POLAND'S RECOVERY PLAN - A FAILED TEST IN PLANNING

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Table of contents

1. Introduction

In the aftermath of the negotiations concerning the division of funds from the European Recovery and Resilience Facility, Poland gained access to EUR 23.9 million of non-repayable grants and EUR 34.2 million of loans for the period of 2021–2026. This made it one of the biggest beneficiaries of the Facility. Disbursement of those funds depends, however, on the submission of a National Recovery and Resilience Plan (RRP) by the end of April 2021. The draft Polish version of this document was presented by the government of Prime Minister Mateusz Morawiecki for public consultation at the end of February 2021, with possibility to submit feedback by April 2, 2021. Within that time, social partners submitted more than 5.5 thousand comments to the document. After working on incorporating them for a month, on 30 April the RRP was adopted by the Council of Ministers and on 3 May it was submitted to the Commission. The submitted version of the Plan lays down a strategy for spending 23.9 bn EUR from the grant component and 12.1 bn EUR (out of 34.2 bn EUR available) from the loan component.

The Commission now has two months to assess the Polish Recovery and Resilience Plan based on the eleven criteria laid down in Annex V to the Regulation establishing the Recovery and Resilience Facility.[1] Subsequently, within four weeks of the Commission proposing its decision, the Plan needs to be approved by the governments of the remaining EU Member States. The Council's approval will enable the first funds under the Recovery and Resilience Facility (13% in pre-financing) to be disbursed to Poland.

The text submitted by Poland to the Commission differs considerably from the draft presented in February for public consultation. Many comments submitted by social partners, including WiseEuropa experts, have been taken into account. However, most of the strategic shortcomings of the plan which we identified in March 2021 in the publication titled "Navigating without a compass" based on an analysis of the draft RRP draft[2] remain unaddressed in the submitted version of the document.

Below we present an assessment of whether and to what extent the cross-cutting and sectorial comments submitted as part of the consultation with regards to both cross-cutting issues and transformation processes (decarbonisation of the economy) have been taken into account in the final version of the document released on 30 April. The Annex presents detailed justification of the assessment.

2. Comments on the draft RRP

The feedback submitted by WiseEuropa as part of the consultation included:

- cross-cutting comments on structural changes required within the whole document
  and
- sectoral comments reflecting the need to adjust the measures proposed by the government so that the pace and the scale of the decarbonisation of particular sectors allow for meeting the EU obligations of emission reduction by 2030 and 2050.

Our recommendations were based on an analysis of the guidelines prepared by the European Commission on the structure of RRPs[3] as well as the expertise of WiseEuropa on the challenges and opportunities arising from the decarbonisation of the Polish economy by 2050.[4]

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[1] https://eur-lex.europa.eu/legal-content/PL/TXT/HTML/?uri=CELEX:32021R0241&from=EN#d1e32-56-1
[2] https://wise-europa.eu/wp-content/uploads/2021/03/Podroz_bez_kompasu.pdf
[3] https://ec.europa.eu/info/sites/info/files/3_en_document_travail_service_part1_v3_en_0.pdf
[4] https://wise-europa.eu/wp-content/uploads/2019/03/New_chapter_Poland_net-zero.pdf

Cross-cutting comments

Below is a summary of the comments submitted by WiseEuropa on the basis of our analysis of the draft RRP of February 2021 and our assessment of whether they have been taken into consideration in the document submitted in early May to the Commission: the WiseEuropa rating.

Comment	WiseEuropa Rating
The reform plan in the Polish RRP should include the **implementation and update of key strategic documents**, so that they reflect long-term EU environmental targets, i.e. the GHG reduction target (55%) by 2030 and the EU climate-neutrality target by 2050. The implementation of the Plan based on documents that do not take those targets into account creates a risk of ineffective funds allocation and the implementation of reforms that do not meet those targets.	**C**
The document should also include **specific indicators** allowing to measure the **contribution to green and digital transition**. Those indicators should be transparently applied when selecting projects to be supported.	**C**
The draft RRP includes subsidy support for many categories of activities that should be **supported by loans**. The revision of this matter will release funds for essential, strategic initiatives requiring more support from the public sector.	**B**
Funds from RRP should not be allocated to project that may be **financed more effectively from other EU sources**.	**B-**
Finally, the RRP should lay down **transparent, clear project selection criteria and methods** that should be applied also to the projects present in so-called indicative lists.	**C**
It is also necessary to further specify the conditions under which funds from the RRP may be allocated to investments related to natural gas. The conditions should include: excluding the natural gas from the measure supporting energy companies in implementing energy efficiency improvement and RES, as well as establishing a **maximum proportion of gas investments and the introduction of a requirement to justify support for natural gas projects** in the case of any activities involving investments into heating and cooling sources in heating systems and the energy efficiency of residential buildings, as well as any other activities where the RRP allows for the support for investments based on natural gas.	**C**
A **detailed assessment of the compliance with the 'do no significant harm' principle** should be carried out for all measures in the RRP.	**C**
Overall rating	**C**

Sectoral comments

Below is a summary of the comments submitted by WiseEuropa on the basis of our analysis of the draft RRP of February 2021 and our assessment of whether they have been taken into consideration in the document submitted in early May to the Commission: the WiseEuropa rating.

