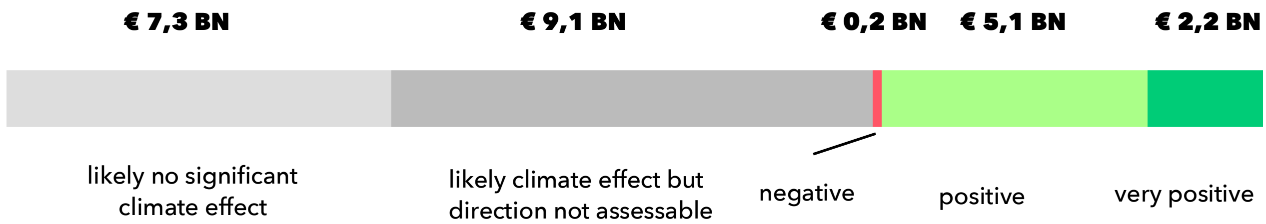
Last update: 12/03/2021

GREEN RECOVERY TRACKER ANALYSIS: POLAND

After many delays and mounting calls from businesses as well as civil society organizations to increase the transparency of the process, the Polish government on February 26, 2021 presented a draft of its National Recovery and Resilience Plan (RRP) for the €23.9bn in grants that it will receive through the EU Recovery and Resilience Facility (RRF).

Our analysis shows that overall, the investments envisaged by the plan can make a positive contribution to the green transition. However, while the draft RRP includes measures that have the potential to fast-track and scale-up decarbonization efforts, the lack of detail and the lack of tangible targets attached to the measures proposed make it impossible to say whether the plan will be able to fully realize that potential. This is reflected in the spending shares we identified:



In focus: Green Spending Share

We find that Poland's draft recovery plan achieves a green spending share of 18%, below the EU's 37% climate spending benchmark. At the same time, 38% of the spending may have a positive or negative impact on the green transition depending on the implementation of the relevant measures, illustrating the importance of further scrutiny during the further planning, review and implementation of the recovery measures. Importantly, this uncertainty applies to several key green transition-related measures proposed in the plan (see page 3 for more details). The government itself claims that the plan achieves a climate share of 38%.

Our calculation of the green spending share aims to mirror the approach used for the official assessment of national recovery plans, which distinguishes between measures contributing fully to climate mitigation (100% coefficient) and measures contributing partly (40% coefficient). Therefore, we fully count "very positive" measures towards the green spending share, while "positive" measures are weighted using a coefficient of 40%, which is applied to the associated costs. All individual assessments can be accessed via the country page on our website.

OUR HIGHLIGHTS

Good Practice

Support for developing the renewable energy industry

Poland's draft recovery plan includes significant support measures for the offshore wind industry that focus in particular on the development of local content. Specifically, the plan allocates €437m to supporting the development of port infrastructure and supply chains, with the aim of installing 2.6 GW offshore wind electricity generation capacity.

Bad Practice

Weak strategic planning for the green transition

The draft recovery plan does not foresee a revision of national strategic documents to align them with the EU's 2030 and 2050 climate targets and does not envisage the implementation of key frameworks such as the long-term decarbonization strategy or the long-term renovation strategy. The few legislative changes that are included in the document are not sufficient to fast-track the green transition (e.g. lack of support for energy communities) or unlock necessary investments in key sectors (e.g. no investment in onshore wind electricity generation). Investments described in the plan rarely include specific (climate) targets, conditionalities or performance indicators for individual support measures, making it difficult to see how progress will be monitored.

To Our Surprise

Lack of financial support for the decarbonization of rail transport

The draft recovery plan offers substantial support for the rail sector, with total investments of €2.5bn. However, none of the measures envisaged support the electrification of the sector or the development of zero-emissions rail transport in cities.

