Introduction

The *Strategy for Responsible Development for the period up to 2020 (including the perspective up to 2030) – SRD* – was adopted by the Council of Ministers on 14th February 2017. It is an applicable and key document the Polish State in the field of the medium- and long-term economic policy. This document constitutes the development and operationalization of the so-called Morawiecki Plan that in response to the challenges faced by the Polish economy defines a new vision and the country development model. The adoption of the Strategy was preceded by far-reaching public consultations with citizens, representatives of different communities, non-governmental and industrial organizations and members of the self-government.

The *Strategy* includes recommendations for public policies. It is also a basis for changes to the development management system, including the valid strategic documents (strategies, policies, programmes). Actually new integrated development strategies are being prepared. They will serve the implementation of the set objectives and making the SRD stipulations more precise.

The *Strategy* determines basic conditions, objectives and directions for the country development in social, economic, environmental and spatial terms in the perspective of 2020 and 2030. That document is an answer both to the transformation errors made until now, and to the new challenges faced by the widely defined socio-economic policy of Poland. The SRD defines a new model of development - responsible development as well as development socially and territorially sustainable. It also set up a system of coordination and implementation by determining roles to be played by individual public entities and methods for cooperating with the business and science worlds as well as with the society.
Challenges to the country’s development

In the last decade relatively fast development of Poland was due to foreign investments, European funds and cheap labour force. Although the gap to the rest of Europe decreased, discrepancies between regions or social groups appeared. The Polish economy has been strongly dependent on global prosperity and economic situation in the EU. Its development is influenced by: the situation of the most important trade partners (Germany, other European countries, the USA and China), changes to the model, in which the EU budget operates (possible changes to the European cohesion policy or the Common Agricultural Policy), armed conflicts and fluctuating prices of raw materials.

Apart of the identified development traps, social disparities and persisting spatial disparities in the social and economic development are a significant threat to Poland’s development.

The lack of incentives for the investment in R&D, low demand for new technologies, insufficient cooperation between the scientific and research sector, administration and business result in low level of innovation in the Polish economy. Aging of the society translates into a lower productivity and higher health and social care expenditures. Due to climate change and increasing demand, natural resources are becoming scarcer (water, inter alia), which enforce greater care for natural environment, sometimes at the expense of industrial activities. Finally, technological changes (digitalization of societies and economy) and social changes resulting from, inter alia, the development of mobile technologies or social media force new business models to be developed. All these processes constitute both a threat to existing development impulses as well as a hope for new source of revenues. Building a new economy, which is able to meet the above-mentioned challenges, needs the analysis of megatrends. Growing competition with eastern economies or geopolitical risks (Russian-Ukrainian crisis, Brexit) require the macroeconomic environment to be stable - mainly thanks to the balance in public finances.

Challenges faced by Poland were defined as **five development traps:**

- **Middle income trap** - due to the fact that the former levers for growth and competitiveness are being diminished, new motors for development must be identified. The essence of the challenge consists in the continuation of the productivity growth along with an increase in remunerations, without losing on competitiveness at the same time.

- **Imbalance trap** - the former model of development was based to a large extent on the foreign capital. Poland is now experiencing a different phase of development, while fears concerning the long-term stability cause the lack of a sufficiently strong domestic capital.

- **Average product trap** - an excessively high number of Polish companies base their competitiveness on the delivery of non-complex products at the lowest possible price and our country does not have many world champions. The challenge is to include Poland in the main stream of the fourth industrial revolution.

- **Demographic trap** - significant losses in the young, well-qualified working population and a low fertility rate may lead both to decreasing the supply of labour and a crisis of the social security system.

- **Institutional weakness trap** - low efficiency of the state institutions.
New model of development

Over the last 25 years, Poland has pursued a model of development, so that only certain groups of the society could benefit from. The development has been viewed in the light of the growth of agglomerations and large cities. Under the former state policy, inadequate emphasize was put on anticipative measures, giving directions to development in different spheres of the social and economic life so that it is possible to prevent the occurrence of any adverse phenomena well in advance. Ad hoc decisions were often made with delay, in an inconsistent and uncoordinated way. As a result, actions did not bring any effects in terms of the performance of the objectives specified in the strategies. Neither did they transform the economic structure into a more innovative economy based on available resources.

The SRD presents a new model of development - a responsible and also socially and territorially sustainable development. A fundamental challenge is to rebuild the economic model so that it serves the whole society.

The Strategy proposes to increase the participation of state institutions - its program-strategic and coordinating role - for designing economic, social and territorial processes. While maintaining the constitutional model of market economy, state is expected to create conditions for development and inspire entrepreneurs in the development of new sectors of the economy and it will enhance its innovation.

What is the responsible development? It is the development with an eye towards future generations. This is why it must entail the competitiveness of economy, the preservation of the natural balance and quality of life, while maintaining the sustainability of public finances. The role of the state which manages development processes must not limit only to a redistribution of funds. The state must be more efficient because only the state may lead public policies in order to respond to challenges efficiently and responsibly. The modern, competitive and sustainable economy as well as sustained economic growth must be based on strong, innovative companies, so it is extremely important to support them. The responsible development also means a policy to create domestic capital - its multiplication is a key to success. Modern infrastructure to fulfil economic needs and enhance the quality of life is another important component. Modernization of transport and technical networks as well as ICT solutions are also needed. Another relevant component is human capital as the best investment means investing in people. “Forcing out” certain groups from the development processes must be prevented. Responsible development is inclusive rather than exclusive. Territorially sustainable development means a greater use of territorial potentials of rural areas and cities as well as inclusion regions struggling with difficulties into the development processes.
Rules of implementation of the *Strategy for Responsible Development*

The principles listed below organize the process of programming and implementing the *Strategy*, from defining objectives and directions of intervention to processes of implementing, monitoring and evaluating of results:

- **A state capable to take a selective approach** - a selective approach means that the focus is on those products, technologies and sectors which will enable the implementation of the *Strategy’s* objectives. First of all, it is about increasing productivity and incomes as well as enhancing the quality of life of the society.

