



MINISTRY OF ECONOMY



**National Reform Programme for 2008-2011**  
**to implement the Lisbon Strategy**

adopted by the Council of Ministers on 18 November 2008

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## **INTRODUCTION**

### **The Role of the National Reform Programme for 2008-2011**

The National Reform Programme (NRP) is the government's medium-term planning document prepared with the aim of implementing the renewed Lisbon Strategy in Poland. Structural reforms included in it are essential to creating the basis for long-lasting development of the country and achieving the biggest progress in accomplishing objectives defined in the renewed Lisbon Strategy.

### **Vision and objective**

The objective of the NRP is to create in Poland the best conditions for business activity in Europe while providing the opportunity for development and high standard of living to the citizens.

Factors particularly taken into account while formulating the NRP are:

- globalization processes which increase competitive pressure on economies, entrepreneurs and citizens,
- demographic factors, in particular aging of societies and, related with it, the necessity of changing professional activity model and migrations,
- challenges in terms of eliminating negative human impact on the environment.

The goal of the reforms implemented within the NRP is to create the basis for long-lasting socio-economic development which will result in the improvement in citizens' standard of living.

The horizontal principle in formulating reforms implemented within the NRP is sustainable development in economic, social and environmental terms which, on the one hand, enables retaining the country's biodiversity and, on the other, it favours efficient use of its financial resources and human capital. Other horizontal principles which are fundamental for the NRP reforms are: better regulation, supporting entrepreneurship, innovation development as well as considering all the policies influence on small and medium sized enterprises (SMEs).

Microeconomic policies will be supported by implementing measures leading to macroeconomic stability and at the same time aiming at preparing Poland for joining Eurozone within the shortest possible time limit.

Implementation of the NRP will enable Poland to achieve sooner the goals both of renewed Lisbon Strategy and in priority areas indicated by the European Council.

### **Priorities**

Citizens' standard of living and the growth of their activity level will improve if the conditions for socio-economic development are provided. It will be possible thanks to creating a favourable environment for entrepreneurship and efficient management of public funds by effective public institutions.

Hence NRP reforms will be implemented in three priority areas:

- 1. Active society** – measures taken in this area will create conditions favourable for society and citizens' development.

2. **Innovative economy** – measures taken in this area will enable development of highly innovative and value-added sectors and branches, which will significantly influence long-run economic growth.
3. **Efficient institutions** – efficient use of public funds achieved thanks to measures taken in this area (without additional burdens for citizens and entrepreneurs) will enable effective implementation of pro-development policies and public investments, while providing appropriate level of social security.

#### **Related documents**

The NRP was formulated on the basis of the following documents:

- *Integrated Guidelines for Growth and Jobs for 2008-2010* adopted by the European Council,
- Country-specific recommendations and points-to-watch indicated by the European Council in March 2008 with reference to Poland,
- *Strategic Plan of Governing* of the Prime Minister Donald Tusk's Government.

The NRP is consistent with the *Strategy for the Country's Development 2007-2015*, the *National Strategic Reference Framework 2007-2013* as well as *Convergence Programme. 2007 Update*.

## REALIZATION OF THE NRP AND THE ECONOMIC SITUATION OF POLAND IN 2005-2008

**Maintaining a high level of economic growth favouring job creation while respecting the principles of sustainable development** was indicated as the principal objective of the NRP in the first three-year cycle (2005-2008) of implementing the renewed Lisbon Strategy. Six priorities arising from the Polish socio-economic conditions were indicated in the NRP 2005-2008. These are: (1) the improved public finance and public funds management, (2) the development of entrepreneurship, (3) increased innovativeness of enterprises, (4) the development and modernization of infrastructure and the securing of conditions for competition in the network sectors, (5) the creation and maintenance of new job opportunities and a reduction in the level of unemployment, (6) the improved adaptability of employees and enterprises through investment in human capital.

The above choice of priorities won European Commission's (EC) support in the first Annual Progress Report of the renewed Lisbon Strategy at the beginning of 2006.

The progress in executing the NRP 2005-2008 is different in particular areas.

The actions in the area of *macroeconomic policy* concentrated on maintaining the central budget deficit on the intended level (so called "budgetary anchor") and limiting the deficit of the other central and local government divisions. Legislative and organisational changes aimed at more effective public funds management as well as new solutions in terms of fiscal policy (among others tax wedge reduction) were conducted to achieve this objective. Those actions along with the country's good economic situation enabled strengthening public finance, which resulted in finishing excessive deficit procedure in July 2008 opened against us in 2004.

Continuation of the social insurance system reform as a prerequisite for macroeconomic stability is still a challenge, in particular establishing the list of entitlements to so called bridging retirement pensions as well as extending the duration of potential pensioners' professional activity. After three years since the previous NRP was accepted Poland is still faced with a problem of fundamental reform in healthcare system organization.

Innovativeness of the Polish economy was the main issue in the area of microeconomic policy. Entrepreneurs more often know and use financial instruments provided by the *Act on certain forms of supporting innovation activities* (in particular technology credit and tax exemptions for new technologies).

A gradual progress can be observed in accomplishing the objective of improved regulatory environment of business operations. The measurement of administrative burdens cost in selected economic sectors was a milestone in accomplishing this objective. This will be a basis for a partial reduction of bureaucratic procedures through the simplification of existing regulations and establishing higher quality law in the future. In March 2008 the Council of Ministers set a reduction objective at the level of 25% in priority fields of the Polish law. The reduction is to be implemented till 2010<sup>1</sup>. The efficiency of economic judiciary has also been improved.

Creating a safe from the Polish economy point of view and appropriately developed infrastructure especially energy and transport one was treated as a priority. Measures taken in the energy sector (among others the implementation of the third party access (TPA) principle,

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<sup>1</sup> The reduction will include the following fields of law: environment, spatial planning and development, social insurance, business operations law, hallmark law, tourist services, labour law.

cancellation of long-term contracts, preparation for further privatization) constitute a basis for developing competitive electricity and gas sector. The work on the improvement of the investment process in transport infrastructure is well under way.

In the area of *labour market policy* particular emphasis was placed on the improvement of the labour market institutions functioning through the application of identical standards of service for the unemployed and employers as well as preparing offices for individualized service. Although economic acceleration and opening labour markets for Polish employees by several other EU countries resulted in a faster than it was estimated improvement of employment index and unemployment rate fall, it is still a fundamental matter to implement retirement and social insurance reforms which will contribute to the rise in professional activity, especially when the country is facing negative demographic changes<sup>2</sup>.

Labour market reforms were supported by instruments helping to reconcile career and family life as well as improving mobility and quality of human capital. One of the main objectives in the area of human capital development was the creation of legislative and institutional solutions for lifelong learning system. Yet we still have not implemented the country's lifelong learning strategy.

While executing the NRP 2005-2008 emphasis was placed on the use of funds received by Poland within EU Cohesion Policy for the needs of the Lisbon Strategy implementation – both within the previous financial perspective, reflected with reference to Poland in the National Development Plan for 2004-2006 (NDP), and new financial perspective for 2007-2013. The role of particular operational programmes in co-financing the NRP measures was defined in the Implementation Document. In the period of 2004-2006 programme Poland allocated to accomplishment of the Lisbon objectives over 50% of the appropriation.

According to the National Strategic Reference Framework 2007-2013 (NSRF), Poland is going to allocate about 64% of the EU appropriation to implementation of the Lisbon Strategy, such as: construction of modern transport and energy infrastructure, releasing innovation potential (especially SMEs), high quality of R&D, effective investment in science and modern education and vocational training systems, the growth of adaptability to the changes on the labour market, effective instruments of active labour market policy.

Just before the new three-year cycle of the Lisbon Strategy implementation the Polish economy remains booming. After a relatively moderate GDP growth in 2005 by 3.6%, in consecutive years it achieved the level of over 6% (6.2% in 2006, 6.7% in 2007). In the first half year of 2008 GDP growth is estimated at 5.9%. It is important here that the economic growth is taking place against relatively low (but showing a tendency to rise) inflation and a safe external position. The growth is rooted in investment revival (6.5% growth in fixed capital formation in 2005, 14.9% in 2006, 17.6% in 2007 and 15.4% in the first half year in 2008) and stable increase in consumption (2.7% growth of overall consumption in 2005, 5.2% in 2006, 4.7% in 2007 and 3.9% in the first half year of 2008).

The acceleration gathered pace both in the industry and construction sector. Industrial output increased by 3.7% in 2005, in consecutive years it grew by 11.2% and 9.8% and in the first half year of 2008 by 8.5%. Construction and assembly production<sup>3</sup> was already growing fast in 2005 (by 8%), and 2006-2007 saw further increase of 12.0% as a result of the revival on the property market and good weather conditions.

The foreign trade turnover is also rising dynamically (in 2006 exports grew in substantive terms by 23.1% - calculated on the basis of amounts in EUR, while imports by 24.2%). In 2007

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<sup>2</sup> The detailed statement on structural indexes showing the performance of the NRP measures is in Annex 2.

<sup>3</sup> Delivered by construction enterprises under commissions.

the growth rate of turnover was lower, but still high – the rise in exports expressed in EUR accounted for 15.8% and imports 19.5%. The value of commodity exports in January-June 2008 was 16.6% higher compared to the corresponding period of 2007, while that of imports was 18.6% higher. The rise in the negative balance on the current account recorded in 2006 and 2007 was accompanied by a considerable growth in foreign direct investment (FDI) in Poland (up to EUR 15.2 billion, and EUR 13.5 billion in 2007 compared to EUR 8.3 billion in 2005). In January-June 2008, the influx of FDI to Poland amounted to approx. EUR 5.2 billion, compared to EUR 5.9 billion in the same period of the previous year.

In 2006<sup>4</sup> R&D expenditure reached the level of PLN 5,892.8 million and was 5.7% higher than in the previous year (i.e. PLN 318.2 million higher than in 2005 – in current prices). Consequently the relation of R&D expenditure to GDP (so called GERD/GDP) remained in Poland at the level of 0.56% since 2003 and it was still one of the lowest in EU. In this period there was no clear improvement in the structure of R&D financing. In 2006 the share of enterprises in the expenditure on R&D amounted to 25.1%, compared to 57.5% share of the central budget. The rest part of financing came mainly from research establishments of the Polish Academy of Sciences and research and development units (8.1%) as well as international organizations and foreign institutions (7.0%).

The situation on the labour market is improving systematically. The average employment in the enterprise sector in 2006 was 3% higher than in 2005, in 2008 its growth amounted to 4.7%, and in January-June in the current year it was higher 5.6% than a year ago. The rate of registered unemployment dropped to 9.6 % at the end of June 2008, compared to 11.4% at the end of 2007, 14.8% at the end of 2006 and 17.6% at the end of 2005 (unemployment rates according to survey of economic activity of population (Polish - BAEL) in the fourth quarter of the years 2005-2007 amounted to 16.7%, 12.2% and 8.5%, and in the second quarter of 2008 - 7.1%). These indices show a long-term improvement on the labour market – mainly as a result of job creation in the country.

Favourable macroeconomic situation contributed to the improvement in the state budget outcomes. The budget revenues were higher than anticipated in the *Budgetary Act* in 2007, which resulted mainly from higher receipts from PIT and CIT as well as indirect taxes. It was a consequence of the growth in retail sales and increased salaries as well as the good financial condition of business operators. In 2006-2007 there was a drop in budget deficit, which influenced the condition of all governmental and self-governmental institutions. As a result, in 2006 the deficit of this sector reached 3.8% of GDP and in 2007 2.0%. The debt of governmental and self-governmental institutions in 2006 amounted to 47.6% GDP, in 2007 this relation was lower – 45.2% GDP.