Comment	WiseEuropa Rating
In the part of the Plan focusing on energy sector, where the improvement of conditions for the development of renewable energy sources is mentioned, it is essential to specify the direction and objectives of the announced **reform on onshore wind power** to reflect the key role it is to play in the energy transformation of Poland. The support for large scale RES investments provided to offshore wind power should be clearly limited to the development of port infrastructure.	**A**
As far as the **green urban transition** is concerned, the RRP should focus on a lower number of interventions that bring the biggest environmental benefits, or to channel its support to integrated projects. At the same time, interventions supported by the RRP and other EU funds should be clearly differentiated.	**B-**
In the buildings sector, **changes to the "Clean Air" programme** should lead to exclusion of the support for investments involving coal and to the unification of the rules for supporting sources using natural gas: the rules applied for the investments supported by the RRP and the National Fund for Environmental Protection and Water Management should not vary.	**C**
All interventions related to the **thermal modernisation of public buildings** (schools, local communities' facilities) should have the same level of ambition, i.e. aim for meeting the passive building standards.	**C**
In industry, support provided to companies for energy efficiency improvements and RES development should be provided as loans, whereas subsidies should be allocated to **pilot programmes of innovative zero-emission industrial technologies**. Support for the manufacturing base for the low carbon economy should not be limited to the suppliers of solutions for transport and energy, but it should also involve investments into zero-emission technologies in other sectors..	**B**
In the transport sector, funds allocated to the development of rail transport should be made available also to local governments **investing in urban rail transport**.	**B-**
Overall rating	**B-**

3. WiseEuropa on the economic recovery after the pandemic

WiseEuropa has prepared a series of publications dedicated to the recovery of the economy after the COVID-19 pandemic. They include: 1) an assessment of how the solutions offered by the government influence the ability of the Polish economy to counteract the triple crisis affecting health, the economy and the environment; as well as 2) recommendations of measures that should be implemented in order to release available funds to be used as a development leverage for the recovery of the Polish economy.

Moreover, every month WiseEuropa experts prepare a new issue of the Polish Sustainable Recovery Monitor. The Monitor includes all the key information on measures taken within specific sectors in response to the economic crisis and to the challenge of low-carbon economic transformation after the pandemic.

To receive the latest issue of the Monitor, please send an e-mail to: monitor@wise-europa.eu

WiseEuropa on the recovery of the economy after the COVID-19 pandemic

- Navigating without a compass. Assessment of draft Polish RRP released in February 2021. https://wise-europa.eu/wp-content/uploads/2021/04/NAVIGATING-WITHOUT-A-COMPASS-Assessment-of-draft-Polish-RRP-released-in-February-2021.pdf
- Green Recovery Tracker: Poland https://www.greenrecoverytracker.org/country-reports/poland
- European Recovery Plans: national targets, shared challenges [available in Polish] https://wise-europa.eu/2021/02/11/europejskie-plany-odbudowy-krajowe-cele-wspolne-wyzwania/
- The Role for Banks to Play in the Green Economy Recovery after COVID-19 Pandemic [available in Polish] http://wise-europa.eu/2021/01/18/rola-bankow-w-zielonejodbudowie-gospodarki-po-pandemii-covid-19-wiseeuropa-insightdla-santander-bank-polska/
- Green Recovery. From Crisis to Sustainable Recovery https://wise-europa.eu/wp-content/uploads/2020/11/Green-Recovery.-From-crisis-to-sustainable-recovery.pdf
- Eagle Raising from the Ashes. The Post-COVID-19 Economy [available in Polish] http://wise-europa.eu/2020/04/28/jak-wyprowadzic-gospodarkepolski-na-prosta-po-epidemii-covid-19-o-covid-19
- Polish Sustainable Recovery Monitor http://wise-europa.eu/en/polish-sustainable-recovery-monitor-2/
- Energy Policy Tracker: Poland https://www.energypolicytracker.org/country/poland

All the publications are available below: https://wise-europa.eu/odbudowa-po-covid-19/

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Annex 1: Comments submitted by WiseEuropa and assessment of their implementation