- **Integrated policy based on the potential of Poland** - focus on actions undertaken by different entities (the government, self-government, economic operators and social partners), their coordination already at the stage of programming and afterwards at the stage of implementation so that it is possible to achieve the effect of synergy being indispensable to attain the objectives.

- **Poland’s strength to be based on cooperation** - thanks to the cooperation between public and business entities as well as citizens the chances of the implementation of the SRD objectives will increase. The level of social capital and sense of commitment to development policy will increase as well.

- **Poland to be an active player under the UE agenda** - it is of key importance to take an active part in the elaboration of the EU policy in that they support the implementation of the *Strategy* objectives. It is also important to use EU funds for growth-oriented and pro-innovative purposes.

- **Poland’s strength to be based on savings and investments of its citizens** - the creation of such conditions under which the performance of development actions involves domestic funds, in particular the private ones, to a larger extent.

- **Development based on demographic changes** - such a direction of interventions under individual public policies so that they take into account existing demographic trends.
Main objective, specific objectives and expected results

The main objective of the Strategy is: To create conditions for increasing incomes of the Polish citizens along with increasing cohesion in the social, economic, environmental and territorial dimension.

The Strategy is oriented towards an inclusive social and economic development. It was assumed that the main driving force and public priority will be social cohesion. The SRD subordinates actions in the economic sphere to achieving objectives related to the standard and quality of life of the Polish citizens. Emphasize is put on those ordinary citizens and areas, which have been left outside of the development policy so far, may benefit from the economic development to a larger extent.

It is expected in the long term that the implementation of the Strategy will enable the citizens to benefit from increasing income and the enhanced quality of life, understood as the creation of friendly housing conditions, in particular for families; the provision of an adequate quality of education; increasing employment and better-quality jobs; better access to infrastructure; the provision of adequate health care strengthening the citizens’ health; the satisfactory condition of the environment and the sense of security.

The most important economic effects in the long term comprise above all the changed structure of Polish GDP as a result of an increasing role of innovations in its generation. This will contribute to a swifter convergence of the Poles’ income with the average level of the EU.

In the institutional dimension, the Strategy will result in the creation of a state being friendlier for the citizens and entrepreneurs.

In the social dimension, the Strategy will contribute to reducing social exclusion and poverty and any types of social disparities, as well as the establishment of a strong social capital and its increasing role in the development process.

Specific objective I - Sustainable economic growth increasingly driven by knowledge, data and organizational excellence

The increase of global competitiveness of the Polish industry will be possible thanks to re-industrialisation. The industry is the core area for the increase in innovation because it spends the most on R&D actions and increasing innovativeness of Polish enterprises on the domestic and foreign markets is necessary to create new competitive advantages. Small and medium-sized enterprises are the basis of the Polish economy and this is why they should be provided with optimal conditions for development. Modern instruments for support of enterprises will be introduced and barriers to the development for entrepreneurship will be diminished, structural transformations will be supported in order to enhance the competitiveness of Polish farmers and agri-food producers. This entails the mobilisation of financial resources. Capital for growth will be available thanks to the lasting increase in the investment rate and their quality in the longer term, along with a fuller use of domestic resources. Furthermore, foreign expansion of Polish enterprises will be an element to multiply the domestic capital which requires the increased internationalisation of the Polish economy and exports of high-tech products.
**Specific objective II - Socially sensitive and territorially sustainable development**

Social cohesion requires that the benefits of economic growth be equally divided. Territorially sustainable development is also essential which means the necessity of removing barriers and strengthening those regions struggling with difficulties. Rural areas with their local urban centres and medium cities losing their social and economic functions require assistance. Therefore, enhancing the effectiveness and quality of the implementation of territorially targeted policies and strengthening local competitive barriers based on economic specializations and new market niches is necessary.

**Specific objective III - Effective state and economic institutions contributing to growth as well as social and economic inclusion**

Law must serve citizens and the economy and for this reason it should be simplified. Thanks to legislative changes, the stable and predictable environment will be created. The focus will be on deregulation, facilitating the legal system and the rationalisation of legislative processes. The effective public institutions must be inclusive, available and open to citizens and entrepreneurs. There is a need for efficient coordination of the most important economic and social processes, less bureaucracy in the administration, spatial planning improvement, the increased effectiveness of the administration of justices, changes to the public procurement system as well as the strengthened role of the social and civil dialogue. The important element of the modern state, i.e. the digital service state, is the computerisation of the servicing of the citizens and entrepreneurs. This will contribute to the improved functioning of the administration, the decreased costs of services, as well as the enhanced effectiveness of the functioning of enterprises. The efficient state is characterised by stable, effective and sustainable public finance. Efficiency in use of EU funds will be increased. This will be done through the reorientation of the manner in which the EU funds are used in order to extend the co-financing onto ventures in key areas for the development objectives.

The actions undertaken under three strategic objectives will be determined by the necessity to ensure a lasting macroeconomic stability, including in the context of the budget policy of the state (it remains a priority of the economic policy to maintain the stability of public finance, while promoting inclusive economic growth). The above mentioned actions will be supplemented by the performance of infrastructural projects and regulatory and institutional actions in such key areas for the economic development and quality of life as the development of human and social capital, including digitalization, transport, the production and distribution of energy and the maintenance of a good condition of the environment. The implementation of the social and economic objectives will be reinforced by the strengthened national security potential, which makes it possible to prevent and combat current threats.
DESCRIPTION OF MAIN AREAS OF CONCENTRATED ACTIONS

Specific objective I - Sustainable economic growth increasingly driven by knowledge, data and organizational excellence

At the moment, there are at least three technological revolutions going on: digital (e.g. the Internet of Things), bio-economic (e.g. bio-pharmacy), and energy. They will determine the shape of the future global economy and the place of Poland therein. The adequate preparation of Polish companies for challenges related to technological changes requires intensified actions oriented towards the spread of technologies of horizontal application in all sectors (micro- and nanoelectronics, nanotechnologies, industrial biotechnology, advanced materials, photonics as well as advanced production technologies). On the other hand, this entails a necessity to undertake measures stimulating the development of sectors with a potential of dynamic growth, and serving for the activation of more profitable links within global value chains in Poland and the selection of such chains acting as integrators.

