COVID-19 pandemic – current state:
The overall number of SARS-CoV-2 detected cases in Poland approaches 1.5 million as of January 26th, while the number of deaths has exceeded 35,000. The number of tests per million inhabitants remain on the same level – in comparison with EU countries, Poland achieves the second lowest result. Throughout January, the situation regarding the number of new daily infections was fairly stable with no more than 10,000 cases being recorded since mid-January. Nevertheless, Polish government decided to extend the national quarantine until January 31st with the exception of students in grades 1-3 of primary schools who returned to schools on January 18th.

As of January 26th, over 707,000 people have been vaccinated. The vaccination program is being implemented in several stages:

- Stage O [December-January]: healthcare professionals, including students of medical universities, diagnosticians as well as pharmacists
- Stage 1 [January - ]: seniors 80+ and subsequently 70+

Despite the somewhat chaotic registration process, in the last week of January the representatives of the government have confirmed that all available vaccination appointments until end of March 2021 have already been booked. Poland remains slightly below average for the EU in terms of number of vaccination doses administered per 100 people.

National Recovery and Resilience Plan (NRRP):
Despite earlier announcements the government has not published the NRRP in January. Latest information from the representatives of the government confirm that the Ministry is aiming to provide the Plan in Q1 2021 for public consultation and that it is likely to happen in February. Currently the Ministries are working on a process of
transforming the identified priority investment areas into a comprehensive plan of reforms.

**Sectoral Anti-crisis Shield:**

On January 19, the Council of Ministers adopted a regulation extending support from the Sectoral Anti-Crisis Shield (see December's edition of the Monitor) until the end of January 2021. The government will allocate a total of **PLN 5.1 billion (ca. EUR 1.1 billion)** to support companies through instruments such as exemption from paying contributions to Social Insurance Institution (ZUS – Zakład Ubezpieczeń Społecznych) for the next two months, an additional subsidy for micro and small companies up to PLN 5 000 (ca. EUR 1 125), payment of a second idle-time benefit as well as subsidies for employee remuneration.

**Public consultations on EU funds for 2021-2027:**

On January 18th, public consultations of the Partnership Agreement (Umowa Partnerstwa), prepared by the Ministry of Funds and Regional Policy, have been initiated in each voivodeship. The document defines the framework for allocating European funds in 2021-2027 with a particular focus on the EU Cohesion Funds and the Just Transition Fund amounting to EUR 76 billion. Although detailed information has been provided for the allocation of the Cohesion Funds, only the broad allocation framework has been shown for the Just Transition Fund and more details are yet to be revealed by territorial Just Transition Plans.

*Note: the list only reflects information that was disclosed by press, individual companies or government announcements for specific initiatives, hence does not offer comprehensive information on the scale of financial support for the sector and actions undertaken.*

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**1.2 Sectoral insights**

**Mining**

Talks on coal-exit between the Polish government and mining industry continue:

On January 13th, the Polish government and representatives of mining industry and trade unions took part in a meeting to discuss the government’s proposition of a draft of a social contract regarding restructuring strategy for the mining sector. The proposition (5-pager) was rejected by the union representatives. In turn, on 18th January representatives of the mining trade union handed over their own proposal to the Ministry of State Assets. According to the press releases, the proposition envisages i.a. subsidies and financial support for mines currently undergoing decommissioning process, as well as indicates specific shutdown dates for individual mines. Focus is also being placed on system of social protection for employees of the mining sector as well as the development and investments in the “clean coal” technologies. The union’s proposal envisages that listed investment projects will be financed inter alia from the
EU ETS revenues and from the Recovery and Resilience Facility. The second meeting was held on January 25th – after the negotiations it was concluded that additional talks in the form of working meetings with representatives of various ministries are needed. The agreement is expected to be reached by mid-February, however given the current level of progress, further delays are possible.

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**Energy**

**Draft hydrogen strategy until 2030 with an outlook to 2040 presented by the Polish government:**

On January 14th, the Ministry of Climate and Environment submitted to public consultations the project of “Polish Hydrogen Strategy until 2030 with an outlook to 2040”. The strategy provides objectives that include implementation of hydrogen technologies in the energy and transport (500 hydrogen buses by 2025 and 2000 by 2030) sectors. At the same time, the government foresees the role of hydrogen in the decarbonization of heavy industry (the government intends to implement pilot test of hydrogen technologies in steel industry) and outlines a plan to introduce contracts for difference. The strategy embraces all low-carbon hydrogen types – after 2030 the government envisages that H2 will be produced using nuclear energy (what might prove to be unrealistic, given the current delays in the development of nuclear energy in Poland).

**President Duda signs the Offshore Wind Act:**

Signning of the Act by the President on January 22nd completes the legislative process of the Act. The new law regulates the state aid scheme for investors interested in construction of offshore wind farms in the Polish exclusive economic zone in the Baltic Sea. The initial support is expected to be granted in a process of issuing an administrative decision by the President of the Energy Regulatory Office. This phase of the market development will provide 5.9 GW of capacity and first wind farms should begin operation no later than in 2025. Subsequently, in the second half of 2022, the government will introduce an auctioning system. Interest in developing offshore wind technology is high. The most recent announcement from the market came in January, when PGE, Tauron and Enea signed a letter of intent to establish a strategic alliance and to invest in offshore wind farms projects in the future.