Comment on the drat RRP of 26.02.2021	*Justification*	*Assessment of how the comments were taken into account in the submitted RRP (assessment of the version from 30.04.2021)*
Cross cutting comments		
Strategies:		
The reform plan should include implementation of the following strategies: • the National Low-Emission Strategy (Strategy for Climate Neutral Economy Transformation) (component B), • Long-Term Renovation Strategy (component B), • National Strategy for Sustainable Finance (component B), as well as an update of the Polish Energy Policy by 2040 (component B) and of the Strategy for Sustainable Transport Development by 2030, so that the assumptions presented in those documents are in line with the conditions implied by the EU GHG reduction target (55%) by 2030 and the EU climate-neutrality target by 2050. The Plan should also include the possibility of updating the conditions to be met by projects to be supported in the following years, based on updated sectoral strategies.	The lack of strategic documents reflecting the long-term EU climate targets and the regulations arising from them that necessitate faster greenhouse emission cuts creates a risk of an ineffective allocation of funds and of half-way reforms being implemented (e.g. too slow development of energy infrastructure for zero-emission energy carriers, over-investment in natural gas infrastructure and under-investment in energy efficiency improvement, too slow adjustment of the financial market to the expected economic changes). An urgent adjustment of the strategic energy policy framework and other sectoral policies will allow for the correction of the measures included in the the RRP and for optimum allocation of other EU and national funds in the following years.	The Polish RRP is unlikely to be rated positively in this category. In the case of Poland, one of the key documents that provide a reference point for the actions planned within the RRP regarding the low-carbon transition is the Energy Policy of Poland until 2040 (PEP2040). The assumption of PEP2040 do not take into consideration the scale and speed of changes taking place in the EU, including the necessity of meeting the emissions reduction target of 55% by 2030 and the decarbonisation of the economy by 2050, while the reform plan put forward in the RRP does not anticipate any updates of the PEP2040 or related sectoral documents, nor does it anticipate the implementation of a cross-cutting strategy for the decarbonisation of the economy, i.e. – the National Low Carbon Strategy. The RRP not only fails to include necessary strategic reforms that could unlock the transformative potential of the funds available, but it also contains provisions that are clearly out of step with the EU climate policy goals, such as the provision on phasing out the coal mining by 2049, and which constitute a benchmark for the reforms and investments to be implemented.
Climate conditionalities:		
The RRP should define indicators of environmental impact for individual measures. Those indicators should be applied when	The RRP does not refer to the European sustainable finance taxonomy when specifying the beneficiaries of investment support, which, in	The submitted RRP does not define any environmental indicators: the detailed investment descriptions do not lay down any environmental conditions that a given investment should meet in order to receive

selecting specific types of activities and projects that would be supported with funds allocated for environmental goals. At the same time, certain minimum conditions should be specified for those indicators, in line with the ‘do no significant harm’ principle, which a given investment should meet in order to receive support from the RRP. In the case of investments marked as 100% contributing to the environmental targets, only those in line with the sustainable finance taxonomy should be supported by the RRP. Apart from that, it is necessary to analyse in detail the compliance of every reform and investment with the ‘do no significant harm’ principle. In its present form the RRP includes investments described in a way that might suggest the lack of compliance with the conditions of the ‘do no significant harm’ principle, such as:

- A2.2.1 investments supporting the development of new technologies for the economy (support of the Clean Coal Technologies, without indicating which specific technologies are meant);
- B1. Increasing energy efficiency of the economy (potential wide application of natural gas technologies);
- B2.1.1 Development of hydrogen technologies and other alternative fuels – note on the demarcation between B2 goal and other funding sources;
- E1.1. The increase of usage of the environment-friendly transport (natural gas vehicles).

addition to the lack of any additional guidelines on environmental conditions for specific investments, creates a risk of supporting projects which are not compliant with the ‘do no significant harm’ principle and which are not in line with the green transformation.

support from the RRP. There is not a single case of an investment description that mentions the technical criteria defined in the European sustainable finance taxonomy.

The assessment of compliance with the ‘do no significant harm’ principle is presented only in a general and selective way. In many cases, the obligation to perform an assessment of a given investment's compliance with the ‘do no significant harm’ principle has been postponed to the operationalisation phase: the RRP recommends that the principle should be applied when selecting the projects.

The Plan still envisages investments which, in the absence of detailed guidelines, may potentially not comply with the ‘do no significant harm’ principle, such as:

- A1.2.2. Support for development of investment grounds for projects of crucial significance for the economy
  – it poses a risk of re-purposing forests and other environmentally valuable lands into large parcels for investments
- E2.1.1. Railways and E2.2.1. Transport safety *– it poses a risk of non-compliance with the EIA Directive and destruction of valuable natural sites when implementing transport infrastructure projects, as the Polish legislation is not fully in line with the EU requirements*
- B3.1.1. Investments into increasing the potential of sustainable water management in rural areas, including the implementation of multifunctional hydrotechnical investments – *the investments into water retention are focused hydrotechnical infrastructure that is ineffective and harmful to the environment , instead of nature-based solutions, as recommended by the EC. The support within this investment should be directed to the rectification of drainage systems, and the construction of reservoirs on water courses should be excluded.*