In order to build lasting competitive advantages of the economy, it is essential to actively and selectively support those sectors, which, according to the currently available knowledge, have a significant potential to become successful on a global scale. The state will have to make strategic choices as to which areas may generate the highest results for the whole economy. The Strategy is thus based on the assumption that the former support to all sectors/branches will be abandoned and replaced by individualized packages for different strategic sectors which may become motors for the Polish economy in future.

The Strategy for Responsible Development determines 10 strategic sectors, i.e.

1) the sector of transport means production (e.g. e-buses, rail vehicles or specialist vessels)
2) the sector of professional electronics (e.g. smart energy meters, inverters, vehicle chargers or sensors)
3) the sector of specialist telecommunication and information technologies (e.g. fintech, machine and building automation, cybersecurity, computer games or bioinformatics)
4) the aviation and space sector (e.g. drones or satellite components)
5) the sector of drugs production, medicinal products and modern medical services (e.g. e-medicine, medicinal products / therapies / biosimilar drugs)
6) the sector of mining systems (e.g. smart mine)
7) the sector of raw material recovery
8) the sector of eco-buildings (e.g. passive buildings, pico-energy or timber construction)
9) the sector of high-quality foods
10) the sector of military systems.
This process is time consuming and requires, inter alia, the currently operating systems of supporting the industry, innovations, exports, or investments, to be rebuilt. The industrial policy must be based on an ecosystem approach, laying down a well-established potential to transfer and absorb knowledge and competences. The new model of supporting entrepreneurship and innovativeness will be based on the concentration in a branch/sector/technological dimension [support concentrated on technologies, branches/sectors having a significant impact on the economy development] and the financial (multiannual, large thematic programmes) and territorial concentration [geographical centres resulting from overlapping national and regional specializations]. In consequence, it will be possible to provide support on all stages of the product development, differentiated depending on the defined potential and needs.

Area: Re-industrialization

A more competitive industry is based on innovations - it creates and implements them in production processes, it is based on digitization and advanced automation and functions in smart chains linking suppliers, producers, recipients and consumers. Such an industry becomes more efficient, flexible and competitive. The actions for smart re-industrialisation will result in the saturation of the industry with high-quality services (R&D, design, telecommunication and information services). Such actions will increase the share of innovative products and will be the lever for productivity increase.

Basic actions will focus on conditions for the creation and implementation of innovative industrial solutions in the industry, inter alia, through supporting research and business projects carried out by domestic economic operators in organizational and financial terms, under domestic key clusters, platforms, agreements, etc. They will be supported by the development and a broader use of new ground-breaking products and technologies.

The inevitable industry digitalisation process, driven by IT solutions, in particular big data, the Internet of Things or cyber-physical systems constitute a major challenge for the development of technical infrastructure and competencies for the "Industry 4.0". They involve the redevelopment and integration of technical infrastructure and the large-scale implementation of the production of sensors and steering systems enabling the creation of new models of management and manufacturing.

The creation of a coherent system of institutions liable for the standardization, accreditation, normalization, metrology and certification supports the changes in this area. The scope and subject matter of individual supervisory and market control units will be organized. Changes will be introduced to the functioning of the public procurement system. The implementation of intelligent public procurement by working out an integrated purchase policy of the state is a key element in this context.

The industrial development means the adequate raw material policy, where ensuring stable supplies of non-energy mineral resources and ores due to the non-renewability of raw material, is an ongoing challenge. In this regard, it is envisaged to prepare a list of actions to secure access of the industry to the above-mentioned raw materials, with particular reference to the circular economy concept and mineral diplomacy.

The dynamic development of the industry related to the so-called fourth industrial revolution ("Industry 4.0") will require high-quality human capital. Appropriately prepared staff using mainly knowledge and modern techniques of acquiring information and data processing in their work is an essential condition for the development of economy. Expectations as to the quality of the employees’ skills, competencies and qualifications will be continuously increased and will refer to all levels of employment. The key objective of the reform of vocational and continuous education is to increase its efficiency and effectiveness and its harmonization with the labour market.
Exemplary flagship projects included in the Strategy

- the Batory project - stimulating the development of technologies, design and construction of Polish floating units and maritime structures, moving the ship sector towards the production of innovative products and specialized units of high added value.
- the Żwirko i Wigura project – stimulating the development of integrated management systems gaining data from unmanned aerial vehicles - services based on the use of drones.
- the E-bus project – stimulating the design and production of Polish electric-powered vehicles for municipal communication; constructing strong entities on all stages of the value chain in the production sector of public transport means - electric-powered buses, tramways.
- the Electric car project - stimulating the development of technologies, production and market for electric cars.
- the Luxtorpeda 2.0. project - stimulating the development of technologies, production of Polish rail vehicles, in particular the vehicles for passenger transport.
- Enigma Cyber-Park - under the development of competences of Polish companies and scientific and research units in the field of cyber-security and data analysis, it is planned to establish a centre and equip it with the capacity to compete on the European market for specialist IT services. Other solutions supporting the development of the potential of the Polish IT sector will be worked out as well.
- the Telemedicine project - stimulating the development of modern services and medicinal products on the basis of innovative communication technologies; innovative products (services and technologies) will be prepared to improve the accessibility of specialist medical services.
- the Biotechnology Development Centre - building the position of Poland as an European hub of advanced generics and biosimilars. It will provide support to Polish companies in the production of modern drugs and their expansion into global markets.
- the project of Polish Medicinal Products - providing R&D support and the commercialisation of medicinal products under strategic groups (inter alia the Polish medicinal robot, artificial organs, networked solutions in the field of software – software + devices, systems of supporting or substituting senses), aimed at stimulating the development of a modern medicinal apparatus for the domestic and foreign markets.
- the programme of Eco-Buildings - stimulating the preparation and implementation of selected products of eco-buildings (including those produced of natural materials, e.g. timber), upon the fulfilment of the requirements of energy efficiency of modern construction materials.
- the Polish Furniture project - stimulating the development of industrial design and the creation of strong Polish brands, on the basis of modern technologies and eco-design.
- the Smart Mine programme - stimulating the development of products enabling the Polish industry to gain an important position on the global market for mining and construction machinery.