2006 was the year of very low inflation - measured by the annual average Consumer Price Index it amounted to 1.0%, compared to 2.1% in 2005. In 2007 inflation rose again to the level of 2.5% (in the same period prices of industrial output grew by 2.3% and prices of construction and assembly production by 7.8%). At the same time a gradually mounting inflation pressure can be observed and in January-June 2008 (compared to the same period of the previous year), the inflation index amounted to 4.2%, coming out of the inflation brackets set by the Monetary Policy Council (MPC).

The above inflation processes forced the Monetary Policy Council to start raising interest rates in April 2007 after maintaining the reference rate of the National Bank of Poland at the level of historical minimum of 4% for over a year. Since the end of June 2008 the Monetary Policy

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<sup>4</sup> *Science and Technology in 2006 (Nauka i Technika w 2006 r.)*, Central Statistical Office, 2008.

Council raised the interest rates eight times, each time by 0.25 p.p., at present the reference rate amounts to 6%.

According to the draft *Budgetary Act* for 2009 adopted by the Council of Ministers, the real growth of GDP in 2008-2009 will remain at a high level of: 5.5% and 4.8% respectively. The decline in the growth rate, compared to the one achieved in 2007, will be related to the slow down in the world economy and supply limitations. The main factor determining economic growth will be domestic demand – the estimated rise in consumption - 4.9% and 4.5% and rise in investments - 14.5% and 10.0%. The growth of exports is estimated to reach 9.2% and 6.0% and of imports – 12.1% and 7.3%. According to these estimates, the inflation rate in 2008 will rise to 4.4% to drop to 2.9% in 2009, whereas the average NBP reference rate will amount to 5.8% in 2008 and 6.2% in 2009.

The above indices lead to the conclusion that the current economic trends will continue in the medium term. The Polish economy succeeds in exploiting the opportunities for growth created by our accession to the EU.

The processes described above significantly influence the social and economic cohesion of Poland with the other EU countries. Judging from the statistical data, it can be concluded that since mid-1990s there has been an accelerated convergence towards the level of socio-economic development of the EU, which gathered a fast pace in 2004-2006, thanks to the Cohesion Policy instruments applied in Poland. On the one hand, this process resulted from the reforms implemented during the transformation period, on the other, it can be attributed to the fast economic growth of Poland.

At the end of 2007, Poland reached 53.8% of the average GDP per capita of EU-27, whereas in 2003 it was at 49.0%. The fact that the cohesion with the EU economy is strong is evidenced by the high share of imports and exports to the EU markets – imports from EU-27 areas amounted to approx. 64% and exports about 79% of the overall trade exchange. This also proves that the competitiveness of the Polish economy is growing, which is the result both of increased investments and of the rising productivity of labour – in 2007 labour productivity in Poland accounted for 67.2% of the average EU-27 level (in 2003 it was at 62.4%).

## **PRIORITIES, MEASURES, SUB-MEASURES OF THE NRP 2008-2011**

### **Active Society Priority**

Actions under Active Society Priority are oriented at providing appropriate conditions for society development and the improvement in citizens' standard of living. Those aims will be accomplished by means of: efficient education system, modern social security and healthcare system, active labour market policies, creating the basis for information society development and conditions for the growth of citizens' activity level (through the development of social economy, social dialogue, non-governmental institutions, voluntary services).

The reforms are based on an integrated approach to the implementation of *flexicurity* model (labour market flexibility and safety of employment). They include actions in education sector and changes in social insurance system as well as improvements in terms of active labour market policies, which will result in better employees' adaptability and higher employability. These reforms will be supported both by incentives encouraging employees to be active on the labour market as long as possible and by an appropriate migration policy. Actions in those areas will be accompanied by changes aimed at information society development and the improvement of efficiency and availability of healthcare system.

The above actions will be supported by reforms aimed at introducing a new model of social activity, which will make use of the potential of so called social economy, non-governmental organizations' activity and an enhanced dialogue between administration and citizens. Thanks to the priority, building generation solidarity will start; thus enabling the response to the challenges related to demographic changes.

The accomplishment of those tasks will help to provide high quality human capital essential to the proper development of a modern knowledge-based economy. It will also improve the standard of living in Poland. Additionally, progress in these areas will influence the country's investment attractiveness.

The implementation of the National Programme Social Security and Social Integration for 2008-2010 will be a supplement to the Active Society Priority within NRP 2008-2011.

### **Measure 1. Development of education in society and in knowledge-based economy**

#### **Challenges:**

The level of citizens' education and competence need improving if the requirements of knowledge-based economy are to be met. The reforms including formal and informal education process will enable raising professional and general qualifications, which will result in higher employability and self-employment level.

Due to demographic challenges it is essential to prepare and implement instruments in terms of continuous education, in particular of employees aged 50+.

Creating knowledge-based economy and knowledge society able to respond to the globalization challenges demands building a basis for processes which will lead to adopting pro-development attitudes by citizens and implementing favourable actions of administration.

**Tasks:**

Under the measure the *Life-long Learning Strategy* and related legislative and institutional instruments will be worked out and implemented.

Tasks envisaged in the *Strategy* will include elaborating and implementing the national qualifications standards, encouraging into life-long learning (in a formal, non-formal as well as informal way), consolidating partnership of units which organize formal and non-formal education and those which support informal learning.

In the area of formal education there will be changes, inter alia, in curriculum basics of preschool and general education, flexible vocational training system will be created and changes in higher education system will be implemented. The age at which children start compulsory education will be lowered to 6 and compulsory one-year pre-school preparation for 5-year-olds will be introduced. This process will be accompanied by implementation of innovative education forms in didactics, equipping schools with computer hardware and multimedia appliances, modernization of pedagogical control system and enhancing teachers' professional prestige.

Within this measure *the Reform of higher education in the area of functioning and financing of higher education institutions* and *the Reform of higher education in the area of academic career model* will be presented. Thanks to the reform, conditions for increasing competitiveness of Polish universities on the educational services market will be created, which will be accomplished through the improvement of education quality and its stronger linking with research and the needs of the economy and labour market. The changes will concern the education process, higher education management and financing, university teachers and financial help for students.

The above tasks will be supported by dissemination of modern information and communication methods in education process and self-teaching.

Moreover, there will be actions directed to raising professional qualifications of employees in particular branches (among others in tourism).

Accomplishment of the measure will be supported by the instruments included in the governmental 50+ Programme.

**Implementation instruments:**

Under the measure there will be amendments to the following acts:

- the Act on the Education System,
- the act - Higher Education Law,
- the Act on Academic Degrees and the Academic Title and on Degrees and the Title in the Fine Arts,
- Teacher Charter,
- local government acts (on district, county and province self-government),
- executory provisions to those acts.

**Expected effects:**

Creating framework and conditions for effective education process responding to the challenges of global economy will be a direct result of the measure. Thanks to raising professional and key competence of young people and adults the human capital quality will

improve, which will contribute to the growth of employment. Levelling educational opportunities, especially with reference to children from rural areas and small towns, will be more effective.

The results of implementation of *the Reform of higher education in the area of functioning and financing of higher education institutions* and *the Reform of higher education in the area of academic career model* include:

- more efficient management of universities, providing better chances for development and accomplishment of strategic objectives by universities,
- improvement in quality of education,
- adapting education to the needs of the economy and the labour market, in particular increasing the number of graduates of the studies essential to the economic development (mathematics, physics, science, technical studies),
- better preparation of graduates for entering the labour market,
- making higher education system receptive to the competence gained outside formal education.

**Timetable:**

**2008:**

- elaboration of the draft assumptions to *the Reform of higher education in the area of functioning and financing of higher education institutions*,
- elaboration of the draft assumptions to *the Reform of higher education in the area of academic career model*,
- elaboration of the draft act on the change of the act – Teacher Charter,

**2009:**

- elaboration of the draft cross-sector *Life-long learning strategy to the year 2015*,
- the initiation of implementing the programme New Technologies in Education for 2009-2010,
- elaboration of the amendment to the act – Higher Education Law,
- elaboration of the amendment to the Act on Academic Degrees and the Academic Title and on Degrees and the Title in the fine arts,

**2010:**

- implementation of legislative changes in terms of pedagogical control system modernization.

**The calendar of changes in the education curriculum basics:**

**2009/10** – the first form of primary school,

**2009/10** – the first form of gymnasium,

**2012/13** - the first form of post-gymnasium schools.

**Responsible: Ministry of National Education, Ministry of Science and Higher Education, Chancellery of the Prime Minister, Ministry of Labour and Social Policy, Ministry of Economy, Ministry of Regional Development, Ministry of Sport and Tourism**

## **Measure 2. Modernization of the social security system: realization of the social insurance reform principles and conducting actions leading to the postponement of employees' deactivation in the labour market**

### **Challenges:**

Facing the demographic challenges Poland needs to implement reforms which will continue changes in social insurance system initiated in 1999. In 2008-2011 additional solutions will be introduced complementing the current system and creating conditions encouraging employees to be active on the labour market as long as possible. This will contribute to the improvement of public finance.

### **Tasks:**

Under the measure first of all the reform of social insurance initiated in 1999 will be continued and social insurance system will be improved. Consequently changes in retirement and disability pensions system will be introduced.

Work on both incentives promoting opening individual retirement pension accounts and standardizing the rules of establishing and functioning of the open pension funds of new type will be initiated.

To protect pension payments contributions to the Demographic Reserve Fund will be maintained for longer period.<sup>5</sup>

### **Implementation instruments:**

Under the measure the following acts will be elaborated and implemented:

- Act on life capital retirement pension funds,
- Act on capital retirement pensions,
- Act on early retirement,
- act amending the Act on retirement pensions and disability benefits paid out of the Social Insurance Fund and amending certain other acts - introducing new methods for calculating the incapacity benefits for people born after 31 December 1948,
- amendment to the Act on individual retirement pension accounts,
- statutory standardization of the rules of establishing and functioning of the open pension funds of new type.

### **Expected effects:**

Adopted solutions will adjust the system to the demographic and socio-economic changes; they will encourage the insured to continue professional activity. They will also contribute to the growth of generation solidarity which will become the basis for the effective implementation of governmental policies.

The reform will lower the risk of retirement pension system insolvency in the long term and it will have a positive effect on public finance in the medium term.

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<sup>5</sup> Currently according to the Act on social insurance system contributions to the Demographic Reserve Fund are paid until 31 December 2008. They are to protect pension payments.

**Timetable:**

**2008:**

- completion of legislative work on the following projects:
  - Act on life capital retirement pension funds,
  - Act on capital retirement pensions,
  - Act on early retirement (coming into effect on 1 January 2009),
  - Act on individual retirement pension accounts (coming into effect on 1 January 2009),
  - act amending the Act on retirement pensions and disability benefits paid out of the Social Insurance Fund and amending certain other acts,
- commencement of statutory standardization of the rules of establishing and functioning of the open pension funds of new type.

**Responsible: Ministry of Labour and Social Policy**

**Measure 3. Active labour market policies**

***3.1. Improvement of institutional services in the labour market***

**Challenges:**

As a result of the changes on the labour market which have occurred in recent years (a high drop in unemployment rate) there is a need for the improvement in the model of rendering services by the labour market institutions. New solutions should provide a wider access to the labour market services, especially for the people aged 50+, which will play part in lengthening their professional activity.

Systematic analysis and updating system of occupational information, as well as the access to those resources by means of electronic communication systems are indispensable.