Indicators:		
It is necessary to supplement the document with the list of cross-cutting KPIs measuring the impact of intervention (especially KPIs related to the green and digital transformation), and then to correct the list of investments as well as allocations assigned to them, taking into consideration their impact on the achievement of these indicators.	The limited set of measurable indicators for the entire RRP also means that there is no coherence in defining the objectives of the reforms and investments in the Plan. Quantitative indicators describe mainly the outputs of measures (for instance legislation passed, buildings renovated, number of companies or towns that received support), but ignore the final results (improved efficiency of administration, reduced primary energy consumption, an increase in RES share, etc.). This is apparent in particular in the case of measures related to the green transition (information on the impact of measures on emissions, energy consumption or RES production is missing) and digitalisation (no information on the scale of digital skills improvement or the expected effects of investments in e-government). In its current form, the Plan does not attempt to define the extent to which different measures will result in achieving its general and specific objectives.	The assessment criteria set out in the Regulation establishing the Recovery and Resilience Facility will allow the Commission to verify not only whether the RRP enables the recovery of the development potential lost due to the pandemic, but also whether the measures supported by the RRP will allow the economy to withstand future challenges, such as the climate change and the digital transformation. The Commission will also evaluate whether the implementation of the RRP will contribute to meeting the EU's climate targets for 2030 and to reach the EU climate-neutrality target by 2050 (criterion 2.5, Annex V of the Regulation). The RRP provisions have not been supplemented with a list of result indicators, so it is still impossible to determine to what extent specific measures or the Plan as a whole contribute to reaching the strategic targets defined by the government, or to those outlined by the EU, including the green and digital transition. *(There is just one investment with an environmental result indicator assigned: B1.2 Assisting enterprises in the power sector in meeting the energy efficiency obligation: "Reducing primary/final energy consumption per product unit in enterprises – 125 toe – III kW. by 2026.")*
Grants vs. Loans		
It is essential to revise the list of investments presented in the RRP, so that they might be supported with the loan part of the Recovery and Resilience Facility, such as: • B2.2.1. Development of transmission networks, smart grid infrastructure (specifically: transmission system development); • B1.1.4. Investments in energy efficiency and RES installations in enterprises:	Numerous planned investments do not require a direct financial support given the other existing funding mechanisms, market maturity and the cost-effectiveness of their implementation in the current economic environment. Allocating grants from the Recovery Facility to projects that could use loans (EUR 34.2 billion) limits the amount of funds available for initiatives that are essential from the strategic point of view and which require much more public sector support in order to succeed.	In the updated version of the RRP, the government has presented its strategies for allocating the loan funds available to Poland under the Recovery and Resilience Facility. The loan part of the RRP envisages investments worth an estimated EUR 12.1 billion (out of EUR 34.2 billion available in total). The financing of the following investments has been changed from subsidies to loans: • B1.2.1. Investments in energy efficiency and RES installations in enterprises: investments with the biggest potential for emissions reduction • B2.3.1. Construction of off-shore wind power plants

investments with the biggest potential to reduce greenhouse gases.		The following new investment projects have also been included in the loan component: • B2.4.1. Energy storage facilities • B3.4.1. Investments in green multi-dwelling buildings While using repayable loan support is a way to use the funds available to Poland more effectively in many cases, the loan part of the RRP includes some investments in the case of which using repayable loans is not justified. This applies in particular to the projects related to public goods, such as: • B3.2.1 Investments inneutralisation of threats and restoration of large degraded areas and the Baltic Sea • B3.3.1 Investments in sustainable water management in rural areas (under the condition of ensuring the compliance with the 'do no significant harm' principle) • B3.4.1 Investments in the green transition of cities and their functional areas They do not have enough market maturity and often they are not cost-effective enough to attract the interest of the private sector without grant support. At the same time, the subsidy part still includes investments which, in view of the market conditions, should be moved to the loan part of the RRP, including: • B2.2.1. Development of transmission networks, smart grid infrastructure • E1.1.1. Support for the low carbon economy
KPO vs. Other funding sources		
The RRP should not include investments that, due to their nature and aims, might be successfully implemented via other dedicated funding programs (Just Transition Fund, EU ETS Modernisation Fund, FENIKS).	According to Article 9 of the Regulation, funds from the RRP shall "be additional to the support provided under other Union programmes and instruments." The information provided in the draft RRP is insufficient to enable an assessment	The provisions in the final version of the RRP on the demarcation between investments covered by the RRP and investments to be supported by means of other financial instruments have been expanded but remain incomplete.