Area: Innovative business development

Poland occupies far place in international rankings of innovativeness. Although technological progress in enterprises has been achieved, there are still a number of persisting system-based barriers. Poland is marked by a relatively low ratio of R&D spending to GDP and there is a limited tendency towards innovative actions among entrepreneurs. Increase in innovation of the Polish enterprises will derive from increasing the thematic concentration of R&D&I spending on the basis of the National Smart Specializations (NSS). The so-called “First-speed programmes” determined in this way will receive financial support, along with activities removing barriers in the development (legislative, organizational, institutional).
The key directions of intervention include **strengthening human and social capital in the national innovation system** by promoting the entrepreneurial culture and mobility. The planned changes in the education system will be oriented towards building pro-innovative attitudes (e.g. acceptance of risks associated with novelties). A complex system of educating innovators will be prepared. Furthermore, higher education system reform will be conducted. Reforming research institutes will favour transferring knowledge from the scientific sphere to companies. Legal and administrative barriers (inter alia, thanks to Business Constitution package) will be removed in order to decrease the business risk and increase the willingness of entrepreneurs to engage in innovative projects. Thanks to the development of fiscal stimulus as well as financial and organizational instruments, **private capital for carrying out R+D+I activity will be mobilized and the rate of commercialization of R+I results will be increased.** Their creation and development will be favoured by, inter alia, Start in Poland Programme. Apart from financial activities, the commercialization of R+D results will be reinforced by professionalizing services delivered by institutions operating in the business environment. The wisely designed public procurement system will constitute an important element of stimulating the demand for innovations. Finally, **the increased tendency of companies to export and locate direct investments in foreign countries will stimulate the external demand for innovations.**

### Area: Small and medium-sized enterprises

Micro, small and medium-sized enterprises (SMEs) employ 70% of all employees in the private sector and generate two thirds of GDP. The majority of them are agricultural holdings with up to 5 ha. The support of professionalization and modernisation will enhance their profitability, competitiveness and innovativeness. SMEs need modern development instruments - both financial and organizational ones. In order to release the development potential of the smallest entities, the barriers blocking the entrepreneurship should be removed - both at the national and local level.

**Simplification of the legal environment** will serve mostly the smallest entities and enhance their competitiveness. Apart from the above-mentioned Business Constitution package, a legislative package entitled “100 changes for the companies” (i.e. regulation of succession of family companies and Simple Joint-Stock Company) will be implemented. These changes are part of the new philosophy of developing law (with the limited requirements of economic law) and a new form of its enforcement (mediation with public administration). Furthermore, the **institutional environment reform** will be conducted, the administration will actively pursue the domestic market development and access to international markets. Public e-services will be developed, economic judiciary reform will be conducted. Actions undertaken by the National Customs Administration are already being implemented. There is a continuous need for financial instruments which will allow for **financing investments and developing the scale of SMEs’ operation.** The support will be more selective and better adjusted to the needs of entrepreneurs, the instruments of the Polish capital market will be developed. Another improvement is lower CIT rate (15%) for micro and small enterprises. The support will be provided to **agricultural holdings and agri-food producers** who, thanks to the modernisation, will enhance their profitability. Public interventions will concern developing the offer of regional and ecological products, the local processing, direct trade as well as non-agricultural function of agricultural holdings. Finally, SMEs will obtain access to programmes supporting **entrepreneurship and developing professional competencies.** Among business support mechanisms SME Development Centre (The Polish Agency for Enterprise Development - PARP and PDF Group), new Business Environment Institutions or modernised agricultural counselling system, among others, will be launched.

### Area: Capital for growth

The Polish economy is characterised by a low investment rate, particularly in the private sector. The Polish banking sector is oriented towards the financing of properties and consumption and the level of savings of
Poles is low. Finally, effectiveness and coordination of public spending is not satisfying. The implementation of development policy requires the mobilisation of various sources which will increase the level of investments.

The coordination of the support for development investments should be increased. The Polish Development Fund (PDF) will play a particular role in this field - the tool of the implementation of the key governmental programmes, such as for example programmes: Start in Poland, International Expansion of Polish Enterprises, Guarantees for SMEs, Capital Development, Home+ and Electromobility. The PDF Group will coordinate the Industrial Development Agency, the State Development Bank of Poland (BGK), the Export Credit Insurance Corporation (KUKE), the Polish Investment and Trade Agency (PAIH) and PARP. Concurrently, the Investment Policy will be created, i.e. the systems of seeking, supporting and servicing investors, evaluation of investments and promotions. Reorganizing the supervision over state-owned companies under the Polish Capital Group will be also important. Developing the financial market, apart from supporting SMEs in the access to financial resources and creating the system of sharing investment risks, will be based on regulatory and institutional changes. The place of the Warsaw Stock Exchange and the capital market in Poland will be strengthened. The risk assessment and facilitating the operation of debt instruments will be carried out through the rating and analyses centre. The increase in investment resources will be possible thanks to adjusting spending of EU funds to the SRD purposes, increased use of sources of funding of investments (EBI, EFI, EBOIR, EFIS) as well as the development of public-private partnership. Creating long-term capital of the Poles will be equally important, which means the pension system reform, introduction of voluntary employee capital programmes (ECP) as well as the support of saving for housing purposes (Home+ Programme).

Area: Foreign expansion

The fast pace of export growth is above all the result of low labour costs. The domestic companies, and these are mainly large enterprises, sell their products to the EU countries but the share of high-tech products is low. The internationalisation of the Polish economy should be made through the extension of the group of entities involved in international trading and the development of more advanced forms of cooperation with foreign countries. The increase in the level of the innovativeness of the Polish economy will contribute to increasing the exports of high-tech products.

