



LOCAL VALUE APPROACH

POSITION PAPER

CleanTech for CEE

Recommendations regarding the operationalization of the "local value" approach in strategic procurement, State-Owned Enterprises, and FDI support instruments

Poland stands before a historic opportunity to accelerate industrial and energy transformation. The scale of investments, including those by State-Owned Enterprises (SOEs) and support instruments for foreign direct investments (FDI), can become a lever for the country's technological development. The key challenge, however, is that these funds should not solely serve to finance the import of ready-made technologies, but genuinely strengthen domestic research and development capabilities, drive innovation, and build the resilience of supply chains. Although the regulations of the European Union and the World Trade Organization limit the possibility of applying direct national preferences in public procurement and state aid, they should not be treated as a barrier for establishing ambitious industrial policy.

We propose a change in approach: moving away from "local content", understood as the percentage share of components, towards "local value" – measurable value created locally within a specified time horizon. In this perspective, the question is no longer exclusively "where was it produced?", but "what verifiable value does this project bring to the Polish ecosystem and how can it be proven?".

In practice, this means that public procures

and SOEs should evaluate solutions through the lens of efficiency, resilience, and security. Life-Cycle Costs (LCC) within a defined reference period (usually 7-15 years depending on the asset class) should be systematically taken into account, as well as required service level agreements in Poland (availability of SLA, guaranteed Mean Time To Repair - MTTR, and maximum on-site response time, e.g., 4-8 hours), interoperability and compatibility with existing infrastructure (open standards, documented APIs, data and configuration portability limiting vendor lock-in), and data sovereignty, understood as the protection of processing, storage, and administrative access against enforceable extraterritorial claims from outside the EU/EEA.

To effectively secure Poland's strategic interests, policy should additionally take two dimensions into account:

- First, the strategic importance of technology in the context of technological security and sovereignty.
- Second, building competencies through implementations in Poland: pilots and initial implementations should be designed as a path for developing domestic capabilities, increasing the adaptation of solutions, developing local competencies, and opening up space for Polish companies and scientific institutions.

This document identifies gaps that need to be closed to make the approach operational rather than declarative: the definition and measurement of "local value", mandatory application of LCC in bid evaluation, enforceable SLA requirements, data sovereignty safeguards based on independent legal verification, mechanisms for de-risking scaling (Implementation Guarantee Fund and CVC instruments operating in accordance with the MEIP principle), as well as a coherent system of KPIs, reporting, and execution.

I. Transformation of public procurement - efficiency criteria instead of just price

Building "local value" requires the intelligent design of public procurement and purchasing processes in SOEs, so that they reward actual efficiency and resilience, rather than the lowest purchase price. A change of perspective is essential: from minimizing cost in a short horizon to optimizing the result throughout the entire life cycle of the asset.

We recommend introducing mandatory non-price criteria (based on efficiency parameters) in strategic procurement, in particular in energy, digital transformation, and critical infrastructure. Life-Cycle Cost (LCC) should become a standard element of bid evaluation alongside, and in justified cases instead of, the purchase price.

LCC should be calculated according to an approved methodology and procurer's template, covering the cost of acquisition, energy and operating costs (including emission costs, if applicable), service and parts, decommissioning/replacement costs, and the expected cost of failure visible as a loss of availability. The reference period should generally be 7-15 years, depending on the asset class.

Procurements should also reward solutions with verifiably lower emissions in the usage phase, linking the evaluation to measurable operational efficiency, rather than descriptive environmental declarations. Equally important is the introduction of clear and enforceable service requirements (SLA). Procurers should require a minimum level of availability (e.g., 99.5%), guaranteed MTTR, and a guaranteed on-site service response time in Poland (e.g., 4-8 hours), with contractual penalties for breaching SLA conditions. Criteria structured in this way naturally reward suppliers with local service facilities and technical competencies, without referring to prohibited national preferences.

Interoperability must be treated as a requirement for security and competitiveness. We recommend the obligation to comply with open standards and the availability of documented APIs, as well as a commitment to provide interoperability documentation and conduct compatibility tests with existing

infrastructure. This limits the risk of vendor lock-in and opens the market for local integrators and IT companies, enabling the transfer of data and configurations between suppliers.

Finally, strategic procurement must include hard requirements for data sovereignty and technological security. All critical data should be processed and stored within the EU/EEA, and for selected critical systems – in Poland. The contractor should guarantee that data processing, storage, and administrative access (including maintenance, support, and debugging) are resilient to enforceable extraterritorial access requests from non-EU governments. The procurer should require an independent legal opinion from an EU/EEA law firm confirming that the corporate structure and access management rules effectively protect data from the extraterritorial jurisdiction of third countries. Where this cannot be demonstrated, a trustee or "key custodian" model should be implemented, in which encryption keys are stored and controlled by a trusted entity in Poland, ensuring practical data sovereignty.