It is essential to establish a demarcation line taking into consideration detailed activities planned under EU funding and supported via EU ETS. This is particularly important for investments with high allocations: • A2.1.1. Large innovative projects • B1.1.2. Residential buildings energy efficiency • E1.1.2. Zero-emission public transport	of whether this principle has been fulfilled, especially since some of the proposed investments will support programmes that already exist. Without knowing the full scale of financing needs and the share of other sources of funding, one cannot rule out the risk that the funds available under the Recovery and Resilience Facility will replace the current financial streams coming from the Cohesion Funds or the state budget. In the first half of 2021 the government is working on establishing the priorities and disbursement frameworks for funds under the Partnership Agreement, the Modernisation Fund and a new national fund financed from ETS revenues. The draft RRP lacks provisions that would ensure complementarity with these funds.	Precise provisions on the following aspects are still missing: • aligning the RRP funding with existing support programmes (e.g. "Clean Air"), • conditions to ensure complementarity of the funds (both national and European). The government still aims to implement investments under the RRP which, due to their nature and aim, should be covered by different funding instruments, such as: • A2.1.1. Investments supporting robotisation and innovation in enterprises (previously: Large innovative projects) -> Modernisation Found / National Fund financed by the EU emissions trading system A2.5. Enhancing cultural institutions' potential to cooperate with the science sector and enterprises -> funds under the Partnership Agreement, (FENG-European Funds for the Modern Economy, FERC- European Funds for the Digital Development], regional programmes)
Promoting competition and transparency		
Change of the institution responsible for the implementation of the measure "A2.1.1. Large innovative projects" from the Ministry of National Assets to the Ministry of Economic Development, Labour and Technology.	In the case of a cross-cutting intervention that involves both the state-controlled companies and other entities operating on the market, it is preferred to assign the responsibility for its implementation to a Ministry responsible for a given public policy area, and not the one supervising state assets.	The new version of RRP does not take this comment into account; the Ministry of National Assets remains the authority responsible for implementation.
Change of the institution responsible for the implementation of the "B1.1.4. Investments in energy efficiency and RES installations in enterprises: investments with the biggest potential to reduce greenhouse gases" from the Ministry of National Assets to the Ministry of Climate and Environment.	In the case of a cross-cutting intervention that involves both the state-controlled companies and other entities operating on the market, it is preferred to assign the responsibility for its implementation to a Ministry responsible for a given public policy area, and not the one supervising state assets.	The new version of RRP does not take this comment into account; the Ministry of National Assets remains the authority responsible for the implementation.

It is necessary to implement transparent and explicit methods of selecting projects to be supported under the RRP. It is necessary to verify the choice of projects in the "indicative projects list" and reconsider "selecting projects individually" as a method of the project selection. In case when due to strategic circumstances such process is inevitable, it is necessary to provide the following information: support goals, results and selection criteria. It is also necessary to complete the descriptions of planned investments with the details required for an assessment of compliance with the 'do no significant harm' principle.	It is crucial to increase the transparency of funds allocation and project selection within the RRP. At present there is not enough information to determine the compliance of the projects with the 'do no significant harm' principle (e.g. E1.1.1).	Details on the projects selection process have been supplemented for some measures only. There are still many investments that will be implemented based on indicative project lists and there are no descriptions of selection criteria that the projects will have to meet in order to be included in the lists (especially in components B and C). Framework project selection criteria have been presented only for components D and E. Furthermore, in most cases of investments which are to implemented through competitive selection procedures there are no details on the participation conditions, criteria or rules for holding the competitions.
Representatives of local governments, private sector and civil society should be included in the monitoring committee that oversees the implementation of reforms and investments under the RRP.	Effective supervision of the RRP implementation progress requires including key stakeholders in this process. As the RRP preparation process has shown, the lack of transparency and late inclusion of stakeholders results in weak outcomes.	The RRP describes the composition of the monitoring committee, which is going to include representatives of local governments, the private sector and civil society. However, there are still no provisions on the members selection procedure or the conditions and rules for participation in the committee . Moreover, the RRP does not contain a detailed definition of the Committee's role in the different phases of the RRP implementation. Based on the present provisions, it is not possible to assess whether the Committee will have any real impact on the Plan's operationalisation or what its operating principles will be. It is worth to learn the lessons of the last six months and focus on strengthening the dialogue between the government and social partners in the weeks to come; enhancing transparency and implementing clear cooperation rules will not only make the recovery process more effective, but also boost the state's potential to steer public policy in the long term.
The RRP and gas investments		
Introduction of a maximum share of gas investments within "B1.1.1. Investments into heating and cooling sources in heating systems" and "B1.1.2. Residential buildings energy efficiency" investments, as well as	At present it is impossible to determine the scale of support for natural gas in the B1.1.1 and B1.1.2 measures, with a significant risk that natural gas could be the dominant type of supported technologies. Even taking into consideration the	No provisions on the maximum proportion of natural gas investments have been included. It also remains unclear whether and to what extent RRP will differentiate between zero-emission and natural gas projects. It has only been clarified that, with regards to heating projects, cogeneration

