

For a fair, green and digital economy

Second lap of Poland's transformation

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Presentation at expert debate of the Ministry of Funds and Regional Policy
on the country's medium-term development strategy until 2035
and the Social Climate Plan

Warsaw, 20.06.2024 | Material for discussion

Five pillars of development policy

Instrat's recommendations

1

SOCIETY

with equal opportunities for development and increasing quality of life

2

ENERGY TRANSITION

oriented towards reducing CO2 emissions and protecting the vulnerable

3

COMPETITIVE INDUSTRY

with the state active where it needs to be

4

DIGITISATION

-serving the economy and society

5

STATE AND ITS CAPACITY

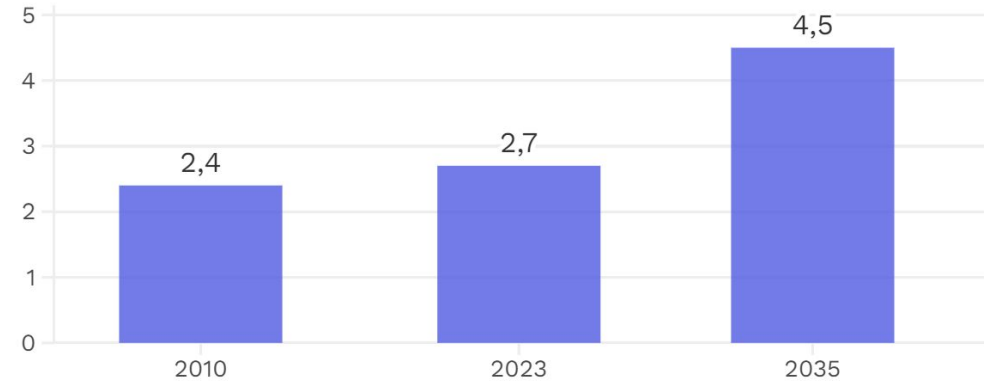
entrusted by the society and private sector

1 Society

with equal opportunities for development and increasing quality of life

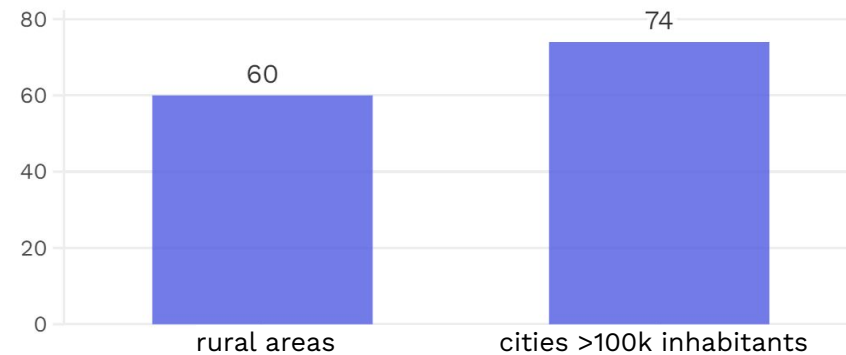
- 1. STRONG PUBLIC SERVICES:** investing in the quality of education and health care
- 2. OPENNESS TO THE NEEDS OF THE ELDERLY:** support for long working lives, life-long learning, long-term care
- 3. COHERENT MIGRATION POLICY:** attracting talents, fostering social cohesion
- 4. POLYCENTRIC DEVELOPMENT:** underdeveloped communities must not be left behind
- 5. PROGRESSIVE SYSTEM OF TAX AND SOCIAL SECURITY CONTRIBUTIONS:** a system that reduces rather than exacerbates inequalities, but also creates incentives for activity

There will be approx. 2 million people aged 75+ in Poland in the next decade (million)



Source: Eurostat.

Unequal opportunities: average score in 8th-grade exam in English in rural and urban areas (%)