KEEP AN EYE ON…

> **…the link between the recovery plan and broader climate policy:** most of the climate-relevant measures in the draft RRP refer to the Polish National Energy and Climate Plan (NECP) and the 2040 Energy Policy. However, the plan does not offer quantitative information regarding its contribution to the achievement of these policy frameworks. Only very few measures include climate conditionalities or quantitative green targets, and the majority of the climate-relevant measures do not have assigned targets that would make it possible to track their success. Furthermore, Poland's domestic energy policy is not yet aligned with the increased 2030 GHG emissions reduction target and the transition to climate neutrality by 2050, and broader political and regulatory initiatives will thus be necessary.

> **…measures that may support fossil fuels:** the lack of detailled information on some measures makes it impossible to exclude the possibility that they may at least partially support fossil fuel projects. These include €388m allocated to investments in heating systems which likely include support to combined gas heat and power plants, €3,201m (€3.2bn) for a major residential energy efficiency program that may, besides much-needed investments into energy efficiency improvements, also support the roll-out of gas boilers for decentralized heat generation, as well as €797m allocated to the development of hydrogen technologies and other alternative fuels, which could include support for fossil gas transport infrastructure. Due to the risk of these measures (partially) supporting fossil gas projects we assess them as "likely climate effect but direction not assessable".

> **…the interplay of the recovery plan with other EU and national funds:** the government is currently planning the operationalization of several financing mechanisms, that will, at least partially, also support the green transition, including the Modernization Fund, the Just Transition Fund, the Cohesion Fund, and a new national fund financed through ETS revenues. The draft RRP does not cover how the measures supported through the RRF and these other funds will be aligned to ensure they are mutually reinforcing and complementary. Equally, missing information on whether and how the government is planning to use the loans available through the RRF makes it impossible to scrutinize whether the measures are designed in the most efficient and effective manner.

> **…the additionality of the plan's measures:** Poland's Recovery and Resilience Plan covers the grant portion of the money available through the RRF. The plan emphasizes, in several instances, that the envisaged funds from the RRF will not fully cover the investment needs associated with the given measures, without an indication of the scale and possible sources for the remaining funds. Furthermore, the available information does not make it possible to identify whether the RRP's funds are used to cross-finance

previously planned or existing programs. Some of the investments included in the RRP will certainly support existing programs or enable their expansion, but it remains unclear whether this will affect the scale of their funding from other sources.

> **...how the plan's implementation will be controlled:** despite the previously described shortfalls with regards to quantitative performance indicators, the RRP includes a control and audit system consisting of two components: a control component, specifically for the implementation of reforms, and an audit on the proper implementation of reforms and projects. It will be crucial to closely monitor the development and implementation of the plan to ensure that the potential of its green measures is fully exploited and that it does not offer support for fossil fuel activities that would jeopardize the transition.

OVERVIEW: MOST IMPORTANT MEASURES OF THE RECOVERY PLAN BY SECTOR

Sector	**Most important measures with effect on green transition**
Energy	• Development of hydrogen technologies and other alternative fuels (€0.8bn, likely climate effect but direction not assessable) • Support for investments in renewable energy (€0.4bn, very positive) • Heating systems (€0.4bn, likely climate effect but direction not assessable) • Development of electricity transmission networks (€0.3bn, very positive)
Mobility	• Investments in railway lines (€2.1bn, positive) • Support for three enterprises in the transition to a zero-emission economy (€1.2bn, positive) • Zero-emission public transport (€1.0bn, very positive) • Investments in passenger rolling stock (€0.4bn, positive)
Industry	• Support for the use of "green" solutions in enterprises (€0.4bn, positive)
Buildings	• Energy efficiency of residential buildings (€3.2bn, likely climate effect but direction not assessable) • Thermo-modernization of schools (€0.2bn, very positive)

This report was written by Zofia Wetmanska (WiseEuropa) and Felix Heilmann (E3G). We are grateful to Karolina Marszał and Joanna Fabiszewska (WiseEuropa) as well as Johanna Lehne (E3G) for supporting the review process.