The focus should be on strengthening the recognizability of Polish products, the “Poland” brand and the Polish Economy Brand. It is necessary to focus the support on those sectors which have a large share in the country’s total sectors, as well as those sectors which may determine Poland’s competitive position in the future world. The institutional environment supporting exporters is re-organised successively. Formerly carried out by a large number of entities, different instruments for providing financial support to exporters will be coordinated within the Polish Development Fund Group. The Polish Investment and Trade Agency was founded to be liable for providing advisory services in the fields of exports, investments, and expansion into international markets. Furthermore, a system of promotion for Polish food will be elaborated and implemented to ensure an increased share of Polish food products in trading with foreign markets, through the enhanced recognizability of their brand and competitiveness. An integrated and coherent system of promotion for the Polish economy - the place with the most important information for the companies interested in foreign markets will be created. The above actions will make it possible to increase the level of internationalization of the Polish enterprises, enhance recognizability of Polish products and services abroad and strengthen the image of Poland as a preferred partner of economic cooperation. Modernisation of the export offer requires a close coordination of the policy supporting exports and development actions as well as paying particular attention to the international operation of high-tech companies. Concurrently, the actions supporting new expansion directions of Polish companies will be taken, e.g. through the development of bilateral relations in markets with development potential - Asian, African and American ones.
Objective II - Socially sensitive and territorially sustainable development

Area: Social cohesion

One of the most important challenges for the country’s development consists in adverse demographic trends, which reflect in the decreasing number of persons of working age, low fertility rate, and the progressive aging of the society. The situation has an actual impact on the Polish economy, in particular on its potential and growth opportunities. In response to these challenges the active family policy under the SRD was prepared, which means the complex and system-based support for families with children. Besides the already implemented solutions in this regard (e.g. the holiday entitlement), direct financial assistance for families with children (the Family 500+ programme) the SRD provides for such strategic projects, as Family policy and childcare, Healthy Mum or Comprehensive family support programme – “Pro-life”.

Effects of demographical changes will be visible in particular on the labour market where the outflow of people will result in the change to the employment strategy, including increasing activation and currently unused potentials of human resources. Within their frameworks the programmes for complex activation of young people, people from rural areas, women or persons with disabilities will be introduced. Additionally, in order to compensate shrunk resources of labour, efforts will be made to create a coherent migration policy so that persons with proper qualifications who will become a valuable resource for the Polish economy come/return to Poland.

The unequal access to many social services, including, inter alia, the housing, the care of dependent persons (seniors, persons with disabilities or children), or health services is another important problem. Enhancing the access to the above-mentioned services requires a better coordination and their spatial diversification. In response to those needs the Strategy provides for: new housing policy in the form of the National Housing Programme, the reform of the care of dependent persons as well as activities aiming at including persons with disabilities and the elderly into the social life.

The prevention of poverty and exclusion still remains a current challenge. There is a need for ensuring the coherence of actions for actual social integration of certain groups. For this purpose, activities facilitating the functioning of social aid, providing the elderly with the access to selected free prescriptions drugs or developing social economy will be carried out. Furthermore, new ideas for solving social problems will be tested - e.g. finding efficient ways to prevent homelessness, alienation of persons with mental disorders or to educate persons with disabilities.

Area: Territorially sustainable development

A socially and territorially sustainable development entails a harmonious development of the whole country, sensitive to the territorial diversity and their advantages, as well as caring to ensure a high quality of life for the whole society. The effectiveness of the development actions is determined by an adequate adjustment of their scope and implementation mechanisms to the specifics of particular areas: individual potentials, deficits and mutual dependences. The assumed effects of the development activities taken up in this area are above all new high-quality jobs, resulting in higher income of residents and a higher income base of the self-government. In this context, it is worth pointing out the particular role of the regional and local self-government, as they are assigned the majority of competences related to the
access to public services on the local level. The proper determination of the framework of public policies on the national level must be accompanied by their efficient performance on the self-government level, where the majority of necessary resources (organizational, institutional and financial) are located.

With regard to the **Territorially sustainable development** area, the regional policy will continue to support territorial development potentials and specializations, mainly towards the economic activation, the development of local labour markets, and the professional mobilisation of the citizens. In consequence, **disparities in the level of the economic development of sub-regions** (measured by the level of GDP per capita) will cease to increase, while income of their residents and territorial self-governments will increase. Actions will be carried out in an integrated way, while combining sector-based interventions and different sources of financing (from the EU and domestic funds), and taking into consideration the supra-regional, regional and local specifics and functional areas.

**Regions grappling with restructuring and adaptation difficulties** will be treated in a specific way. The planned interventions will result in the increased share of private investments (e.g. in the economically weakest voivodships, the share of investment expenditure by the private sector in the total investments will get closer to the national average). **The directed intervention for medium-sized cities losing their social and economic functions** will be aimed at activating their resources and potentials, as well as at building lasting foundations for the development through the increased economic activity (in particular innovativeness) and the increased employment level (in particular in the sector of higher-rank services). This will contribute to the stabilization and restoration of the role of the medium-sized cities as important centres of the social and economic activity within a polycentric system of settlements.

**The Strategy simultaneously addresses the most significant challenges of large cities** through such actions as the implementation of low-carbon strategies (public transport, energy efficiency, or air quality), the prevention of uncontrolled urbanization, or the enhancement of the spatial order. A better coordination of development actions undertaken by agglomerations and within their functional areas will be of key importance in this respect.

Above all, **the stimulation of rural development** comprises horizontal actions aimed at, inter alia, enhancing conditions for the development of enterprises, enhancing opportunities to take up employment outside of agriculture, enhancing the availability and quality of public services, enhancing professional qualifications and enhancing cross-sectoral mobility, which will be, inter alia, affected by the enhanced circular spatial mobility. The activation of areas at risk of marginalisation is of particular importance among the actions for the rural development and small cities. The interventions will contribute to increasing income earned by households in the rural areas (the ratio of yearly income between rural and urban areas will increase from 69.5% in 2015 to 72% in 2020 and 75% in 2030).