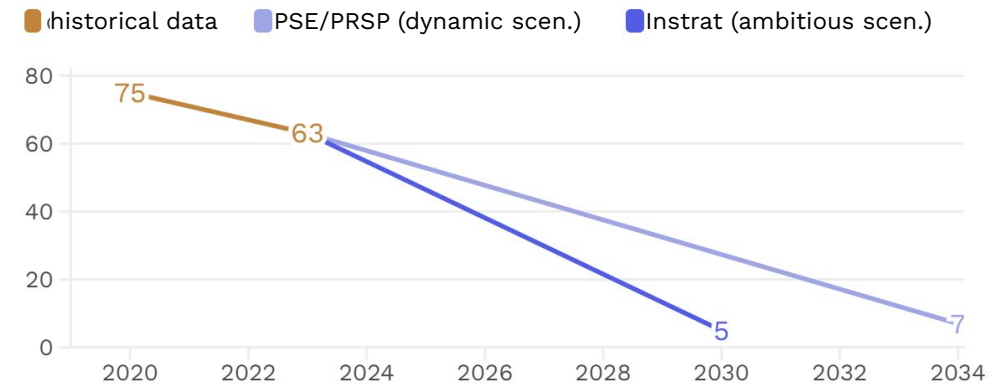
Source: Poland's Central Examination Board (CKE), results for 2023.

2

Energy transition oriented towards CO2 emissions reduction and protecting the vulnerable

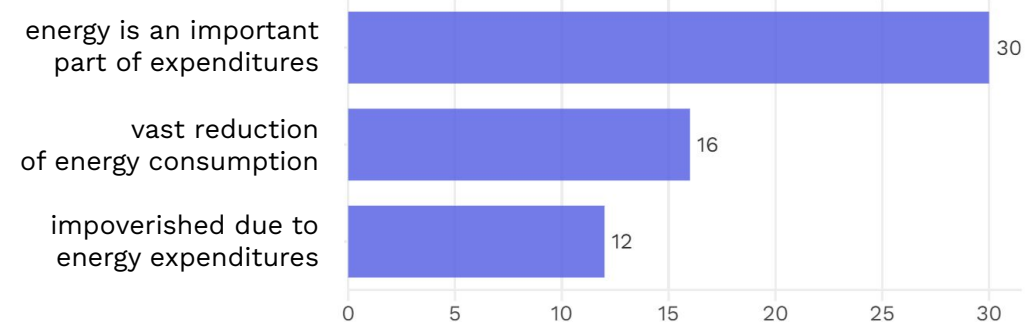
- 1. RESPONSIBLE LEADERSHIP:** swift implementation of climate commitments based on a strategy and a strong political mandate
- 2. ENDING DEPENDENCY ON FOSSIL FUEL IMPORTS AND CONSUMPTION:** moving towards clean energy sources - a source of geopolitical independence
- 3. MANAGING THE BALANCE BETWEEN REGIONAL AND SOCIAL COSTS AND BENEFITS:** Mitigating and counteracting the effects of transition, including fuel poverty (SCF), support for coal and industrial regions
- 4. TRANSPARENT AND OPEN ENERGY MARKET:** crowding in private capital (rather than subsidies) through predictable regulation and economic incentives

Dynamic decline in coal's share of electricity generation over the next decade (%)



Source: ARE; PSE, *Draft new transmission grid development plan for 2025-2034*; Instrat, *Poland approaching carbon neutrality. Four scenarios for the Polish energy transition until 2040*.

Various forms of fuel poverty during the energy crisis 2021-2023 (%)



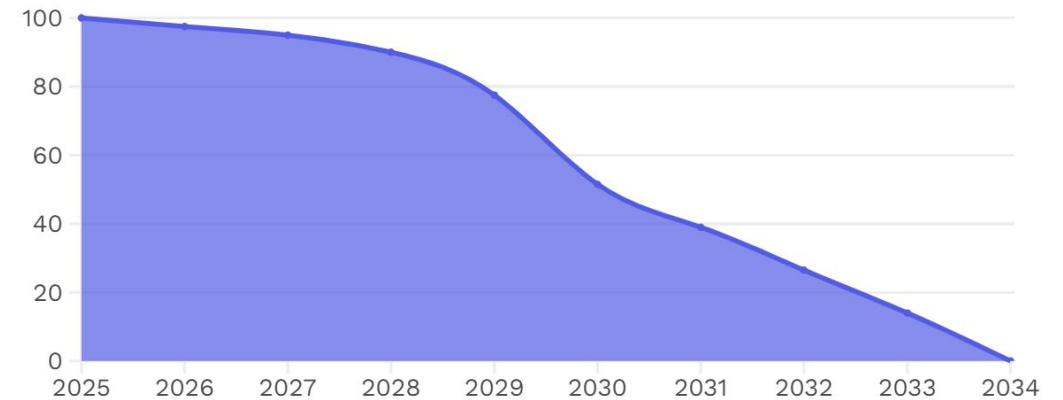
Source: PIE, *Four faces of energy poverty. Polish households during the crisis 2021-2023*.