The information resources facilitating contracting high quality trainings by employment services need updating and extension. Particularly the Classification of Occupations and Specializations (with descriptions of occupations) needs changes, further extension of information resources and the functionality of database including descriptions of professional qualification standards as well as modular training programmes are also necessary.

Implementation of the instruments facilitating identification of the employers' demand for qualifications and monitoring of services quality is essential for the effectiveness of the labour market services.

**Tasks:**

The following tasks will be accomplished under the sub-measure:

- improving institutional services in the labour market at the provincial and county level, in particular through providing complementarity of services,
- building the system guaranteeing high quality of trainings for the unemployed and job-seekers,
- providing universal access to the basic labour market services, especially to job placement, career counselling and occupational information,
- promoting innovative solutions aimed at raising employment and professional activity.

Under the sub-measure trainings for labour offices employees will commence. IT service (database) of public employment services will also be improved.

The framework for preparation of special programmes giving a starosta (head of the county – powiat) more freedom in selection of target groups for the actions of public employment services will be created.

New regulations will simplify and improve the employment offices operation.

Updating of the Classification of Occupations and Specialization as well as of the descriptions of occupation groups and occupations and specializations will be conducted.

**Implementation instruments:**

**institutional/organizational:**

- accomplishment of the National Action Plan for Employment for 2009-2011 and the Human Capital Operational Programme 2008-2013, in particular contracting trainings for employment services employees, among others in e-learning technology as well as development of methods, instruments and information resources supporting public employment services operation.

**legislative:**

- amendment to the Act on employment promotion and labour market institutions and some other acts.

**Expected effects:**

Executing tasks will result in increased quality of labour market services and uniform quality level of rendering them in all regions of Poland, particularly through raising professional competence of public employment services employees (and employees of other labour market institutions supporting public employment services operation). In addition organizing, standardization and extension of the availability of information resources used by public employment services to render labour market services will be conducted.

**Timetable:**

**2008:**

- preparation of the amendment to the Act on employment promotion and labour market institutions and some other acts,
- preparation of the National Action Plan for Employment for 2009-2011,

**2009 – 2011:**

- work on the change of the Classification of Occupations and Specializations,
- accomplishment of measures included in the National Action Plan for Employment for 2009-2011 and the Human Capital Operational Programme 2008-2013, in particular trainings for employment services and providing those services with methods, instruments and information,
- implementation of the amendment to the Act on employment promotion and labour market institutions and some other acts.

**Responsible: Ministry of Labour and Social Policy, Ministry of Regional Development**

### ***3.2. Implementation of the system of incentives encouraging people at risk of unemployment and social exclusion to be more active in the labour market, in particular extending the duration of professional activity and return of people aged 50+ to the labour market***

#### **Challenges:**

The demographic changes necessitate creating systems and mechanisms facilitating activation and remaining of the people aged 50+ on the labour market.

Very low professional activity is characteristic of people aged 50+, which is mainly because of early retirement.

It is still essential that solutions as regards increasing the level of young people, women and disabled people's employment be implemented.

#### **Tasks:**

The following tasks will be accomplished under the sub-measure:

- concentration of the public employment services on professional activation of people at risk of unemployment and social exclusion,
- supporting employment of people aged 50+,
- improving the situation of young people returning to and for the first time entering the labour market,
- giving equal opportunities on the labour market to women and men with a view of reconciling career and family life.

#### **Implementation instruments:**

##### **institutional/organizational:**

Under the sub-measure the governmental programme 50+. *Solidarity between generations* is being prepared. On the basis of the programme actions directed to better use of human resources of people aged 50+ will be initiated. The programme includes, on the one hand, measures introducing incentives and facilitations which will help employers to engage and maintain at work people aged 50+ and, on the other, a part of actions aims at increasing qualifications, skills and effectiveness of those people at work. Moreover, employers will be recommended to make use of strategies concerning age management in enterprises, adapting work conditions to the abilities (health and skills) of employees aged 50+, appropriate working time flexibility (e.g. additional breaks, changes in working hours schedule) and appropriate health prevention.

Furthermore, under the measure modified services and labour market instruments aiming at providing young people with a better access to various forms of professional activation, as well as education, training, apprenticeship, traineeship will be elaborated and implemented. The National Action Plan for Employment for 2009-2011 and Human Capital Operational Programme 2008-2013 will be executed.

##### **legislative:**

- amendment to the Act on employment promotion and labour market institutions and some other acts,
- amendment to the Labour Code and some other acts, aimed at facilitating the reconciliation of career and family life (the changes include among others introducing the

possibility to use the company fund of social benefits for creating crèches and kindergartens as well as to divide the maternity leave to obligatory and non-obligatory part and increasing the base for calculating contributions to retirement and disability insurance of people on unpaid extended post-maternity leave).

**Expected effects:**

As a result of executing the sub-measure the index of employment among people aged 55-64 will raise and the level of social exclusion of the unemployed people in the pre-retirement age group will decline. Additionally, the state budget expenditure on benefits paid out of social security system will fall. Implemented strategies concerning age management will allow building generation solidarity.

Increasing employability of young people, especially those at risk of social exclusion as well as women and the disabled will be observed.

**Timetable:**

**2008:**

- adoption of the programme 50+. *Solidarity between generations*,
- preparation of amendment to the Act on employment promotion and labour market institutions and some other acts,
- preparation of the National Action Plan for Employment for 2009-2011,

**2009 – 2011:**

- entry into force of the amendment to the Labour Code and some other acts, aimed at facilitating the reconciliation of career and family life,
- initiation of implementing the programme 50+. *Solidarity between generations*,
- conducting actions included in the National Action Plan for Employment for 2009-2011 and the Human Capital Operational Programme 2008-2013, in particular directed to the increase of professional and social activation of young people.

**Responsible: Ministry of Labour and Social Policy, Ministry of Health, Ministry of Finance, Ministry of Regional Development**

***3.3. Implementation of the policy in terms of labour migration with reference to the needs of the labour market (in particular with the aim of increasing the inflow of highly qualified employees)***

**Challenges:**

The global economy requires access to the best human resources. It means the necessity to create a proper migration policy supported by employees' recruitment system, particularly those highly qualified. Public administration, among others employment services need to have a possibility of flexible reaction to the demand arising on the labour market.

Measures in terms of effective mechanisms integrating competence and qualifications of migrants returning to the country will be of special significance.

**Tasks:**

The following tasks will be accomplished under the sub-measure:

- preparing the principles of work migration policy as a part of the Polish migration policy,
- preparing and bringing into effect appropriate acts and solutions concerning work migration.

**Implementation instruments:**

Under the sub-measure basing on the migration policy principles the Act on employment promotion and labour market institutions will be amended.

**Expected effects:**

Thanks to the execution of the sub-measure a new system of migration flows management and monitoring will be prepared. The system will be used by public employment services. It will contain among others mechanisms supporting initiating career by foreigners of high specialist qualifications which are essential for the Polish economy as well as solutions limiting uncontrolled inflow of foreign workforce to the Polish labour market and via Poland to other EU countries. Measures which will enable returning migrants to enter the labour market effectively will also be implemented.

Executing the sub-measure will contribute to pursuing the fifth freedom of EU – free movement of knowledge.

**Timetable:**

**2009:**

- preparing the principles of work migration policy as a part of the Polish migration policy,

**2009:**

- elaborating systemic solutions as regards admitting foreigners to the Polish labour market.

**Responsible: Ministry of Labour and Social Policy, Ministry of Interior and Administration**

**Measure 4. Development of institutions which facilitate increasing civil society activity, supporting and developing enterprises as well as strengthening the role of social partners' organizations and social dialogue mechanism**

**Challenges:**

In Poland there is a need to enhance the citizens' participation in public life and to hammer out and propagate standards of cooperation between public administration and the third sector institutions. One of the main identified challenges of social dialogue is guaranteeing wide representation of employers and employees' interests, which is necessary for providing legitimation to conducting dialogue and forming agreements. It is also essential that the dialogue between state administration and entrepreneurs be strengthened by means of regulating economic self-government operation.

**Tasks:**

Solutions enabling wider than at present participation of citizens and entrepreneurs in the state's socio-economic life will be prepared and implemented.

Principles of an act awarding the economic self-government a status of a public institution and entering it into institutional system of the state will be worked out.

Under the measure social economy entities will be developed, among others pursuant to the programmes of the Minister of Labour and Social Policy.

**Implementation instruments:**

To accomplish the objectives the following acts will be adopted (new solutions and amendments to currently binding regulations):

- Act on public-private partnership,
- Act on social entrepreneurship,
- Act on public benefit and voluntary service,
- Act on development and operation of economic self-government in Poland.

**Expected effects:**

Potential of the third sector in terms of co-deciding on and executing policies and regulations, as well as effective accomplishing tasks and rendering public services will be strengthened. Mechanisms of public-private partnership (PPP) will improve and the number of undertakings implemented by means of PPP will rise.

Legal, financial and organizational conditions for the development of social entrepreneurship, which is one of the effective instruments of supporting social integration policy will be created. This will contribute to decreasing the number of people who live off social assistance and unemployment benefits.

After being awarded the status of public institution and provided with specific administrative competence the economic self-government will have actual influence on shaping economic policy.

**Timetable:**

**2009:**

- entry into force of the Act on public-private partnership and the Act on public benefit and voluntary service,
- initiation of executing the Operational Programme Civic Initiatives Fund,

**2011:**

- adopting the Act on development and operation of economic self-government in Poland.

**Responsible: Ministry of Labour and Social Policy, Ministry of Economy**

**Measure 5. Development of information society, providing broadband access to the Internet and improvement of computer skills**

**Challenges:**

New instruments and technologies enable citizens to strengthen the influence and co-decide on the concerning them matters as well as contribute to regional development and releasing local initiatives. Advantages of the opportunity to use ICT should affect all the citizens, that is why integrating groups at risk of digital exclusion and especially enabling them to obtain basic digital skills are of special concern.

**Tasks:**

The following tasks will be accomplished under the measure:

- counteracting the digital exclusion through financing access to the Internet for people of low incomes,
- widening the access to the Internet (access at the level of “the last mile” – rendering the Internet directly to a user) through supporting micro-, small and medium entrepreneurs intending to provide this service in the regions where this kind of business operation is not profitable.

**Implementation instruments:**

- accomplishment of *Computerization Plan for Poland in 2007-2010*,
- adopting the *Strategy for Information Society Development till 2013* and the instruments arising from it.

**Expected effects:**

The level of information exclusion will be lowered, a wider access to the broadband Internet will be provided, which will result in improvement of citizens’ computer skills.

**Timetable:**

**2008:**

- adopting and initiating the implementation of the *Strategy for Information Society Development till 2013*.

**Responsible: Ministry of Interior and Administration**

## **Measure 6. Improvement of the healthcare system efficiency**

### ***6.1. Changes in financing the healthcare system***

**Challenges:**

Progressing demographic changes require building effective healthcare system. To achieve that objective it is essential that transparent financing system be created and the patients be provided with precise information on the services they are entitled to.

**Tasks:**

The following tasks will be accomplished under the measure:

- decentralization and demonopolization of the paymaster of the universal health insurance system,
- introducing additional voluntary health insurance,
- introducing a mechanism for creating guaranteed medical services.

**Implementation instruments:**

**institutional/organizational:**

Under the sub-measure the National Health Fund (NHF) will be liquidated and the responsibility for the tasks as regards universal health insurance will be conveyed to several Public Universal Health Insurance Companies (PTUZ) and (in further perspective) also Private PTUZ. At the same time a mechanism for unification of contracting services by particular insurance institutions in the extent essential to execution the system objectives will be created. Provincial and county self-governments will have influence on the Companies operation, at the

same time a supervisory authority of the universal health insurance system will function. Moreover, in the new system every insured person will have the right to select the paymaster.