A challenge faced by all regions in Poland is to make an optimal **use of the development potential in order to enhance the competitiveness of the economy** and provide conditions for the lasting and sustainable development at the same time. The actions undertaken in this respect will be aimed at strengthening the active innovation policy by improving the space of cooperation between enterprises and the environment for innovation under national and regional systems of innovativeness; by creating friendly conditions for the development of economic projects (inter alia technical and social and business-related infrastructure), and providing an effective system of financing for development projects in the regions.

Under the decentralised system of the development policy, **the liability of the territorial self-government for the performance of development actions and for the strengthening of cross-sectoral partnerships will also be increased**. The actions will focus on enhancing competences of the administration of the self-government, enhancing the effectiveness of public fund spending, and on creating social capital and a feeling of co-liability of key stakeholders for the development of their territory (territorial units of the self-government, business communities, residents and scientific communities).
Objective III - Effective state and institutions contributing to growth as well as social and economic inclusion

Poland needs a good law, efficient administration and effective partnership of public institutions and non-governmental partners. This requires the mobilisation of instruments and measures of legal, institutional, financial as well as coordination and organizational nature.

Area: Law in the service of citizens and the economy

Despite of previous activities in the improvement of regulation, the quality of law in Poland still needs to be enhanced. The problems concern, inter alia, over-regulation, inconsistent legislation, frequent changes, the lack of transparency in the legislative process and occurrence of legal gaps. This impends economic activity. Therefore, simplifying law to ensure better conditions for entrepreneurs and citizens is required. Law must be rational, stable, transparent and limited only to necessary regulations. It is also necessary to increase court proceedings and execution of law.

The development of the regulations impact assessment is essential. Thanks to it, it will be easier to foresee the impact of solutions on, inter alia, small and medium-sized enterprises. Adaptation of the Business Constitution Package creates frames for new establishment of rules of carrying out business activity. They will strengthen freedoms and rights of entrepreneurs. Other necessary legal changes include the amendment to the Public Procurement Law and adoption of the new, simplified Code of Administrative Proceedings.

Area: Pro-development institutions and strategic development management

In Poland the quality of governance has been systematically improving since 2007. However, the valid procedures are lengthy and unclear. The excess of institutions with overlapping or unclear competences is also a problem. There is lack of the strong management centre of developmental processes and efficient cooperation mechanisms. Effective public institutions open to citizens and entrepreneurs must be created in Poland. It is also necessary to build an integrated development planning system in the social, economic and spatial dimension. This will increase the institutional effectiveness of the state expected by the Poles.

The common monitoring system for public services will be implemented. Health care system reform, including the replacement of the National Health Fund by the State Special Purpose Fund “Health”, will improve the effectiveness in utilization of public funds. The Public Health Office, along with the network of hospitals will be established, which will shorten queues to physicians. The operation of the system of justice will be improved - citizens will have a better access to it, and competences of employees in the courts will be higher. The administration will undertake cooperation with citizens and non-governmental organisations. The adoption of the Urbanist and Construction Code will be the key action for better coordination of spatial planning with programming the development. There will be financial and legal mechanisms introduced
ordering the investment processes. The consolidation of the new development management system and developing procedures within the framework of Council of Ministers is needed. The Ministry of Economic Development will co-create the economic management centre.

**Area: E-state**

Despite the increasing development level of public e-administration in Poland, the use of information and communication technologies is ineffective. Lack of a cohesive strategy, unclear and not always properly understood regulations, bad practices and lacks in competences delay introduction of Polish digitization projects.

Changes are necessary in order to establish the digital service state - it is not only the matter of increasing the number of public e-services in order to make them popular and available for citizens and companies. This will increase the demand for broadband networks, which, in turn, will popularize electronic commercial services. In this way the positive changes to the digitalization of the administration, society and economy will reinforce one another.

The new National Integrated Computerization Programme, i.e. a cohesive, logical and efficient national computerization programme, will be created. Within its framework the National System of Registers will be developed and an electronic identity card will be introduced. The Paperless Poland will popularize electronic document circulation and Cashless Poland - cashless transactions. The National Broadband Plan is an initiative providing access to the fast Internet in the entire country. It is necessary to increase digital skills of the society and provide financial support to SMEs in the telecommunication sector.

**Area: Public finance**

In recent years the situation of public finance has improved - the deficit of government and self-government institutions declined. Deficit reduction was mainly the effect of expenditure reduction.

The purpose of the SRD is to stabilize and balance public finance. Both the public sector deficit and the debt-to-GDP ratio will decrease. This means that the increase in revenues through the improved execution of taxes and the reduction of grey market, among others, will be necessary.

In order to tighten the tax collection system a series of fiscal, institutional and organizational actions will be carried out. The legal gaps will be removed. The National Tax Administration has been already established. Information exchange between entrepreneurs and tax bodies will increasingly take place electronically. The principles of financing of the territorial government units will be modified in order to better coordinate developmental actions. It will be reinforced by the new and uniform classification of developmental expenditures.

**Area: Efficiency of use the EU funds**

In Poland the EU funds were not spent effectively enough. Tasks were often delayed and the hitherto practice shows that co-financing was often awarded to projects with little social and economic impact. Proce-
dures of the previous calls for projects proposals did not always function effectively. Repayable financial instruments are used too seldom, the support does not result in the increase in innovativeness and the procedures are complicated.

The Strategy aims at using European Union funds in a manner reflected in permanent developmental results providing the possibility of a further dynamic and steady social and economic growth. This requires higher outlays for innovative projects and a gradual shift away from non-reimbursable grants.

Changes made to operational programmes for the years 2014-2020, as well as possible further changes, will adjust the scope of intervention for developmental objectives through, inter alia, the larger selectivity of the support. Effective Funds project aims at increasing quality, comprehensiveness and added value of projects and well as their cohesion with developmental objectives. Small and medium-sized enterprises and self-governments will have an easier access to repayable aid, while the institutions’ abilities to evaluation and selection of projects will be strengthened.