II. Offset mechanisms and "local value" in incentives for Foreign Direct Investment - Polish Government Grant

The Polish Government Grant for Foreign Investors (administered by PAIH) is one of

the key instruments that can shape not only the scale but also the quality of investments flowing into Poland. In discussions about its amendment, we recommend that alongside standard criteria (e.g., capital expenditures, employment), mechanisms be introduced that link support to verifiable developmental effects in Poland.

By "offset mechanism" we mean a set of enforceable obligations of the investor, constituting a condition for obtaining (and maintaining) support, which translate an FDI project into measurable "local value". This is not about declarations or percentage "local content", but about a result that can be documented and audited within a specified horizon (e.g., 12-36 months).

Example components of offset / "local value" that should be eligible and comparable between projects:

- R&D expenditures in Poland (eligible) and created R&D jobs (FTE), transfer of know-how (licenses, documentation, training, joint engineering teams) and/or IP development in Poland.
- A local supplier development program (number and value of contracts with Polish SMEs and startups; qualitative criteria for vendor onboarding).
- Initial implementations/pilots in Poland designed as a scaling path (TRL 4-8) and "venture client"/partnerships with the local innovation ecosystem, local

- service and maintenance capabilities (SLA, MTTR, on-site response time in Poland) - where relevant for the technology.
- In digital technologies: interoperability and data sovereignty as an element of "local value" (open standards, API, portability, resilience to vendor lock-in).

For the mechanism to work, it must have built-in enforcement: reporting obligations, right to audit, milestones (e.g., after 12 and 24 months), and proportional sanctions, including a clawback (partial withdrawal of benefits), if the agreed results are not delivered. This approach would be consistent with the logic of policy based on efficiency, security, and resilience, and at the same time it limits the risk of violating EU/WTO rules because it is based on neutral, measurable results, rather than national preferences.

It is crucial to apply the same offset/"local value" logic - as a measurable result and condition - in parallel across two channels: (1) FDI incentives (including the Polish Government Grant) and (2) in the investment and purchasing policies of State-Owned Enterprises (SOEs), where the scale of CapEx and procurement can equally strongly shape the market and domestic capabilities.

III. The "Innovative Thirteen" in State-Owned Enterprises

SOEs have some of the largest investment budgets in the country. If Poland wants to translate investments into long-term industrial competitiveness, SOEs should become active buyers of innovation, not just recipients of imported technologies with limited developmental effects in the country.

A similar approach should be implemented in State-Owned Enterprises: offset/"local value" type mechanisms should be built into CapEx and procurement decisions so that SOE investments consistently build local technological capabilities (R&D, implementations, service, supply chain) instead of merely delivering "off-the-shelf" assets. A political goal should be introduced for SOEs to allocate 15% of their annual CapEx budget to financing and implementing local technologies, particularly through R&D cooperation with Polish universities and research institutes, as well as pilots and first commercial implementations of solutions developed by Polish startups and SMEs in the deep tech area. The point is for the development of domestic implementation capabilities to become a predictable result of SOE investment cycles, and not an accidental side effect, while simultaneously applying measurable KPIs, reporting, and (wherever possible) enforcement mechanisms analogous to those recommended for FDI incentives (milestones, audit right, clawback).

It is additionally recommended that SOEs

operating critical infrastructure should allocate approximately 5% of their developmental CapEx to a dedicated Corporate Venture Capital (CVC) instrument. This scale is sufficient to enable the diversification of a high-risk portfolio, while not significantly impacting the SOE's core investment capacity. This instrument should operate in accordance with the Market Economy Investor Principle (MEIP) and have a strictly defined investment mandate: investing in dual-use and deep tech entities at TRL levels 4-8, provided they conduct significant R&D activities within the European Economic Area. The second investment path should concern venture client partnerships, where investment capital is directly linked to a funded implementation pilot within the SOE's infrastructure. This approach links investment decisions with real operational learning, while maintaining MEIP discipline.

IV. Creation of an Implementation Guarantee Fund

The biggest barrier to implementing innovation in industry is the gap between a successful pilot and commercial scaling. Even when a pilot confirms technical feasibility, SOE management boards often hold off on an implementation decision due to perceived technological and financial risks. Poland therefore needs a risk-sharing mechanism that translates verified pilots into at-scale implementations - without distorting competition.