The possibility of concluding non-compulsory health insurance – in the form of complementary and supplement health insurance – will be introduced.

Institutional framework for an effective procedure to create guaranteed and non-guaranteed benefits baskets will be developed, in particular it will concern the rules of functioning of the Medical Technologies Assessment Agency.

**legislative:**

The reforms included in the sub-measure will be introduced by means of the following acts:

- Act on the state control over the universal health insurance system,
- Act on voluntary additional health insurance,
- Act on the amendment to the Act on healthcare services financed from the public funds.

**Expected effects:**

Thanks to the accomplishment of the sub-measure the management of public funds coming from contributions to the health insurance will be more efficient whereas the availability of services will improve. The adopted solutions will enable the effective control over the universal health insurance system to the advantage of the insured who will have an opportunity for selecting an institution of the universal health insurance system as well as non-compulsory extending the insurance protection.

**Timetable:**

**2008:**

- adopting the drafts of the aforementioned acts constituting the new system.

**Responsible: Ministry of Health**

## ***6.2. Changes in the functioning of healthcare establishments***

**Challenges:**

At present healthcare establishments function as autonomous units providing public healthcare. In some cases it impairs effective operation and rendering services at the appropriate level.

To improve the management of the healthcare sector establishments and to exercise control over the medical services quality it is necessary that a uniform and efficient Healthcare Information System be created.

**Tasks:**

The following tasks will be accomplished under the measure:

- transformation of healthcare establishments,
- implementation of the Plan of IT development in Healthcare and development of e-health.

**Implementation instruments:**

**institutional/organizational:**

Under the sub-measure the electronic platform of public healthcare services will be built, which will enable public authorities, in particular the state and self-government administration,

entrepreneurs (among others healthcare establishments, pharmacies, medical practice) and citizens, to collect, analyse and make available digital resources of medical occurrences.

**legislative:**

- Act on the Healthcare Information System.

**Expected effects:**

As a result of the measure accomplishment there will be an improvement in management and financial situation of transformed units, in competitiveness on the medical services market and in the quality and availability of healthcare services.

The implemented IT systems will result in a better observation and registration of medical occurrences, which will contribute to a more accurate forecasting of the demand for medical services.

**Timetable:**

**2009:**

- initiation of transforming autonomous units providing public healthcare,

**2008-2013:**

- building the electronic platform of public healthcare services.

**Responsible: Ministry of Health**

## Innovative Economy Priority

The Polish economy has been growing fast in recent years, however, challenges in terms of improving institutional and legislative environment for enterprises, in particular SMEs are still valid.

Social and economic development strictly depends on constant introduction of innovation. The NRP measures are aimed at increasing innovativeness through creating incentives for raised outlays on R&D and innovation as well as improving the proportion of financing from the state budget to private financing. To increase science competitiveness it is essential that the reorganization and consolidation of the scientific sector units in Poland be conducted, which will contribute to considerable improvement of effectiveness and quality of those units operation.

The growth of international links of the Polish economy necessitates providing an appropriate transport and communication system. It is significant for the success of executing socio-economic programmes and of ensuring a smooth economic development of the country.

In the last several years a considerable growth of natural environment protection has been observed. However, further limitation on energy and material consumption in the production process, supporting environment-friendly activities and adjusting protection norms to the EU standards are still necessary. Consistent pursuing ecological policy and reorganization and modernization of the economy contribute to weakening environmental impact.

### **Measure 1. Providing favourable regulatory and institutional environment for entrepreneurship, innovation and investments**

#### **Challenges:**

Global competition in business operation necessitates the improvement of institutional and legal environment for entrepreneurs. Thus it is essential to reduce the range of restrictions on economic activity through the reduction of restricted activities number; moderating the way of restriction or simplification of obtaining specific kinds of concessions, licenses and permits.

SMEs as the main instrument of the response to the global economy challenges demand for creating appropriate framework of support from public administration. In this process it is significant that SMEs and their representatives be involved in the dialogue on creating favourable institutional and legal system.

Pursuing effective policy as regards bolstering the development of science, technology transfer and innovation requires implementation of appropriate and coordinated supporting instruments.

#### **Tasks:**

The following tasks will be accomplished under the measure:

- identification, measurement and reduction of administrative burdens imposed on entrepreneurs by the law,
- enhancing and widening the role of consultation in the process of law creation, particularly through guaranteeing the involvement of entrepreneurs' representatives,
- the full implementation of the *Think Small First* principle to the state law creation system,

- adopting the Industrial Development Strategy based on the industrial sectors competitiveness analysis, the strategy will integrate actions from two areas of the industrial policy: horizontal and sectoral,
- technological foresight aimed at defining future directions in the Polish industry development,
- appointing the Science and Innovation Board to the Prime Minister,
- promoting corporate social responsibility (CSR).

**Implementation instruments:**

- amendment to the Freedom of entrepreneurship act,
- the Act on limiting administrative barriers in business operation.

**Expected effects:**

Due to the accomplishment of the measure a system enabling the reduction of administrative burdens imposed on entrepreneurs by the law (also in respect of new regulations) will be created. Thanks to the implementation of the *Think Small First* principle, complex regulation of legislative policy and strategies dedicated to SMEs will be possible. The access to the information on the EU and the Polish government policy and initiatives which directly or indirectly support SMEs will be facilitated. Coordination of innovation policy at the central level as well as between central and regional levels, in particular through indication of probable technological development areas, will be enhanced.

**Timetable:**

**2008:**

- initiation of the baseline measurement of administrative burdens (the third and fourth quarter) in the areas so far not involved in the measurement,
- appointing the Science and Innovation Board,
- adopting the amendment to the Freedom of entrepreneurship Act and some other acts,

**2009-2011:**

- executing the technological foresight project,

**2010:**

- adopting the Industrial Development Strategy by the Council of Ministers.

**Responsible: Ministry of Economy, Ministry of Regional Development, Ministry of Finance, Office For Public Procurement, Ministry of Science and Higher Education, Ministry of Environment, Ministry of Labour and Social Policy, Central Statistical Office**

**Measure 2. Improvement of science competitiveness through the reform of scientific units financing and functioning system**

**Challenges:**

The needs of knowledge-based economy require creating network of connections between scientific institutions and enterprises. One of the prerequisite conditions for providing a

suitable framework for developing this cooperation and innovation companies based on it is the access to appropriate IT infrastructure as well as human and financial resources.

**Tasks:**

The following tasks will be accomplished under the measure:

- elaborating and implementing the Strategy of Scientific Development in Poland till 2015,
- updating of scientific research sector through reorganization of the Polish Academy of Sciences as well as research and development units,
- elaborating the strategy of building powerful domestic research infrastructure (the road map of the Polish research infrastructure),
- execution of the National Programme Foresight 2020.

**Implementation instruments:**

The reforms under the measure will be executed on the base of the following acts:

- the Act on the Polish Academy of Sciences,
- the Act on the National Centre of Research and Development,
- the Act on the National Centre of Science,
- the Act on research institutes,
- the Act on rules of financing science.

**Expected effects:**

Due to the execution of the measure scientific research sector will be closer connected with the economy. Transfer of domestic modern technology to industry will be ensured. The efficiency of research and development units will increase. The structure of financing them will change – the straight majority of funds will be allotted for the execution of specific research projects. Financing scientific research will be conducted by means of grants awarded by a competition. An increase in financing science and investments in research and development will be observed. The Polish companies and scientists' participation in international research undertakings will rise and at the same time we will be more open to the experts and researchers from abroad. The research infrastructure will develop, which will enable more efficient use of the domestic scientific potential.

**Timetable:**

**2008:**

- adopting drafts: Act on the Polish Academy of Sciences, Act on the National Centre of Research and Development, Act on research institutes, Act on rules of financing science, Act on the National Centre of Science,
- enacting the programme of the Minister of Science and Higher Education *Supporting international mobility of scientists*,

**2009 - 2010:**

- execution of the National Programme Foresight 2020.

**Responsible: Ministry of Science and Higher Education**

### **Measure 3. Implementation of solutions supporting pro-innovative activity and research and development (R&D), in particular improvement of knowledge transfer and innovation diffusion**

#### **Challenges:**

Polish enterprises need to be innovative in order to compete effectively within the global economy. To support this process public administration should develop conditions and instruments facilitating the implementation of new technologies and the development of enterprises on the base of innovative ideas.

#### **Tasks:**

The following tasks will be accomplished under the measure:

- creating and executing the implementation system of *the Strategy for Increasing the Innovativeness of the Economy for 2007-2013*,
- investments in capital, quasi-capital and debt instruments of risk capital funds which arise in the aim of financing SMEs, in particular in SMEs which are at early stages of development, taking into special consideration innovative enterprises and those conducting R&D activity,
- supporting projects as regards developing entrepreneurs' readiness to invest,
- preparing and implementing the plan of actions arising from the document *the New approach to public procurement*,
- support for creating and developing industrial clusters,
- elaborating an instrument supporting the *user driven innovation* approach,
- shaping the Polish use of outer space policy,
- elaborating an instrument for increasing employment of research and development employees in enterprises.

The above tasks will be supported by tax instruments implemented under so called green tax reform.

#### **Expected effects:**

Increase in the number of enterprises which incur costs on innovation activity. Wider access to external sources of financing SMEs which are at early stages of development, taking innovative ones into special consideration. Activation of the private investors' market by means of favourable conditions for initiating cooperation of investors with entrepreneurs who seek financial sources for accomplishing innovative undertakings. Improved competitiveness and innovativeness of the economy due to supporting production and service enterprises which make new, valuable and generating considerable number of workplaces investments of high innovative potential.

Increased SMEs participation in the public procurement system, rise in the demand for innovative products and services as well as in use of environmentally-friendly products and services purchased by means of the public procurement system. Higher share of Poland in the benefits of outer space research. Increased Polish entrepreneurs' participation in the European cosmic market. Increased enterprises' advancement in science and technology as well as intensified cooperation links in hi-tech sector.

**Timetable:**

**2008:**

- preparing the plan of actions arising from the document *the New approach to public procurement*, selection of institutions responsible for executing measures,
- including Polish clusters in those functioning within the programme BSR Inno Net *Pilot Programmes on Innovation Systems and Clusters*, implementing the programme for internationalization of clusters activity within INNET programme,
- preparing the competitiveness analysis of satellite techniques sector in Poland,

**2009:**

- the final stage of executing *Pilot Programmes on Innovation Systems and Clusters* and entering the international programme for bolstering clusters (full-scale programme), which is now under preparation
- adopting the strategy for cosmic sector development in Poland by the Council of Ministers,
- adopting and implementing legislative and organizational instruments for supporting the *user driven innovation* approach, innovation in service sector, increasing the employment of research and development employees in enterprises.

**Responsible: Ministry of Economy, Ministry of Regional Development, Ministry of Labour and Social Policy, Ministry of Environment, Office for Public Procurement**

**Measure 4. Providing transport, transmission and electronic communication infrastructure appropriate for the needs of modern economy**

**Challenges:**

The socio-economic advancement, particularly in the context of globalization processes, necessitates providing entrepreneurs and citizens with the infrastructure of the appropriate quality. This concerns both transport and electronic communication infrastructure. Transmission infrastructure development, in particular cross-border connections, is also the key challenge as regards the need for effective management of energy and its carriers.