introducing the obligatory justification of the lack of possibility to carry out an alternative, zero-emission investment.	necessity of a very rapid replacement of coal-based energy sources, a bridging role for natural gas means that in every case it should be necessary to consider replacing gas projects with zero-emission alternatives in order to avoid over-investment into gas infrastructure. Establishing a maximum share of gas investments on the aggregate level will allow for an assessment of the real contribution of the investment into the long-term transformation of the Polish heating system towards the climate neutrality.	gas projects will have to meet an emissions standard of up to 250 g CO2e/kWh in order to be supported.
Correction of the description of measure "B1.1.4 Investments in energy efficiency and RES installations in enterprises" in order to specify that the supported projects may use only zero-emission energy carriers. At present, the RRP suggests that the funds may also be allocated to natural gas investments.	A growing role for natural gas in enterprises will be enforced by market and regulatory stimuli in the next years. At the same time, natural gas needs to be eventually replaced with zero-emission energy carriers or to be supplemented with CCS installations. This is the reason why the public funds should limit the interim demand increase for natural gas, which is possible by supporting investments in energy efficiency and RES (via loans). Those funds should also foster the development of zero-emissions alternatives for the traditional gas installations (via grants).	The provisions allowing natural gas investments to be supported have been upheld. On the other hand, it is a positive change that requirements concerning CO2 emissions reductions and coherence with existing climate neutrality plans have been added as selection criteria. However, the measure's final impact on the deployment of zero-emission solutions development in enterprises will depend on the project assessment details.
Precise rules should be laid down for all the investments in which the RRP allows the application of natural gas technologies, so that this information is clearly presented together with a justification and the information on the maximum percentage of the funds allocated for gas investments.	The present rules in the RRP do not allow for a clear determination of the role of gas in the measures. In the demarcation between the B2 goal and other funding sources, the Plan mentions that "sustainable gas infrastructure measures are planned to be supported primarily under Recovery and Resilience Facility funds," but none of the B2 investment mentions gas technologies explicitly.	The provision "measures related to sustainable gas infrastructure are to be supported primarily from the Recovery and Resilience Facility" has been upheld, without specifying what kind of sustainable gas infrastructure would be supported as part of the B2 goal or what percentage of the funds would be directed towards this kind of investment.
The possibility for gas-fueled passenger vehicles to enter clean transport zones should be excluded as part of the reform E1.1.	Investments included in the RRP should be in line with the 'do no significant harm' principle, and including gas-fueled passenger vehicles in this reform would foster the usage of the fossil fuel based technologies.	The provision on access for gas vehicles has been upheld with no changes.

Sectoral comments		
Energy		
It is necessary to further specify the scope of changes included in the measure "B2.2. Improvement of conditions for the development of renewable energy sources" with regards to fostering the development of onshore wind power. Those details should, among others, specify the scope of the changes regarding the so-called 10H rule.	At present this issue is addressed in one sentence only, without any specific plan, detailed proposals or indication of expected effect on the growth of onshore wind potential. It is not enough given the real impact that onshore wind may have on the decarbonisation of the Polish energy industry.	The RRP now contains a much more detailed description of the planned changes to the Law on renewable energy sources, including important changes related to the development of onshore wind power (the law on the so-called 10H rule is to be changed), decentralised and prosumer energy (some of the provisions from the RED II Directive will be introduced into Polish national legislation), as well as some other energy market reforms, in addition to provisions on offshore wind that were included in the original version. The loan part of the RRP also includes new rules on energy storage facilities The RRP thus provides a fuller account of the planned reforms in the energy sector and enhances the predictability of regulations. Nevertheless, the adequacy of the proposed solutions can be assessed in detail only in those cases where the legislation plans are already known (the revision of the 10H rule, energy storages provisions). The RRP itself does not define measurable targets or performance indicators for the planned reforms.
A more detailed description of measure "B2.2.2. Support for the large-scale investments in RES" should be included in a way that unambiguously indicates its limitation to the port infrastructure only.	The present language on measures B2.2.2 is not coherent and might suggest that allocated funds will be used not only for the development of the port infrastructure. For instance, the list of points in "Profile" section might be interpreted either as another specialisation of the intervention scope, or as separate activities ("projects related to the building of offshore wind power plants" and "port infrastructure building").	The Plan contains a clarification that port infrastructure for offshore wind power, , i.e. one installation terminal and two servicing terminals, will be supported.
The scope of measure "B3.1.3. Green transition of cities and functional areas" should be modified; the measure should be divided into smaller pools with dedicated targets and indicators or it should be clearly stated that integrated projects will be supported.	At present the investment covers a long list of possible projects with varying impacts, for instance on emissions reduction, climate change adaptation or the improvement of other environmental parameters. This increases the risk of: 1) duplicating other support programmes, 2) dominant position of one type of projects and the lack of progress in other areas, 3) implementation of scattered investments that will not generate scale and synergy effects.	The RRP does refers to the need of strategic investment planning, recalling recently adopted legislation on the development management based on an integrated territorial approach. Moreover, the RRP announces a few further reforms, including the national urban policy reform in order to take into account climate and environmental aspects in revitalisation processes, and the preparation of a new law on sustainable urban development in line with the Green Deal. The support is supposed to be directed to the cities via a newly set up Green Urban Transition Fund, which would constitute a stable financial