Furthermore, a simplification programme 4 x S - standardisation, stabilisation, simplification, sturdiness will be implemented. It will simplify procedures of spending of EU funds. Thanks to coherent investment plan, the coordination between projects financed from different EU sources will be enhanced.
Areas having impact on the achievement of the *Strategy* objectives

**Area: Human and social capital**

The SRD puts emphasis on the fact that human capital in Poland is not fully used. This is why it is planned to carry out activities in such areas as education, health, culture or civic society, thanks to which this capital will be stimulated.

The percentage of Poland’s inhabitants with higher education is larger than in other countries but the skills of educated persons are often not adjusted to the market requirements. The emphasis must be put on creativity, innovative thinking and use of new technologies as well as adjusting vocational education to the requirements put forward by the modern economy. Universities will closely cooperate with industry and their internationalisation will be improved to a greater extent.

The health condition of the Poles is lower than the EU average which results from, inter alia, low health awareness and detectability of diseases. The system is insufficiently funded and has difficulty in responding quickly to the changing demographic needs. Thanks to strengthening and health campaign, the health of citizens will be improved. Mapping of health needs, investments in new medical equipment or e-health development will provide more effective treatment.

A level of social capital must also be increased. The Poles express the low level of social confidence, they are often socially inactive and take initiative, bottom-up activities for common good to a limited extent. There is also low involvement of Poles in volunteering actions. This situation will be changed by the programmes related sport, development of civic society and volunteership.

Additionally, the area of culture will be strengthened through the implementation of programmes for the development of readership, citizen culture, the network of museums as well as organisation of the celebration of the 100th anniversary of Polish independence.

**Area: Digitization**

All areas of social life increasingly depend on digital technologies. Their use will be one of key factors determining the creation of solid foundations for lasting and sustainable development in Poland. In the economic sphere it is spoken about the fourth industrial revolution (“Industry 4.0”), i.e. the integration of devices of any kind within the data exchange network in economic processes.

In order to fully benefit from digital processes, not only investments and trainings in enterprises but also a series of actions taken by the state are needed. The broadband networks with sufficiently high throughput constitute the infrastructure basis. In 2020 the download speed standard accessible for households must reach 100 Mbps. In order to enable the development of these networks, the supportive regulatory and investment environment, effective system for management of cyberspace security and data exchange stand-
ards, among others, must be provided. However, real prosperity grows mainly thanks to services accessible via Internet, implemented in the form of software. Those services optimise the use of resources, increase labour productivity, enhance consumer convenience and quality of their lives. Both supply and demand for such services are not covered by digital skills of the society - this is why a wider use of digital technologies in the life-long learning model stipulated in the Strategy is so important. This objective is to be carried out by, inter alia, connecting all schools to the fast and safe Internet, the modernisation of vocational education in the context of “Industry 4.0” and programmes addressed to adults of varied level of digital competences, with special emphasis on actions to the benefit of digital inclusion.

Area: Transport

Thanks to use of the EU funds, the length of expressways and motorways in Poland increased significantly but the cohesive transport system was not created. As a consequence of the underinvestment, the railway becomes less important, whereas the road transport, which is environmentally unfriendly, plays a greater role.

The SRD puts an emphasis on the improvement in transport availability and conditions of provision of services related to carriage of goods and passengers. Roads and railways allowing for the fast journey between voivodships and neighbouring countries will be completed. The plan of developing these networks is covered by the National Railway Programme and National Roads Construction Programme.

It is a priority to create an integrated and interrelated transport network reinforcing a competitive economy and reducing impacts on the environment. The solutions supporting a larger share of ecological transport in cities, and, in particular, in public transport, will be created. The developing urban public transport system will favour the appropriate use of space in planning cities and their functional areas. Waterways will be used to a greater extent in transport services. Inland shipping should become more important. Furthermore, the role of sea ports will be strengthened.

There will be more effective use of public funds for transport undertakings. It is expected to provide good quality infrastructure, but not generate excessive costs related to its construction and maintenance.

Area: Energy

One of the basic developmental challenges of Poland is assuring the economy, institutions and citizens with stable supply of energy adjusted to the needs, at an economically accepted price.

Ensuring energetic security requires diversification of the sources, raw materials as well as manner of production and distribution of the energy. There will be conditions established for investments in new, stable production powers based on traditional sources, use of water plants and the development of nuclear power.

The Polish energy infrastructure is obsolete, the share of renewable energy sources is low and the economy is energy intensive. This is why the modernisation and the development of energetics and the improvement of energy efficiency are essential. Introduction of the market of power will provide the stability of power supplies, while gas and diversified energetics will lead to diversification of energy sources. Poland will acquire new suppliers thanks to creation of the gas hub, i.e. the regional gas trade centre. The introduction of
smart measurement and smart grid will improve the energy flow and the modernisation and construction of new power lines is indispensable.

Area: Environment

The unique nature of Polish natural resources offers opportunities for the country’s sustainable development. Developing the potential of the natural environment for the benefit of citizens and entrepreneurs, gradual reduction of pollutant emissions, increase in the amount of retained water, efficient waste management covering the secondary use of raw materials and energy resources, the use of geothermal energy and other renewable energy sources, reduction of the risk of natural disasters - all of which requires the rational natural environment management and release of innovation potential. Simultaneously, the basic resources that condition the economic and social growth: good quality of water, air and soil; acoustic climate; biodiversity and landscape diversity have a strong impact on health of the society and structure of budgetary expenditures.

Air pollution is another negative factor: high greenhouse gases emission related to the dominating role of coal in production of energy and concentration of pollution primarily from heating of buildings in the communal-living and wheel transport sectors - particularly in cities - as well as from agriculture, construction and other sectors of economy not covered by the EU Emissions Trading System (ETS). The implementation of the Clean Air programme requires coordinated actions restoring good air quality - including the liquidation of the air pollution sources or reduction in their influence.

The introduction of a new uniform water management structure will pay off in terms of the enhanced protection from flood and drought as well as the increase in the disposable water resources. Due to the fact that one of the impacts of climate change is the growth of demand for water in agriculture and increase in areas affected by the drought, Water for agriculture programme will be implemented. It will focus on supporting water retention and watering for the purposes of rural areas, a complex action programme addressed to forest management.