**Tasks:**

The following tasks will be accomplished:

- implementing the National Roads and Motorways Construction Programme for 2008-2012,
- implementing the National Local Roads Construction Programme for 2009-2011,
- executing the Strategy for rail transport till 2013, the National Plan for the Implementation of the European Rail Traffic Management System, the Programme for constructing and opening high speed railways in Poland,
- executing the Programme for developing a network of airports and ground-based air traffic facilities,
- accomplishing tasks in virtue of the navigational infrastructure development under the EU programmes (single European sky project – SES and its technical part – SESAR),

- creating three sea motorways on the Baltic Sea and including Police sea port into this network under Trans-European Network (TEN-T),
- implementing the Strategy for sea ports development till 2015,
- preparing the Strategy for modernization of inland waterways infrastructure in Poland till 2020 and the National programme for supporting inland navigation,
- preparing the ITS (Intelligent Transportation Systems) Strategy in Poland,
- elimination of legislative barriers in the process of investments in telecommunications,
- making frequencies below 10GHz available, in particular for the development of the broadband access to the Internet, especially in low urbanized areas,
- supporting the construction and modernization of electric power infrastructure,
- construction and modernization of natural gas infrastructure.

**Implementation instruments:**

The reforms included in the measure will be introduced by means of the following acts:

- amendment to the Act – Energy law,
- amendment to the Act on the specific principles of preparing and executing project investments in national roads construction,
- amendment to the Act on public roads,
- amendment to the Act on rail transport,
- amendment to the Act – Aviation law,
- amendment to the Act on inland navigation,
- amendment to the Act on managing certain types of property belonging to the State Treasury and on the Military Property Agency,
- amendment to the Act “Programme for the Odra River 2006”,
- amendment to the Act on organization of public administration,
- amendment to the Act – Environmental protection law,
- amendment to the Act on spatial planning and management,
- amendment to the Act – Construction law,
- amendment to the Act – Geodetic and cartographic law,
- amendment to the Act on health resorts, health resort areas, health resort medical care and health resort gminas (gmina being the smallest administrative unit in Poland).

**Expected effects:**

The improvement of the energy security among others through creating new transmission capacity, increasing the capacity of transmission system, extension of underground natural gas storages and widening the availability of natural gas for local communities. Increased cohesion of the country’s transportation system with the EU system. Better condition of the Polish railway infrastructure, increased attractiveness and competitiveness of railways in regional and international transport, streamlined railway connections between big cities in

Poland. Better quality and increased number of goods and passengers' carriages. Increased capacity of the Polish airports and improved services quality as well as passengers' safety. Enlarged capacity of the Polish airspace, increased efficiency in providing services in the Polish airspace and safety in air traffic. Raised importance and competitiveness of the Polish sea ports and their increased prestige in the international transport network. Curbing the process of declining inland waterways and creating conditions for reviving inland navigation in some sections. Improved safety in the traffic and use of infrastructure in the transportation system, increased efficiency of transport and its reduced negative impact on the natural environment. The simplification of the construction investment process. Shortening and simplifying telecommunications infrastructure investment processes. Wider physical access to the services and increased penetration of the access to the broadband Internet.

**Timetable:**

**2008:**

- entry into force of the amendment to the Act on the specific principles of preparing and executing project investments in national roads construction,
- adopting the amendment to the Act on public roads and some other acts,
- adopting the Programme for constructing and opening high speed railways in Poland by the Government,
- adopting the document “Master Plan for the railway transport in Poland till 2030” by the Government,
- initiation of the actions implementing the amendment to the Act on managing certain types of property belonging to the State Treasury and on the Military Property Agency and some other acts,
- preparing the Detailed plan for executing the Strategy for sea ports development till 2015,

**2009:**

- entry into force of the amendment to the Act – Aviation law,
- preparing the principles of the Strategy for modernization of inland waterways,

**2008-2011:**

- executing the road projects envisaged in the National Roads Construction Programme for 2008-2012 and planned under public-private partnership,
- executing the priorities of Master Plan for the railway transport in Poland till 2030 (2010-2030),
- accomplishing the Programme for constructing and opening high speed railways in Poland,
- pursuing infrastructural projects supported by structural funds and the Cohesion Fund resources,
- executing investments as regards overland connections of sea ports with their loading base, investments concerning the development of the ports distribution and logistic function, in particular the service of intermodal units and the construction of logistics centres,
- adopting the Strategy for modernization of inland waterways infrastructure in Poland till 2020 by the Government,

- amendment to the Act – Energy law,
- preparing draft amendment to the acts: Construction law, Environmental protection law, Geodetic and cartographic law, and acts: on spatial planning and management and on health resorts, health resort areas, health resort medical care and health resort gminas.

**Responsible: Ministry of Economy, Ministry of Infrastructure, Ministry of Interior and Administration, Ministry of Regional Development, Ministry of the Environment, Ministry of Health, Energy Regulatory Authority, Office of Electronic Communications, Civil Aviation Office, General Director for National Roads and Motorways, Office of Rail Transport, Maritime Offices**

## **Measure 5. Providing conditions for competition in network sectors**

### **Challenges:**

Modern economy requires an appropriate extent of competition in network sectors. The regulatory office of particular market plays the key role in this process. It must be emphasized that providing conditions for competition requires also guaranteeing to each recipient such a position on the electricity and gas fuels markets which will enable them to take factual advantage of the right to buy energy or fuels from a chosen seller. Thus it is essential to streamline the functioning of solutions which will guarantee to all consumers, especially households, equal chances to select the seller freely and at the same time ensure that all sellers will have a chance to convey their offer to all consumers.

Since Poland's accession to the EU, the monopoly of Poczta Polska (the Polish public post company) has been being gradually dismantled. The full liberalization of postal services has been planned and in accordance with the Government's decision, on the 25<sup>th</sup> of August of this year the EC was informed on Poland's intention of exercising derogation as regards the date of opening the market, which means that it will take place no later than on the 1<sup>st</sup> of January 2013.

### **Tasks:**

The following tasks will be accomplished under the measure:

- strengthening the role of regulators on the network markets with the aim of providing an appropriate level of competition on these markets,
- strengthening the consumer's position on the electricity market and protection of the weakest consumer,
- supporting the construction and modernization of the energy infrastructure and improving the conditions for the functioning and maintenance of the independence of the transmission system operator as well as of distribution systems operators,
- opening the market of international passengers' carriages,
- commercialization of the "Poczta Polska" state-owned public utility company,
- widening the availability of telecommunications services in the wholesale aspect.

### **Implementation instruments:**

- amendment to the Act – Energy law,
- implementing the 2003/55/EC Directive concerning common rules for the internal market in natural gas,

- amendment to the Act on rail transport,
- amendment to the act – Telecommunications law,
- amendment to the Postal Law,
- Act on the commercialization of the “Poczta Polska” public utility company.

**Expected effects:**

Strengthening the role and independence of the regulator as regards the supervision of energy enterprises operation and preventing potential abuse of market power by those enterprises. Elimination of barriers limiting the energy market ability to grow and implementation of system solutions concerning consumers’ protection, in particular a detailed programme for “sensitive” consumers. Arising of international competition on the domestic railway market, and at the same time benefits for the Polish carriers on account of opening new carriages market. Strengthening the role and independence of the Office of Rail Transport as a regulator of rail carriages market. Liberalization of public postal services market and also further development of competition in services rendered according to market rules with retaining the availability of public postal services. Increased competitiveness of Poczta Polska through commercialization. Strengthening the role and independence of the regulator as regards the supervision of postal and telecommunications enterprises operation. Arising of favourable conditions for entering the market of new telecommunications enterprises. Enabling the alternative operators to raise their share in the market and lowering the prices of telecommunications services.

**Timetable:**

**2008:**

- submitting the project of the amendment to the Act on rail transport to the Council of Ministers,
- entry into force of the Act on the commercialization of the “Poczta Polska” public utility company,
- submitting the project of the amendment to the Telecommunications law act the Council of Ministers,

**2009:**

- completion of implementing the Third Railway Package into the Polish legal system,
- preparing a certificate of commercialization of the “Poczta Polska” public utility company and conducting the process of commercialization of this company,

**2009-2010:**

- submitting the act implementing the Third Postal Directive to the Sejm.

**Responsible: Ministry of Economy, Ministry of Infrastructure, Energy Regulatory Authority, Office of Electronic Communications**

**Measure 6. Using innovation in terms of environmental protection**

**Challenges:**

To response to the climate change it is necessary to conduct policy for limiting human economic activity impact on the natural environment. Facing up this challenge the state needs

to promote actions leading to the change of production and consumption patterns for more sustainable ones. It is still significant to seek, elaborate and implement such solutions which give the chance to fulfil both current and new consumers' needs by means of methods which have lower influence on the environment directly (e.g. low-emission, energy-efficient, material-saving production) as well as indirectly (low energy costs of operation, eliminating dangerous substances, easiness of recycling and the like). Supporting technologies and investments based on renewable energy recourses is also crucial. Developing supporting mechanisms, also tax exemptions, for technologies of this type is indispensable from the point of view of the possibility of implementing such solutions.

**Tasks:**

The following tasks will be accomplished under the measure:

- introducing solutions aiming at raising energy efficiency of the economy,
- creating conditions for the development and promotion of clean coal technologies,
- maintaining incentives for entrepreneurs to invest in increasing the power in CHP installations,
- further support for taking advantage of RES, in particular of biofuels,
- preparing and executing so called green tax reform supporting the implementation of innovative environmentally friendly solutions,
- executing the Implementation Programme for the National Environmental Technologies Action Plan for 2007-2009 with a perspective for 2010-2012,
- preparing and executing the Programme for sustainable production and consumption patterns including among others the reform of product and deposit fees system,
- promotion of using environmental management systems in enterprises,
- promotion and development of green public procurements,
- supporting actions as regards providing people with water of appropriate quality, sewage treatment and waste management.

**Implementation instruments:**

**legislative:**

- amendment to the Act – Energy law,
- Act on energy efficiency,
- amendment to the Act on the greenhouse gases emissions trading scheme for the installations included in the EU trading scheme.

**organizational:**

- taking advantage of the Community Eco-management and Audit Scheme (EMAS) as an instrument of minimizing the economic sector impact on the environment.

**Expected effects:**

Increased investments in RES and CHP. Development of dispersed energy industry as environmentally friendly and alternative sources of electric power. Enlarging the eco-technology market. Limiting greenhouse gases emissions. Decoupling the economic growth from the increase in the consumption of environmental resources and the impact on the

environment. Increased effectiveness and competitiveness of enterprises. Improved productivity and production quality as well as enhancing the economy management in accordance with the natural environment needs. Improved citizens' standard of living.

**Timetable:**

**2008:**

- adopting the Programme for sustainable production and consumption patterns,
- amendment to the Act – Environmental protection law,
- amendment to the Act on the emissions trading scheme,

**2009:**

- amendment to the Act – Energy law,
- Act on energy efficiency,
- initiating preparation of changes in the tax system.

**Responsible: Ministry of Economy, Ministry of the Environment, Ministry of Finance, Office for Public Procurement**

## **Measure 7. Completion of the main privatization processes**

**Challenges:**

To provide the optimal structure of the Polish economy, which will raise its adaptability, particularly considering globalization processes and pursuing climatic policies, it is indispensable that privatization processes should be completed. The State Treasury remains the owner of a large proportion of the property in such sectors as: electric power, oil and gas, shipbuilding, defence, hard coal mining, transport, pharmaceuticals and printing.

**Tasks:**

The following tasks will be accomplished under the measure:

- executing privatization measures in sectors indicating the share of the state capital in pursuance of the Privatization plan for 2008-2011 and annual privatization objectives.