3

Competitive industry with state active when necessary

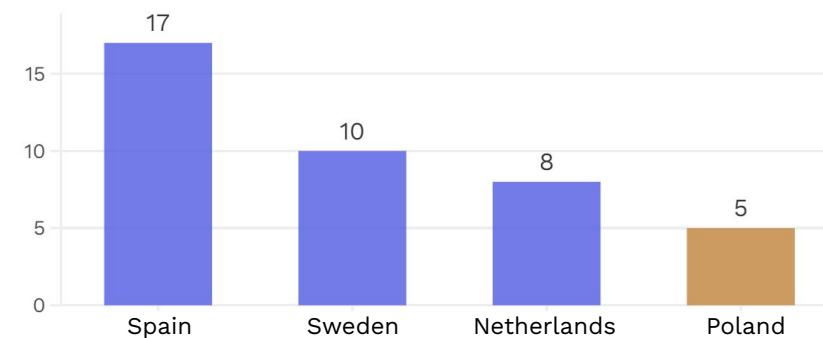
- 1. TRANSFORMING ENERGY-INTENSIVE SECTORS:** financial and regulatory intervention to sustain strategic sectors
- 2. ACTIVE PARTICIPATION IN THE CLEANTECH REVOLUTION:** selective support for the private sector to spark industrial innovation by state institutions (PFR, NCBR, NFOŚiGW)
- 3. ECOSYSTEM FOR INNOVATION AND DEVELOPMENT:** developing transport, energy and digital infrastructure, supporting the ecosystem and increasing R&D funding
- 4. FINANCING THROUGH THE DOMESTIC CAPITAL MARKET:** redirecting savings from deposits and housing speculation to the capital market

Decrease in allocation of free CO2 allowances to steel, cement and fertiliser manufacturers (%)



Source: European Commission, 2023.

Poland lags behind EU on cleantech: low number of projects supported by the Innovation Fund



Source: European Commission, 2024. Data from start of launch in 2020.

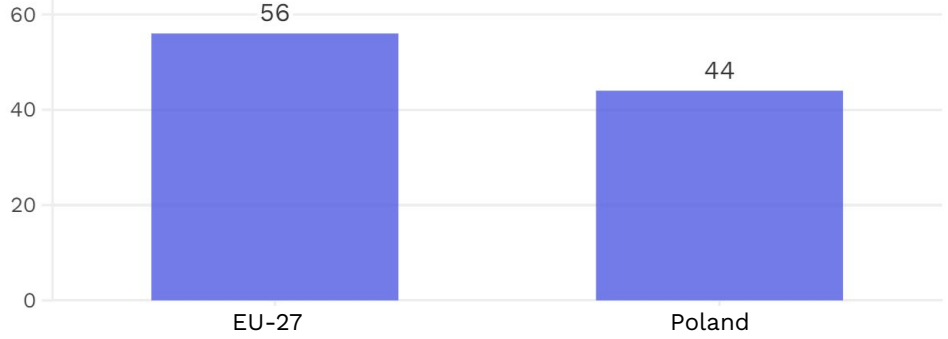
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Digitisation

serving the economy and society

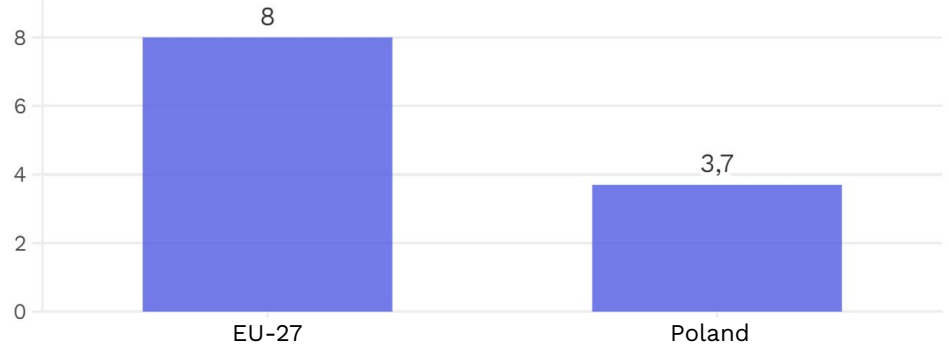
- 1. INCREASING DIGITAL COMPETENCIES:** an active response to labour market needs and preventing digital exclusion
- 2. DIGITAL TRANSFORMATION OF THE PRIVATE SECTOR:** harnessing the potential of data and dynamic growth of technology companies
- 3. POLAND'S LEADERSHIP IN CYBERSECURITY:** Resilient society and infrastructure, secured data in the context of threats and opportunities (war, elections, development of AI)
- 4. BIG TECH UNDER SCRUTINY:** respected fundamental rights, fair competition, digital tax

Lower share of people with digital skills at least at primary level in PL than in EU (%)



Source: Eurostat, 2023.