**PKO BP, the largest, state-controlled bank in Poland establishes green fund:**

PKO BP Bank, in cooperation with PKO TFI investment fund, plans to allocate PLN 500 million (ca. EUR 110 million) to establish a new green fund called PKO Energia Odnawialna (eng. PKO Renewable Energy). The new fund will be dedicated to
investment in renewable energy technologies, primarily wind farms and photovoltaics. According to PKO TFI, the fund will be designed as a closed-end fund and its certificates will not be admitted to trading on the regulated market.

“My Electricity” program to receive additional PLN 500 million (ca. EUR 110 million) for last year’s allocation:
The National Fund for Environmental Protection and Water Management (NFOŚiGW) plans to disburse PLN 5 billion (ca. EUR 1.1 billion) for grants in 2021, mainly for “Clean Air” and “My Electricity” programs. Although it is still unknown how much of these funds will be allocated for the latter, NFOŚiGW already announced that it will spend additional PLN 500 million (ca. EUR 110 million) for those who applied for funding in that last year’s edition of the program. Since “My Electricity” program (which aims at supporting prosumer photovoltaics) was already expanded (see the December’s edition of the Monitor), the total amount of funding within the “My Electricity” program already hit PLN 1.1 billion (ca. EUR 242 million).

The largest PV power plant in CEE is planned to be built in northern Poland:
Construction of the largest photovoltaic farm in CEE will start in Zwartów (Pomorskie Region) in the first quarter of 2021. The power plant with 203 MW of installed capacity is expected to be operational at the beginning of 2022 and will produce approx. 6 TWh of energy over the entire life cycle. The value of the project amounts to EUR 200 million and is based on the 15-year contract for difference which was announced in a RES auction organized by the Energy Regulatory Office (URE – Urząd Regulacji Energetyki) last year.

National grid operator in Poland (PSE) reports historic electricity demand record of more than 27 GW:
Polish Transmission System Operator PSE (Polskie Sieci Elektroenergetyczne) informed on January 18th of the highest electricity demand ever recorded, which exceeded more than 27 GW. The record high demand was caused by freezing temperatures in mid-January (minus 18 Celsius on January 18th). According to the operator, the stability of the transmission system was ensured despite that power stations were working at their full capacities.

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Transport

Funds amounting to PLN 1.1 billion (ca. EUR 242 million) for sustainable public transport exhausted in two weeks:
The National Fund for Environmental Protection and Water Management (NFOŚiGW) plans to provide about PLN 1.1 billion (ca. EUR 242 million) for zero-
The support includes subsidies for purchase and leasing of electric buses (powered by batteries or hydrogen) and trolleybuses as well as training for maintenance staff and construction and modernization of necessary infrastructure (including traction lines in case of trolleybuses). Local governments and public transport operators were eligible to apply for funding – however, the pool of subsidies has been exhausted within the first two weeks after the introduction of the program. Most likely the majority of funds will be dedicated to development of electric bus fleet.

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## Buildings

### New regulations improving anti-smog programs came into force:

From January 1st new regulations included in the amended act on supporting thermal modernization and refurbishment came into force (act was signed by the President on November 13th – see October’s & November’s edition of the Monitor). The main aim of the new law is to support improvement of two governmental anti-smog programs – “The Clean Air” and “Stop smog”. This will be achieved inter alia by creation of the Ecological Fund for Sureties and Guarantees, which is supposed to provide loans and credits for projects connected with thermal modernization or replacement of the sources of heat in single-family houses. The fund will be operated by National Development Bank (BGK – Bank Gospodarstwa Krajowego), but the funding will be provided by the National Fund for Environmental Protection and Water Management (NFOŚiGW). Additionally, the new regulation includes new instruments to combat air pollution in critical municipalities as well as introduction of the Register of Emissivity of Buildings (CEEB – see October’s edition of the Monitor).

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### 1.3 WiseEuropa’s updates

**Role of banks in the green post-COVID-19** [PL]– WiseEuropa’s new policy brief on the role of banks in the post-COVID recovery entailing recommendations for National Recovery and Resilience Plan

**The EU Sustainable Finance: Why EU Taxonomy matters**: ISFC, WiseEuropa & Equilibrium Institute hosted a special event on the EU sustainable finance agenda in 2021 & its taxonomy regulation with a keynote being delivered by Martin Spolc [Head of the Sustainable Finance unit in the European Commission’s Directorate General for Financial Services]
WiseEuropa Institute is an independent think-tank and research organization based in Warsaw that undertakes a strategic reflection on European politics, foreign policy and economy. The mission of WiseEuropa is to improve the quality of Polish and European policy-making as well as the overall business environment by promoting the use of sound economic and institutional analysis, independent research and evidence-based approach to impact assessment.