**Implementation instruments:**

- amendment to the Act on commercialization and privatization.

**Expected effects:**

Increasing effectiveness of management and competitiveness of business operators on both the Single Market and external markets. Raising the economic growth rate and the citizens' standard of living through the improvement of public finance, increase in labour productivity, advancement of competitiveness and innovativeness as well as positive effects on the labour market.

**Timetable:**

**2008 – 2011:**

- executing privatization measures in sectors indicating the share of the state capital in pursuance of the Privatization plan for 2008-2011 and annual privatization objectives.

**Responsible: Ministry of Treasury**

## **Efficient institutions priority**

Developing efficient, transparent and friendly public institutions, which are able to shape effective policy and to execute it, is crucial to Poland's socio-economic advancement, increasing competitiveness of the Polish economy and raising the citizens' standard of living. To pursue this objective it is essential to increase the efficiency and potential of the Polish public administration through implementing modern standards of executing its tasks, which will result in the growth of these institutions reliability.

Raising the quality of executed public tasks and wider availability of the services rendered by the administration to citizens and entrepreneurs are possible only through introduction of information and communications technologies.

Changes in public finance aiming at the raise of effectiveness and streamlining of spending funds as well as in the long term at generating savings are an essential instrument of the state modernization. Measures aimed at ensuring the economic stability will involve limiting public debt in relation to GDP, balancing the budget as well as maintaining low inflation. These condition the fulfilment of nominal convergence criteria and joining the Eurozone, which will be advantageous for the Polish economy and citizens.

Completing the decentralization process through devolving new tasks, competence and institutions to local self-governments, which will be accompanied by the decentralization of public funds and strengthening the self-governments' property base, is an essential element of improving the execution of the state functions. This will allow raising local self-governments' potential as regards creating conditions for the socio-economic development of local and regional communities.

Taking into account the forecast decline in the world economy growth rate, which can negatively affect the Polish economy, it is necessary that a new, effective system of the Polish economy promotion actively supporting export and foreign investments be introduced.

Actions concerning institutional changes and raising administration efficiency will contribute to preparing and conducting Polish Presidency in the EU in the second half of 2011 effectively. They will also enable efficient and complex coordination of EURO 2012 project, among others as regards pursuing infrastructural projects and tourist personnel development.

### **Measure 1. Development of modern public administration, in particular electronic administration with the aim of improving the quality of accomplished tasks**

#### **Challenges:**

New tasks related to the socio-economic changes necessitate the improvement of public administration functioning. This should be conducted through both preparing competent personnel and introducing new, IT-based modus operandi. Reforms implemented in an appropriate way will ensure succeeding in execution of the other two NRP priorities.

#### **Tasks:**

The following tasks will be accomplished under the measure:

- the reform of the civil service system and self-government administration,
- strengthening human resources as well as modernization of public administration and judiciary management,

- implementing information systems supporting decision making processes in administration and rendering e-services under the execution of the *Computerization Plan for Poland*,
- executing the project of the Electronic Platform of Public Administration Services (ePUAP) and making public administration services available via ePUAP platform,
- widening the use of electronic techniques in public procurements,
- improving common judiciary among others through introducing e-court, regulating the access to legal professions, organizing and simplifying common judiciary structure, raising the efficiency of common judicial proceedings.

**Implementation instruments:**

Reforms within the measure will be introduced basing on the following acts:

- amendment to the Public procurement act with the aim of widening the use of new electronic techniques and methods of awarding public procurements,
- amendment to the Civil proceedings code among others aiming at introducing e-court,
- adopting the Act on the state legal exams,
- amendment to the Foreign service act,
- amendment to the Act on civil service and the Act on self-government employees.

Moreover, the Polish legislative solutions will be adjusted to the fast development of modern information technologies among others those enabling the implementation of new form of ID cards and the Information System pl.ID.

**Expected effects:**

Increased use of information and communication technologies in public administration will allow raising the effectiveness of the actions conducted by it (among others due to the acceleration of information transfer between its different levels), ability to forecast and plan; it will also widen the availability of the services in a digital form for citizens and entrepreneurs, and additionally it will lower the costs of tasks executed by public administration. Easier access to the public information will contribute to the reduction of administrative barriers of business activity. Further results will include acceleration and lower costs of legal proceedings, in particular economic ones as well as the increase in certainty of business activity. Administration potential will be strengthened by raising skills and qualifications of the clerical staff and developing a cohesive system of human resources management in the state and self-governmental administration as well as updating diplomatic service.

**Timetable:**

**2008:**

- amendment to the Public procurement act,
- preparing the project of the amendment to the Civil proceedings code,

**2009:**

- implementing field electronic MS platform,
- completing IT-development in economic judiciary,

- entry into force of the new Act on the state legal exams,
- entry into force of the amendment to the Foreign service act,
- entry into force of the amendment to the Act on civil service,
- entry into force of the Act on self-government employees,

**2011:**

- opening the full access to the land register on-line.

**Responsible:** Ministry of Interior and Administration, Ministry of Justice, Ministry of Finance, Office for Public Procurement, Chancellery of the Prime Minister, Ministry of Regional Development, Central Statistical Office, Ministry of Foreign Affairs

## **Measure 2. Improvement of public finance sector efficiency and public funds management**

### **Challenges:**

An appropriate, i.e. responding to citizens' needs realization of public tasks necessitates efficient public finance management. This requires, on the one hand, creating an efficient institutional system of public finance sector, on the other, defining long-term perspectives for public funds release.

The current public finance situation does not seem to threaten the medium term economic growth stability. In the medium term the economic growth rate will remain stable.

According to the government declaration on Poland's full participation in the Economic and Monetary Union in the nearest possible future and the commitment to fulfil the criteria for joining the Eurozone in 2011, it is necessary to ensure the macroeconomic stability, particularly reducing public debt in relation to GDP and balancing the budget as well as maintaining the low inflation.

### **Tasks:**

The following tasks will be accomplished under the measure:

- reorganization of public finance sector,
- implementing long-term financial planning as regards the state budget and self-governmental institutions budgets,
- implementing task-based budgeting, in particular 3-year task-based planning,
- raising the effectiveness of internal audit services in public finance institutions.

### **Implementation instruments:**

Reforms within the measure will be introduced basing on the following acts:

- Public Finance Act and the act – Regulations introducing the act on public finance,
- Ordinance of the Minister of Finance on detailed method, mode and schedule of elaborating documents for draft budgetary act.

The assumptions for projects of acts regulating task-based budgeting, in particular long-term task-based planning will be also prepared and in addition enforcement provisions concerning internal audit will be adjusted.

**Expected effects:**

A mechanism of modern public finance management will be introduced, which will enable spending public funds more efficiently, raising transparency and predictability of fiscal policy, strengthening the role of strategic planning in public finance. Applied instruments will improve financing long term programmes, allow adjusting the state's financial planning to the planning at the EU level as well as facilitate absorption of the EU funds. The reform of public finance introduced by means of a new act will bring savings in the state's expenditure and contribute to the fulfilment of commitments concerning public finance which are defined in the Convergence Programme. In result those changes will enable the fulfilment of convergence criteria and joining the Eurozone by Poland. In the long term perspective adopting the common EU currency will be an essential factor supporting public finance position, decreasing the probability of currency and financial crisis in Poland and raising the credibility of the Polish economy.

**Timetable:**

**2008:**

- Preparing the projects of the Public Finance Act and the act – Regulations introducing the act on public finance,

**2009:**

- liquidation or transformation of chosen legal and organizational forms of the public finance sector, justifiability and efficiency of which are questionable,

**2011:**

- implementing 3-year task-based planning at fund-managing entities.

**Responsible: Ministry of Finance**

**Measure 3. Decentralization of public finance for the benefit of self-governments, devolving new tasks and competence to self-governments and demarcating strictly the competence of central and local government administration**

**Challenges:**

The right execution of the constitutional principle of the state's subsidiarity requires devolving tasks and public funds to the level closest to the citizen. To succeed in accomplishing this process it is necessary to reorganize the currently binding legal regulations in the aim of ensuring a clear division of responsibility and competence between the state's administration and the local self-government. Decentralized tasks should be accomplished on a suitable financial and property base. Within decentralization of development processes, which entails decentralization of public finance, it is also essential to strengthen the role of local self-governments as regards investments in technical and social infrastructure and their influence on the economic development of the regions and the use of local potential.

**Tasks:**

The following tasks will be accomplished under the measure:

- creating the catalogue of tasks, competence, responsibility and local self-government institutions,

- providing local self-government with a solid financial and property base.

**Implementation instruments:**

Reforms under the measure will be introduced by means of over 200 draft amendments or new acts encompassing a wide extent of administrative law. Among others the following draft acts will be prepared:

- Act on the amendment to some acts in relation to the changes in the organization and tasks division of public administration in the province (województwo),
- Act on the provincial governor (wojewoda) and the state's administration in the province (województwo),
- Act on the village fund,
- Act on the municipal policy and the cooperation of local self-government institutions in this respect and on the amendment to some other acts.

**Expected effects:**

Decentralization of tasks, competence and budget funds accepted by local and regional communities and authorities will create impetus for civic activity and taking advantage of the huge development potential of local self-government. It will contribute to the improvement of the people's standard of living and provide more favourable framework for the economic growth and increased competitiveness, also the national and European one.

**Timetable:**

Due to such a wide extent of work the changes will be introduced during the whole term of the current Parliament.

**2008:**

Preparing and submitting the following draft acts to the Council of Ministers:

- Act on the amendment to some acts in relation to the changes in the organization and tasks division of public administration in the province (województwo),
- Act on the provincial governor (wojewoda) and the state's administration in the province (województwo),
- Act on the village fund,
- Act on the municipal policy and the cooperation of local self-government institutions in this respect and on the amendment to some other acts.

**Responsible: Ministry of the Interior and Administration, Ministry of Finance**

**Measure 4. Creating a new and efficient system of Poland's promotion, in particular system of the Polish economy promotion and enhancing economic cooperation**

**Challenges:**

In the era of globalization providing conditions for internationalizing enterprises is essential to the economic development of the country. It should be conducted through supporting export, cooperating with foreign partners as well as making Polish investments abroad.

Creating a cohesive system of promoting Polish culture and tourism abroad and strengthening connections between culture and economy are also crucial elements of the improvement of promoting Poland. This will raise the growth of the country's attractiveness for foreign investors and tourists.

**Tasks:**

The following tasks will be accomplished under the measure:

- adopting the Strategy for promoting the Polish economy,
- adopting the Strategy for Promotion of Poland till 2015,
- adopting the Act on promoting the Polish economy,
- building the system of supporting export and investments on the base of existing central and self-governmental institutions,
- transformation of The Adam Mickiewicz Institute into a modern instrument coordinating promotion of Poland through the culture and programme base of public and culture diplomacy.

**Implementation instruments:**

- adopting the Act on economic promotion system.

**Expected effects:**

Developing modern and effective system of promoting the Polish economy as well as enhancing economic cooperation will contribute to the increase in exports, raising FDI inflow and the growth of Polish investments abroad, which will entail the improvement of the Polish economy competitiveness. Owing to the creation of modern instrumentarium for promoting Poland abroad through the culture the image of Poland and the recognizability of the Polish culture and products on the international market will improve.

**Timetable:**

**2008:**

- adopting the Strategy for promoting the Polish economy,
- adopting the Strategy for Promotion of Poland till 2015,
- adopting assumptions of the Act on promoting the Polish economy,

**2010:**

- completing the process of institutional transformation of The Adam Mickiewicz Institute.