	The current scope of the measure does not allow for a definition of clear performance indicators. It is necessary to decide whether the goal of this investment is to achieve specific environmental outcomes (then it would be preferable to narrow down the list of the supported project types and to divide the investments into smaller pools with specific performance indicators assigned) or whether is it to support an integrated approach to the greening of smaller cities (then the requirements on the comprehensiveness of the investment should be increased). The latter option seems to be preferable, as it moves beyond typical projects supported by the EU funds, but the final decision should depend on the funds availability and the activities planned within other support programmes.	instrument aiming to strengthen cities' and towns' capacity to invest in the green transition and would receive the first contribution to its budget from the RRP. The proposed Fund may in fact become a key instrument supporting urban transitions and ensuring strategic and territorial coherence of the measures it will finance, but that will depend on whether it adopts an ambitious and coherent strategy and applies transparent and objective project selection criteria reflecting the green financing requirements set out in the taxonomy. Moreover, its effectiveness will depend on whether it can provide long-term funding. The RRP does not specify how the Fund will be topped up later on. It is supposed to be supported with money from the loan part of the RRP and it remains unclear whether it will offer the local governments repayable or non-repayable support. In the former case, the Fund may turn out less useful due to the weakened financial position of local governments and the factors reducing their capability to incur debt, including the present local government financing rules as well as the framework of fiscal rules that prevent even the strongest local governments with a robust income base and a high rate of economic growth from incurring debt for investments beyond a very low threshold. A repayable support instrument for local governments will also compete for projects with other lenders (e.g. EIB).
Buildings:		
The "B1.1 Clean air" reform should also encompass excluding the possibility of the Clean Air Priority Programme run by the National Fund for Environmental Protection and Water Management (NFOŚiGW) supporting investments in coal-based heating sources, as well as implementing a unified set of rules on support for gas sources that would apply to funds from the RRP and the NFOŚiGW.	Taking into consideration the complementarity of funding for single family buildings under the RRP and under the NFOŚiGW, if funds from the RRP are made available with additional conditionalities (no financing for coal-fired boilers), that will cause applications related to zero-emission sources to be directed mostly to the programme financed by the RRP, while applications related to the emission-intensive sources to be directed to the national programme. As a result, this may even lead to an increase of the coal financing from national funds, as a result of the presence of new funds from the RRP. Avoiding this situation	The new version of the RRP describes in detail recently implemented, ongoing and planned changes in the Clean Air programme. However, it does not mention the exclusion of support for new coal boilers or revision of rules on support for gas sources. Taking into consideration the scale of funds from the RRP to be directed to replacements of heating sources in buildings, there is a risk of two parallel investments funding schemes emerging in this area: a low-carbon scheme financed from the RRP and a carbon-intensive scheme financed from national funds. It is one of the biggest shortcomings of the Plan as far as supporting the economic transition towards climate neutrality is concerned, and it is especially conspicuous in the light of the probable inclusion of direct emissions from housing into the emissions trading system in the medium term.

	requires a unification of rules applicable to both sources of funding.	
The measure "B3.1.4. Passive buildings for the local community activities" should be moved into the B1 section.	This will ensure coherence of the document (all the interventions related to the energy efficiency of buildings will be grouped under one objective) and will make it possible to apply coherent conditions and guidelines to all activities in this area.	The comment on transferring the investment to the B1 target has been taken into consideration. At the same time, however, the descriptions of the measures still differ in the level of detail (e.g. in terms of framework selection criteria).
Implementing the same level of ambition when renovating the public buildings within "B1.1.3 Thermal modernisation of schools" and "B3.1.4 Passive buildings for the local community activities" investments; projects under both measures should lead to public buildings acquiring a passive buildings status.	Measures B1.1.3 and B3.1.4 seem to be characterised by a different ambition level in terms of the target energy efficiency level and the emission intensity of buildings. Taking into consideration the one-off availability of the funds from the RRP, the leading role of the public sector in the buildings renovation and the perspective of a further increase of the emission reduction targets involving the building sector (together with the possibility of buildings being included into the EU ETS), it is reasonable to treat both investments as flagship programmes providing deep renovation and elimination of direct emissions, together with improving the comfort and health of the building users.	The level of ambition of the measure concerning thermal modernisation of schools remains unchanged, while the lelvel of amibition for buildings for local community activities has been lowered: making the buildings passive is no longer the aim. At the same time, the minimum requirements for energy efficiency improvement have been set at the level of 'at least 25%', what means that projects that would be inadequate in the changing market environment (including the expected increase in the cost of using fossil fuels due to regulatory reasons) may be supported. It is especially problematic in the light of the exemplary role that the public sector should play in this kind of investments.
Industry:		
Measure "B1.1.4. Investments in energy efficiency and RES installations in enterprises: investments with the biggest potential to reduce greenhouse gases" should be moved to the loan part of the Plan; the released funds should be used to implement a new investment supporting pilots of innovative zero-emission technologies in the industry within the scope of measure A2.1.	In the present market environment, investments into incremental energy efficiency improvements or renewable sources have become cost competitive (making it reasonable to support them with loans), and, at the same time, they such incremental improvements are insufficient to further the decarbonisation of energy and emission intensive industries. Implementation of new production processes requires high up-front investment costs and carries a high risk, which justifies supporting it with grants.	The measure has been transferred to the loan part, and framework selection criteria have been added. At the same time, however, the list of supported measures has been extended by including those related to the transformation of energy-intensive sectors, in the case of which repayable funding may support slight and gradual energy savings, but it is not an adequate instrument in the case of pioneer investments that involve replacing energy-intensive industrial technologies and processes. Such investments tend to require high up-front investment and involve high risk, which justifies using non-repayable grant support in this case.

