition in Poland, it was pointed out that it is necessary to support energy islands / energy clusters and to green local sources of energy – apart from the professional energy sector based on coal, and in the future perhaps on nuclear energy as well, it is worth including dispersed energy generation in strategic documents. In reference to the transformation of mining regions, it was noted that apart from typical challenges mentioned in the Report, such as re-qualification of workers, new jobs, new investment areas within revitalised and renaturalised post-mining areas, new challenges appear in the domain of preparing for such transition people and workers who have been linked to the mining industry for generations by working on their mindset. A response to these challenges should precede the process of closing coal mines or coal-based power plants. This will allow further social shocks, poverty and civilisation exclusion to be avoided. In this context, a request was made to include the Zagłębie Turoszowskie region in Annex D to the Report in order to ensure support for this region in steps that aim at preparing it to the energy transition.