**Responsible: Ministry of Economy, Ministry of Culture and National Heritage, Ministry of Foreign Affairs, Ministry of Sport and Tourism, Ministry of Agriculture and Rural Development**

Annex 1. Basic macroeconomic indices for 2007-2011<sup>6</sup>

<b>Breakdown:</b>		<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>unit</b>		<b>PW</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>1. Real GDP</b>	%	106.6	105.5	104.8	104.9	105.0
<b>2. Nominal GDP</b>	billion PLN	1 167.8	1 280.4	1 381.4	1 486.0	1 599.6
<b><u>Components of real GDP</u></b>						
<b>3. Private consumption expenditure</b>	%	105.0	105.6	105.1	104.2	104.0
<b>4. Government consumption expenditure</b>	%	105.8	102.5	102.5	102.0	102.0
<b>5. Gross fixed capital formation</b>	%	117.6	114.5	110.0	111.4	110.2
<b>6. Exports of goods and services</b>	%	108.4	109.2	106.0	106.1	106.2
<b>7. Imports of goods and services</b>	%	112.2	112.1	107.3	107.3	106.2
<b>Price developments</b>						
<b>8. Price indices of consumer goods and services</b>	%	102.5	104.4	102.9	102.5	102.5
<b>9. Price indices of sold production of industry</b>	%	102.3	102.8	102.6	102.3	102.3
<b>10. GDP deflator</b>	%	103.3	103.9	103.0	102.5	102.5
<b><u>Monthly wage (gross average)</u></b>						
<b>11. In national economy</b>	PLN	2 691	2 995	3 193	3 368	3 552
<b>12. In enterprises</b>	PLN	2 888	3 228	3 453	3 663	3 882
<b><u>Labour market developments</u></b>						
<b>13. Average employment in national economy</b>	thousand person	9 273	9 596	9 785	9 922	10 063
<b>14. Number of registered unemployed (end of period)</b>	thousand person	1 747	1 377	1 285	1 209	1 099
<b>15. Unemployment rate (end of period)</b>	%	11.4	9.1	8.5	8.0	7.3
<b>16. Open market operations interest rates (average in the period)</b>	%	4.4	5.8	6.2	5.6	5.3
<b>17. Current account balance against GDP (transaction based)</b>	%	-3.8	-5.2	-5.8	-6.0	-6.2

<sup>6</sup> Draft Budgetary Act 2009

## Annex 2. Performance indices for the NRP priorities and measures

## Macroeconomic indices

<sup>a</sup> forecast

<b>Breakdown:</b>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008<sup>a</sup></u>	<u>2009<sup>a</sup></u>	<u>2010<sup>a</sup></u>	<u>2011<sup>a</sup></u>
• GDP growth rate	5.3%	3.6%	6.2%	6.6%	5.5%*	4.8%*	4.9%*	5.0%*
• GDP per capita (EU-27=100. –PPP-based)	50.8%	51.2%	52.3%	53.8%	54.9%			
• convergence criteria:								
- deficit in the sector of central and local government institutions against GDP (%)	5.7***	4.3***	3.8**	2.0**	2.5**	2.0**	1.5**	
- debt of sector of central and local government institutions against GDP (%)	45.7***	47.1***	47.6**	45.2**	44.2**	43.3**	42.3**	
- annual average inflation (*)	3.5%	2.1%	1.0%	2.5%	4.4%*	2.9%*	2.5%*	2.5%*
- long-term interest rates (average) (**)	6.9%	5.2%	5.3%	5.5%	5.9%	5.9%	5.9%	

\* Draft Budgetary Act 2009

\*\* Convergence Programme. 2007Update

\*\*\* Fiscal notification, April 2007

Source: Central Statistical Office,, Eurostat

**Indices for Active Society Priority**

<sup>a</sup> forecast

**Breakdown:**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u> a	<u>2009</u> a	<u>2010</u> a	<u>2011</u> a
• total unemployment rate (annual average) (according to BAEL)	19.0%	17.8%	13.9%	9.6%	7.2%*	5.8%*	4.5%*	
• unemployment rate per age group:								
– youth (15-24 years)	40.1%	36.9%	29.8%	21.7%				
– older people (45 years and above)	14.1%	13.7%	10.6%	7.7%				
• unemployment rate for women	20.0%	19.2%	14.9%	10.4%				
long-term unemployment (% share of persons unemployed for more than 12 months in total unemployed population)	47.9%	52.2%	50.4%	45.8%				
long-term unemployment rate (over 12 months)	10.3%	10.3%	7.8%	4.9%				
• diversity index for regional employment rates	6.4pp	5.6pp	5.1pp					
• employment rate (15-64)	51.4%	52.8%	54.5%	57.0%				
• employment rate for women (15-64)	46.1%	46.8%	48.2%	50.6%				
• employment rate (55-64)	26.1%	27.2%	28.1%	29.7%				

<b><u>Breakdown:</u></b>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u> a	<u>2009</u> a	<u>2010</u> a	<u>2011</u> a
• percentage of population at risk of poverty after social transfers – percentage of persons with disposable income lower than poverty risk threshold, i.e. 60% of national disposable income median		21.0%	19.0%					
• index of educational achievements of young people (percentage of persons with at least secondary or basic-vocational education in population 20-24) (ISCED 3)	89.5%	90.0%	91.7%	91.6%				
• percentage of people aged 25-64 in study or qualification improvement(BAEL, annual average)	5.5%	5.0%	4.7%	5.1%				

\* *Convergence Programme. 2007 Update.*

Source: Central Statistical Office (BAEL, annual average), Eurostat.

**Indices for Innovative Economy Priority**<sup>a</sup> forecast**Breakdown:**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u> a	<u>2009</u> a	<u>2010</u> a	<u>2011</u> a
• labour productivity indicator: GDP against purchasing power standard (PPS) per employee (EU-27=100)	65.0%	65.3%	66.2%	66.0%	66.0%			
• Gross outlay on fixed assets in the private sector against GDP	14.7%	14.8%	15.8%	17.6%				
• Share of expenditure on R&D against GDP (GERD/GDP)	0.56%	0.57%	0.56%					
• Share of business expenditure on R&D against GDP (BERD/GDP)	0.17%	0.19%	0.19%					
• Number of Polish residents' patent applications to the EPO*) and the USPTO**)	194	213	225	179	220	238	257	278
• greenhouse gases emission index (1988=100)	68.2%	68.6%	77.1%					
• percentage share of electrical power generated using renewable energy sources in total gross domestic electrical power consumption***)	2.1%	2.9%	2.9%	3.9%	5.0%			
• energy consumption of the economy (kgoe/1000 euro in firm price in 1995)	594.3 3	582.5 3	573.9 7					
• volume cargo transport against GDP	88.4	89.0	94.2					

\* EPO – European Patent Office

\*\* USPTO – United State Patent and Trademark Office

\*\*\* Subsequent to the Communication of the Minister of Economy of 20 April 2006 concerning the announcement of a report including an analysis of the attainment of quantity goals and results as regards electrical power generation using renewable energy sources.

Source: Central Statistical Office, Eurostat

**Indices for Efficient Institutions Priority**<sup>a</sup> forecast**Breakdown:**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u> a	<u>2009</u> a	<u>2010</u> a	<u>2011</u> a
• duration of business registration process for:								
– natural persons (in days)	31	31	31	14	3			
– legal persons (in days)	31	31	31	14				
• average time between:								
– bringing of court case and execution of court-awarded dues (in days) (*)	1000	980	980	830				
– bringing of court case and issue of final ruling		12.1	10.7					
– issue proceedings and execution of court-awarded dues		months	months					
• structure of funding investment outlays in enterprises (**)								
– companies' own resources	76.8%	77.4%	74.7%					
– State budget funds	2.4%	2.84%	3.1%					
– domestic loans and borrowings	9.0%	7.8%	11.45%					
– funds directly from abroad	5.5%	5.0%	4.4%					

\* The World Bank's Reports, *Doing Business 2005, 2006, 2007, 2008*\*\* *Funding of investment outlays in enterprises (entities with more than forty nine employees)*

Source: Central Statistical Office, Eurostat

**Annex 3. Complementariness between priorities and measures of the NRP 2008-2011, National Development Strategy 2007-2015 priorities, country-specific recommendations adopted in March 2008, Integrated Guidelines for Growth and Jobs, specific areas for priority action agreed by the European Council in March 2006 and objectives of Community Lisbon Programme.**

The NRP 2008-2011 measures	National Development Strategy - Priorities	Country-specific recommendations and points-to-watch adopted by the European Council in March 2008.	Integrated Guidelines	Specific areas for priority action	Community Lisbon Programme
<b>Priority I) Active Society</b>					
<p>1. Development of education in society and in knowledge-based economy.</p>	<p>Priority 2. Improvement of the condition of the technical and social infrastructure.</p> <p>Priority 3. Growth of employment and raising its quality.</p> <p>Priority 5. Development of rural areas.</p> <p>Priority 6. Regional development and raising the territorial cohesion.</p>	<p>Recommendation 4. With a view to developing an integrated <i>flexicurity</i> approach, Poland is recommended to increase the level and efficiency of active labour market policy, notably for older persons and groups vulnerable to poverty, review benefit systems to improve the incentive to work, put in place the lifelong learning strategy, and modernise education and training systems in view of labour market needs</p> <p>Point-to-watch 5. Increasing childcare provision with a view to reconciling work and family life.</p>	<p>5. Promoting greater coherence between macroeconomic, structural and employment policies.</p> <p>18. Promoting a lifecycle approach to work.</p> <p>23. Expanding and improving investment in human capital.</p> <p>24. Adapting education and training systems in response to new competence requirements.</p>	<p>1. Investing in human capital and labour market reforms.</p>	<p>Objective 1. A renewed Social Agenda and the problem of skills gap.</p>

<p>2. Modernization of the social security system: realization of the social insurance reform principles and conducting actions leading to the postponement of employees' deactivation in the labour market.</p>	<p>Priority 1. Growth of competitiveness and innovativeness of the economy.</p> <p>Priority 2. Improvement of the condition of the technical and social infrastructure.</p> <p>Priority 3. Growth of employment and raising its quality.</p> <p>Priority 4. Building an integrated social community and its safety.</p>	<p>Recommendation 1. Strengthening the fiscal consolidation and supplementing the nominal state budget deficit 'anchor' (deficit ceiling) with further mechanisms to enhance control over expenditure.</p> <p>Recommendation 4. With a view to developing an integrated <i>flexicurity</i> approach, Poland is recommended to increase the level and efficiency of active labour market policy, notably for older persons and groups vulnerable to poverty, review benefit systems to improve the incentive to work, put in place the lifelong learning strategy, and modernise education and training systems in view of labour market needs</p>	<p>2. Safeguarding economic and financial sustainability as a basis for increased employment.</p> <p>17. Implement employment policies aimed at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion.</p> <p>18. Promoting a lifecycle approach to work.</p> <p>22. Ensuring employment-friendly labour cost developments and wage setting mechanisms.</p>	<p>1. Investing in human capital and labour market reforms.</p>	<p>Objective 1. A renewed Social Agenda and the problem of skills gap.</p>
<p>3. Active labour market policies:</p> <p>a) improvement of institutional services in the labour market,</p> <p>b) implementation of the system of incentives encouraging people at risk of unemployment and</p>	<p>Priority 3. Growth of employment and raising its quality.</p> <p>Priority 4. Building an integrated social community and its safety.</p>	<p>Recommendation 4. With a view to developing an integrated <i>flexicurity</i> approach, Poland is recommended to increase the level and efficiency of active labour market policy, notably for older persons and groups vulnerable to poverty,</p>	<p>2. Safeguarding economic and financial sustainability as a basis for increased employment.</p> <p>15. Promoting a more entrepreneurial culture and creating a supportive environment for SMEs.</p> <p>17. Implement employment</p>	<p>1. Investing in human capital and labour market reforms.</p>	<p>Objective 1. A renewed Social Agenda and the problem of skills gap.</p> <p>Objective 2. A common policy on immigration.</p>