	Interest in this form of support has been demonstrated by the applications submitted by Polish entities to the Europe-wide Innovation Fund of EU ETS. The scale of this Fund is not enough to support all the promising projects, which is why it is reasonable to launch another instrument at the national level. This pool might be further enlarged by some funds from the measure "A2.1.1. Large innovative projects".	
Measure "E1.1.1 Supporting industry for the low carbon economy" should be moved to section A2.1 and its scope should be expanded to include investments into enterprises providing zero-emission technologies to sectors other than transport and energy. At the same time, it is necessary to implement transparent and clear methods of selecting projects that could be supported under measures in section A2.1. Changing the nature of this investment into a more cross-cutting one might justify changing the responsible authority from the Ministry of Climate and Environment to the Ministry of Economic Development, Labour and Technology.	Details of measure E1.1.1 are only provided in the shorter description of the RRP. According to that description, the measure will not direct support solely to electro-mobility development, but also to RES (photovoltaic cell factory), which calls into question the validity of putting this measure in the component E. Given the current dynamic of changes in the market it is possible that other new promising zero-emission technology initiatives will appear in other areas (e.g. heat sources, industry technologies, digital solutions). This would justify a more cross-cutting and open selection process of projects to be supported. The kinds of investments planned within measures E1.1.1, as presented in the shorter description, might be carried out within section A2.1 which is dedicated to cross-cutting support for investments in environmental innovations. At the same time, the description of this measure does not include a justification of the selection criteria, causing a risk of lack of transparency, as only three projects are to be supported by it. Moreover, the lack of a detailed investment scope makes it impossible to assess the E1.1.1 investment's compliance with the 'do no significant harm' principle.	The measure E1.1.1 "Support for the zero-emissions economy" remains part of the mobility component. The amended list of the types of industrial installations eligible for the support is, on one hand, restrictive, and on the other - unclear. The extended description of the measure's implementation mechanism still lacks provisions that could ensure transparent project selection. The provisions enabling the assessment of a given investment's compliance with the 'do no significant harm' principle are missing too.

Funds allocated to measure "A2.1.4. Unmanned mobility (Unmanned aerial vehicles)" should be re-allocated to a more cross-cutting measure.	The RRP should include investments that contribute to the achievement of national strategic development objectives (economy recovery, green and digital transformation). The RRP does not justify setting apart the area of "unmanned mobility" and allocating a specific amount there. No justification has been provided as for why the support from horizontal instruments is insufficient to provide the adequate (from the perspective of the strategic needs of the Polish economy) development of entities from this industry. .	The development of unmanned mobility has not been incorporated into a more comprehensive measure, there is also no convincing justification for allocating a dedicated pool of grant support (even while the development of satellite Earth observation technologies has been included in the loan part). This measure is still treated as contributing to the 37% for climate and the environment (now with a 40% climate marker), however, there is still no explanation on the specific contribution it is supposed to make.
Transport:		
Investments related to the development of rail transport by local governments should be included in the scope of component E1.	The development of urban rail transport will contribute to both the main objective of the RRP (economic recovery after the pandemic) and the objective of low-emission economic transformation. The nature of this kind of investments meets the requirements and the specific objectives of the Recovery and Resilience Facility and – due to their capital-intensive nature and the limited financial resources of the local governments – such investments need to be supported from public funds.	Support for the urban railway transport development has been included in the loan part of the RRP, but it only encompasses the purchase of rolling stock while infrastructure development is not mentioned. Due to the highly capital-intensive nature of such investments and limited financial resources of local governments, repayable support may not be attractive to potential beneficiaries and, as a result, may be ineffective, especially in view of the fact that funds for rolling stock purchases will also be available from the Cohesion Policy funds, which is where local governments will look for funding in the first place.

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