The preservation and extension of the cultural and environmental heritage will be supported by activities essential for efficiency of spatial economy and spatial planning, including applying the principle of secondary use of space in investment processes. Conducting the landscape audit, along with other activities, will contribute to the development of the base information supporting the natural space protection and allow for better management of the cultural and environmental heritage. It is also planned to strengthen the role of control institutions functioning in the area of environment and more effective execution of law.

Area: National security

There is a correlation between safety and economic development. This involves the need to manage risks in the economy. Although the Poles feel secure in the country and the level of crime is decreasing, its nature and international situation are changing.

This is why improvement of the state’s resistance to the contemporary threats and enhanced security are needed. Such activities must take into account new aspects of economic safety, including cybersecurity and economic crimes. The Police will be provided with effective tools to fight against crimes connected with obtaining VAT by deception, and the critical infrastructure resistance to cyberattacks will be enhanced.
The new Act on safety management will ensure better effectiveness of coordination mechanisms. The establishment of the Territorial Defence Forces and their full integration with the remaining types of armed forces on the strategic and operational level will serve improvement of the national potential in deterring, through strengthening structures of governmental administration and state’s services, as well as use of pro-defensive organizations as well as a motivated society that is aware of threats. The development of the national armament policy will lead to the increase in the Polish industry involvement, and at the same time, to better integration of national security and social and economic development.

Migration is one of key challenges, this is why it is necessary to strengthen the boundaries protection and control flows of people as well to develop and adopt a new migration policy. Until 2020 the Police, Border Guard, State Fire Service and Government Protection Bureau will be modernised.
Basic sources for financing of the Strategy

The implementation of the objectives of the SRD requires the involvement of more than PLN 1.5 trillion from public funds by 2020 year. Funds will come from the state budget, budgets of the territorial government units, national earmarked funds (the Labour Fund and the National Fund for Rehabilitation of Disabled Persons (PFRON), resources of executive agencies and funds managed within the PDF.

Another source of funding of the development includes EU financing, i.e. EU funds, programmes and initiatives EEC Financial Mechanisms, external funds (e.g. Norway Grants).

The third funding stream will come from other foreign sources - from credit, surety and guarantee programmes.

Private sources, including resources from the banking sector and the capital accumulated on the accounts of enterprises will be an additional source of financing for the development (about PLN 0.6 trillion). Large investment funds are also in possession of the State Treasury companies. They, as well as the actions of governmental agencies and other public entities, will allow for effective, long-term growth of Polish national property and Polish investments. After 2020, the public investment financing burden will be shifted to national funds, both public and private.
The *Strategy* coordination and implementation system

The SRD as a strategic document stipulating the national developmental objective in the mid-term perspective and implementation instruments, is realized by national institutions (government, territorial government and other public institutions) in partnership with enterprises, scientific environment and broadly understood society.

The coordination and management system presented in the *Strategy* will be reflected in adequate programme documentation adopted by the government, such as: Poland’s development management system integrated developmental strategies, stipulating objectives and manner for realization of particular horizontal policies on the national level in details, other strategic programme documentation (e.g. utilization strategy for funds from the Cohesion Policy, Common Agricultural Policy and Common Fisheries Policy - currently in 2014-2020 the *Partnership Agreement*), acts that regulate functioning of the strategic management system in Poland (e.g. *Act on the principles of development policy*) and other legal acts. The above means that the *Strategy* is a basis for revision of the applicable integrated development strategies, other strategic documents, and for verification of previous instruments for their realization.

The Minister of Economic Development, while cooperating with other ministers in charge, prepares annual reports from the *Strategy* implementation progress, submitted for comments to the Coordination Committee for Developmental Policy and for consideration to the Council of Ministers, together with assessment of the achievement level of the indicators monitoring the SRD and recommendations on potential necessary actions serving provision of timely and effective realization of the *Strategy*.
Projects management

The *Strategy for Responsible Development* is being implemented **with the project approach**. The SRD, providing for objectives in each area, stresses particular projects (both of the strategic and flag character) serving realization of strategic objectives. The *Strategy* contains a list of **173 strategic project and 12 flag projects**. The list of projects included in the SRD is of an open character, and it can be complemented with new initiatives that are a response to the emerging needs and challenges. As an instrument for the SRD implementation, the projects result from the support selectivity principle and they focus the public intervention on a particular task.

Flag projects pose a collection of activities necessary to achieve a target, which is emergence of a certain good with determined usability, especially important for realization of the *Strategy* objectives. They focus the collection of activities of the public intervention on support in the specific sector/branch for especially important products, technologies or services, in order to enable them to appear on the market and exert positive influence on the Polish economy.

Strategic projects can be divided into those of purely legislative or programme character - activating a series of significant actions in other areas, and more comprehensive projects, which are a collection of undertakings of a differentiated character, serving for realization of the project’s objective.

Implementation of the project approach will be based on development of project structures, both on the level of a given organizational structure, but it will also stress cooperation between particular ministries and institutions.
The Strategy for Responsible Development is a response to the 21st-century challenges faced by Poland. Its implementation will contribute to achieving a long-lasting, socially and territorially balanced economic development, which will result in an increase of the Polish families’ well-being. Leading Poland out of a development drift requires not only a wise and efficient action of the public administration, but also a further development of the Polish citizens’ entrepreneurship and creativity. Only together we will achieve those ambitious goals.

New development model - increased responsibility of state institutions for designing economic, social and territorial processes

- Multiplication of the Polish capital being a key to success.
- Lasting economic growth based on innovative companies.
- The best investment means investing in people.
- More efficient state.
- Responsible development is inclusive rather than exclusive.
- Solid public finance lay foundations for a development.
- Responsible development is territorially sustainable.
- Modern infrastructure to fulfil economic needs and enhance the quality of life.
- Strong economic operators are foundations of the economy.

Responsible development is a development with an eye towards future generations.