<p>social exclusion to be more active in the labour market, in particular extending the duration of professional activity and return of people aged 50+ to the labour market,</p> <p>c) Implementation of the policy in terms of labour migration with reference to the needs of the labour market (in particular with the aim of increasing the inflow of highly qualified employees).</p>		<p>review benefit systems to improve the incentive to work, put in place the lifelong learning strategy, and modernise education and training systems in view of labour market needs</p>	<p>policies aimed at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion.</p> <p>18. Promoting a lifecycle approach to work.</p> <p>19. Ensuring inclusive labour markets, enhancing work attractiveness, and making work pay for job seekers, including disadvantaged people and the inactive.</p> <p>20. Improvement of matching of labour market needs.</p> <p>21. Promoting flexibility combined with employment security and reducing labour market segmentation, having due regard to the role of the social partners.</p> <p>22. Ensuring employment-friendly labour cost developments and wage setting mechanisms.</p> <p>23. Expanding and improving investment in human capital.</p>		
<p>4. Development of institutions which facilitate increasing civil society</p>	<p>Priority 1. Growth of competitiveness and innovativeness of the</p>	<p>Recommendation 4. With a view to developing an integrated flexicurity</p>	<p>4. Ensuring that wage developments contribute to macroeconomic stability</p>	<p>Investing in human capital and labour market reforms.</p>	<p>Objective 1. A renewed Social Agenda and the problem of skills gap.</p>

<p>activity, supporting and developing enterprises as well as strengthening the role of social partners' organizations and social dialogue mechanism.</p>	<p>economy.                      Priority 2. Improvement of the condition of the technical and social infrastructure.                      Priority 3. Growth of employment and raising its quality.                      Priority 4. Building an integrated social community and its safety.</p>	<p>approach, Poland is recommended to increase the level and efficiency of active labour market policy, notably for older persons and groups vulnerable to poverty, review benefit systems to improve the incentive to work, put in place the lifelong learning strategy, and modernise education and training systems in view of labour market needs</p>	<p>and growth.                      15 Promoting a more entrepreneurial culture and creating a supportive environment for SMEs.                      22 Ensuring employment-friendly labour cost developments and wage setting mechanisms.</p>		
<p>5. Development of information society, providing broadband access to the Internet and improvement of computer skills.</p>	<p>Priority 1. Growth of competitiveness and innovativeness of the economy.                      Priority 2. Improvement of the condition of the technical and social infrastructure.                      Priority 3. Growth of employment and raising its quality.                      Priority 6. Regional development and raising the territorial cohesion</p>		<p>9. Facilitating the spread and effective use of ICT and building a fully inclusive information society.                      24. Adapting education and training systems in response to new competence requirements.</p>	<p>3. Investing in human capital and labour market reforms.</p>	<p>Objective 1. A renewed Social Agenda and the problem of skills gap.                      Objective 7. Improvement of the framework conditions for innovation.</p>
<p>6. Improvement of the healthcare system efficiency:                      a) changes in financing the healthcare system                      b) changes in the</p>	<p>Priority 1. Growth of competitiveness and innovativeness of the economy.                      Priority 2. Improvement of the condition of the</p>	<p>Recommendation 1. Strengthening the fiscal consolidation and supplementing the nominal state budget deficit 'anchor' (deficit ceiling) with further mechanisms to</p>	<p>2. Safeguarding economic and financial sustainability as a basis for increased employment.</p>		<p>Objective 1. A renewed Social Agenda and the problem of skills gap.</p>

functioning of healthcare establishments.	technical and social infrastructure. Priority 3. Building an integrated social community and its safety.	enhance control over expenditure.			
<b>Priority II) Innovative Economy</b>					
1. Providing favourable regulatory and institutional environment for entrepreneurship, innovation and investments.	Priority 1. Growth of competitiveness and innovativeness of the economy. Priority 3. Growth of employment and raising its quality.	Point-to-watch 2. Speeding-up the business registration process. Point-to-watch 4. Improving the transposition of internal market legislation.	12. Extending and deepening the internal market. 13. Ensuring open and competitive markets inside and outside Europe and reaping the benefits of globalisation. 14. Creating a more competitive business environment and encouraging private initiative through better regulation. 15. Promoting a more entrepreneurial culture and creating a supportive environment for SMEs.	2. Unlocking business potential, especially of SMEs.	Objective 3. Adoption of a Small Business Act. Objective 4. Reduction of EU administrative burdens by 25 % by 2012 Objective 5. Strengthening the single market, increasing competition in services, and further steps to integrate the financial services market. Objective 7. Improvement of the framework conditions for innovation. Objective 10. Bilateral negotiations with key trading partners to open up new opportunities for international trade and investment, and creation of a common space of regulatory provisions and standards.
2. Improvement of science competitiveness through the reform of scientific	Priority 1. Growth of competitiveness and innovativeness of the	Recommendation 3. Pursuing the reform of the public research sector with	3. Promoting a growth and employment orientated efficient allocation of	1. Investing in human capital and labour market reforms.	Objective 6. Realization of the fifth freedom (the free movement of knowledge)

units financing and functioning system.	economy. Priority 2. Improvement of the condition of the technical and social infrastructure.	a view to R & D and innovation being boosted, and implementing the framework for private sector R & D.	resources. 5. Promoting greater coherence between macroeconomic, structural and employment policies.  7. Increasing and improving investment in R&D, in particular by private business.	3. Investing more in knowledge and innovation.	and creation of a genuine European Research area.
3. Implementation of solutions supporting pro-innovative activity and research and development (R&D), in particular improvement of knowledge transfer and innovation diffusion.	Priority 1. Growth of competitiveness and innovativeness of the economy. Priority 2. Improvement of the condition of the technical and social infrastructure.  Priority 6. Regional development and raising the territorial cohesion.	Recommendation 3. Pursuing the reform of the public research sector with a view to R & D and innovation being boosted, and implementing the framework for private sector R & D.	7. Increasing and improving investment in R&D, in particular by private business.  8. Facilitating all forms of innovation.	2. Unlocking business potential, especially of SMEs.  3. Investing more in knowledge and innovation.	Objective 6. Realization of the fifth freedom (the free movement of knowledge) and creation of a genuine European Research area.  Objective 7. Improvement of the framework conditions for innovation
4. Providing transport, transmission and electronic communication infrastructure appropriate for the needs of modern economy.	Priority 1. Growth of competitiveness and innovativeness of the economy. Priority 2. Improvement of the condition of the technical and social infrastructure.  Priority 5. Development of rural areas. Priority 6. Regional development and raising the territorial cohesion.	Point-to-watch 1. Upgrading transport infrastructure.	8. Facilitating all forms of innovation.  9. Facilitating the spread and effective use of ICT and building a fully inclusive information society.  16. Expanding, improving and linking up European infrastructure and completing priority crossborder projects.	4. Energy security and combating climate change.	Objective 5. Strengthening the single market, increasing competition in services,  and further steps to integrate the financial services market.  Objective 8. Completion of the internal market for energy and adoption of the climate  Change package.

5. Providing conditions for competition in network sectors.	Priority 1. Growth of competitiveness and innovativeness of the economy.	Recommendation 2. Improving the framework for competition in network industries, including the energy markets, <i>inter alia</i> , through a review of the role of regulators.	10. Strengthening the competitive advantages of its industrial base. 12. Extending and deepening the internal market.	4. Energy security and combating climate change.	Objective 5. Strengthening the single market, increasing competition in services, and further steps to integrate the financial services market.
6. Using innovation in terms of environmental protection.	Priority 1. Growth of competitiveness and innovativeness of the economy. Priority 2. Improvement of the condition of the technical and social infrastructure. Priority 5. Development of rural areas. Priority 6. Regional development and raising the territorial cohesion.		11. Encouraging the sustainable use of resources and strengthening the synergies between environmental protection and growth.	3. Investing more in knowledge and innovation. 4. Energy security and combating climate change.	Objective 8. Completion of the internal market for energy and adoption of the climate Change package. Objective 9. Promotion of an industrial policy geared towards more sustainable production and consumption.
7. Completion of the main privatization processes.	Priority 1. Growth of competitiveness and innovativeness of the economy.		13. Ensuring open and competitive markets inside and outside Europe and reaping the benefits of globalisation.	2. Unlocking business potential, especially of SMEs.	
<b>Priority III) Efficient institutions</b>					
1. Development of modern public administration, in particular electronic administration with the aim of improving the quality of accomplished tasks.	Priority 1. Growth of competitiveness and innovativeness of the economy Priority 4. Building an integrated social	Point-to-watch 3. Ensuring timely implementation of the e-government programmes.	9. Facilitating the spread and effective use of ICT and building a fully inclusive information society.	2. Unlocking business potential, especially of SMEs.	

	community and its safety.				
2. Improvement of public finance sector efficiency and public funds management.	Priority 1. Growth of competitiveness and innovativeness of the economy.	Recommendation 1. Strengthening the fiscal consolidation and supplementing the nominal state budget deficit 'anchor' (deficit ceiling) with further mechanisms to enhance control over expenditure.	1. Securing economic stability for sustainable growth. 2. Promoting a growth and employment orientated efficient allocation of resources. 5. Promoting greater coherence between macroeconomic, structural and employment policies.		
3. Decentralization of public finance for the benefit of self-governments, devolving new tasks and competence to self-governments and demarcating strictly the competence of central and local government administration.	Priority 4. Building an integrated social community and its safety. Priority 6. Regional development and raising the territorial cohesion.	Recommendation 1. Strengthening the fiscal consolidation and supplementing the nominal state budget deficit 'anchor' (deficit ceiling) with further mechanisms to enhance control over expenditure.	1. Securing economic stability for sustainable growth. 2. Promoting a growth and employment orientated efficient allocation of resources.		
4. Creating a new and efficient system of Poland's promotion, in particular system of the Polish economy promotion and enhancing economic cooperation.	Priority 1. Growth of competitiveness and innovativeness of the economy.		3. Promoting a growth and employment orientated efficient allocation of resources.		

**Abbreviations**

BAEL – Survey of economic activity of population  
CHP –Combined Heat and Power,  
CIT – Corporate Income Tax,  
CSR – Corporate Social Responsibility,  
EC - European Commission,  
EMAS - Eco-management and Audit Scheme,  
ESA –European Space Agency,  
ETAP –Environmental Technology Action Plan,  
EU – European Union,  
EURES –European Employment Services,  
FDI - foreign direct investment,  
GDP – Gross Domestic Product,  
GERD –Gross Domestic Expenditure on R&D,  
ICT – Information and Communications Technology,  
IT – Information Technology,  
ITS - Intelligent Transportation Systems,  
NBP – National Bank of Poland,  
NDP - National Development Plan,  
NHF - National Health Fund,  
NRP - National Reform Programme,  
NSRF - National Strategic Reference Framework,  
PIT – Personal Income Tax,  
PPP - public-private partnership,  
PTUZ - Public Universal Health Insurance Companies,  
R&D – research and development,  
RES - renewable energy sources,  
SES - single European sky project,  
SME - small and medium enterprise,  
TPA –Third Party Access.