Gap between the use of AI by Polish companies and the EU average (%)

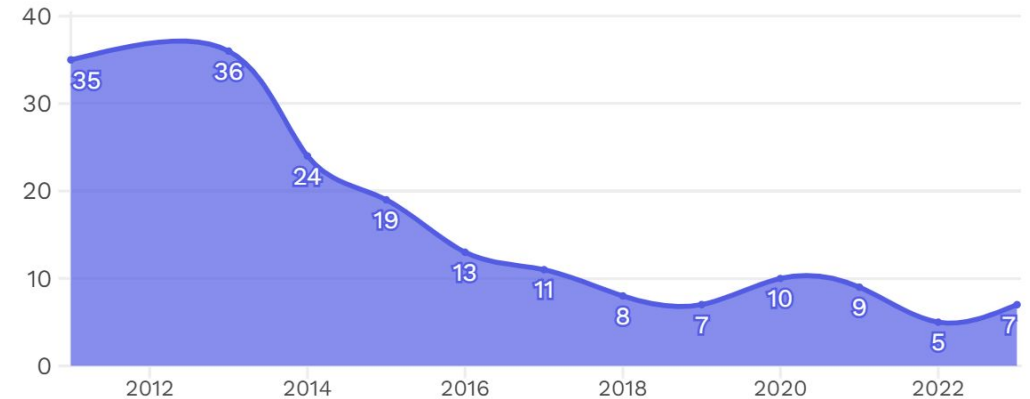


Source: Eurostat, 2023.

5 State and its capacity entrusted by the society and private sector

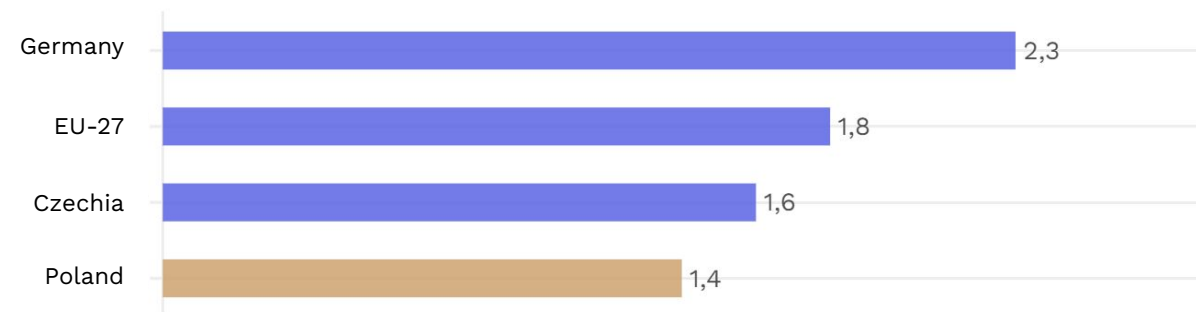
- 1. HIGH QUALITY OF PUBLIC SERVICES AND POLICIES THROUGH A STRONGER CIVIL SERVICE:** competitive salaries and continuous skills development
- 2. STABLE AND LESS COMPLEX REGULATORY ENVIRONMENT:** restoring public trust in the government and its law or norms setting and enforcement
- 3. SELECTIVE DECENTRALISATION AND STRONGER ROLE OF REGIONAL GOVERNMENT:** effective structures close to citizens and business, but based on the synchronisation of multiple levels of administration
- 4. DATA AND EVIDENCE-BASED POLICY:** in-house and advanced tools for research and intelligence, monitoring, evaluation and impact assessment - based on open data standards

Systematic decrease in the number of candidates in civil service recruitments (#applications/job offer)



Source: Chancellery of the Prime Minister.

Poland lags behind the EU in the ranking of state capacity



Source: Our World In Data, in Hanson & Sigman, *Leviathan's Latent Dimensions: Measuring State Capacity for Comparative Political Research*. Data for 2015.



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