We recommend creating a dedicated Implementation Guarantee Fund for strategic technologies. The Fund should have a clearly defined size and minimum reserve threshold, e.g., linked to a specific percentage of developmental CapEx in SOEs, with minimal obligations on the part of the companies, to ensure predictable capacity for de-risking scaling. Eligibility criteria should focus on TRL 4-8 solutions and require predefined success indicators, including availability parameters and LCC impact, with a preference for projects generating measurable "local value" and possessing significant R&D activities in the EEA.

The Fund should operate in a phased model. First, it finances a pilot according to clearly defined criteria, then requires independent technical and financial validation, and only after that provides guarantees and/or co-financing for the first commercial implementation and scaling, subject to meeting milestones. Instruments can include guarantees, risk-sharing mechanisms, and conditional co-financing tied to results, such as meeting SLAs, MTTR parameters, interoperability tests, or achieving targeted LCC effects. Strong corporate governance is essential: an investment committee combining public oversight with expert technological and financial knowledge, transparent decision criteria, conflict of interest avoidance rules, and full auditability. Where justified, the pricing and decision logic should be consistent with MEIP, and the fund should

include reporting obligations and clawback mechanisms if declared results are not achieved.

V. Changing the logic of public support - from "cost" to ecosystem growth

Requirements in PAIH programs that oblige investors to bear the costs of cooperation with science are a good starting point, but in the case of deep tech projects, they are insufficient. In highly innovative sectors, ecosystem development is determined less by whether funds were "spent", and more by whether measurable capabilities and lasting links between science, business, and capital were created.

We therefore recommend an evolution of the science cooperation criterion in PAIH programs: from a "cost incurred" requirement (e.g., a specific percentage of aid value) to a "result achieved" requirement based on genuine knowledge transfer and measurable ecosystem development. This should be operationalized by obliging the investor to build and demonstrate cooperation with local incubators, accelerators, and private capital supporting technology development ; creating durable channels of cooperation between science, business, and investors (including supplier development programs for SMEs and startups) and co-creating a "pipeline" of new technology entities in

Poland with the participation of ecosystem institutions.

For the criterion to be enforceable, "results" must be described with measurable indicators within a clearly defined time horizon, e.g., 12 and 24 months after support is granted. It is recommended that indicators include the number of local R&D contracts, technology transfer (including licenses and documented know-how transfer), pilot implementations, staff training, and ecosystem partnerships. Compliance with requirements should be subject to structured reporting and auditing, with proportional sanctions or partial withdrawal of benefits (clawback) if measurable results are not delivered.

VI. Metrics, reporting, and execution

Policy credibility depends on measurable KPIs, consistent reporting, and enforceable instruments built into procurement and public support mechanisms. Without a KPI framework, targets related to "local value" and innovation will remain aspirational and difficult to anchor in SOE management systems.

We recommend implementing quarterly and annual KPI frameworks at the SOE level and in public programs. The minimum should include:

- The share of SOE CapEx allocated to local technologies (with a statutory minimum, e.g., 13%, and a policy target of 15%).
- The number of pilots transitioning to commercial implementation (annual target); average LCC savings compared to the baseline after three years of operation (where applicable).
- The share of project expenditures allocated to R&D in Poland (eligible expenses), service parameters (MTTR, availability, response time of local service).
- Effects for the supply chain (number and value of contracts with Polish SMEs).
- Emissions reductions in the usage phase.

Enforcement mechanisms should be "built-in" to contracts and support instruments. Purchasing contracts must include penalties for SLA breaches and the obligation for corrective actions. Public support tied to ecosystem goals should encompass reporting obligations, audit rights, and clawback mechanisms if results are not achieved within agreed timeframes. Publication of aggregated KPI results will increase transparency, accountability, and market trust.

VII. Definitions, methods, and example clauses for strategic procurement

Coherent policy requires common definitions and practical methods. We therefore propose a unified definition and method for measuring "local value", along with operational instructions for LCC, SLAs, interoperability, and data sovereignty.

"Local value" should be defined as the cumulative, measurable impact of a project on the local ecosystem over a three-year horizon. Measurement should include: the share of eligible R&D expenditures in Poland in total project expenditures, the number of R&D jobs created in Poland (FTE) over a 12-36 month period, the number and value of contracts with Polish suppliers and SMEs, the number of filed patents or documented know-how developed in Poland, as well as the estimated LCC savings for the procurer resulting from lower operating costs. In strategic procurement, "local value" should constitute a significant part of non-price criteria - usually 30-40% within non-financial criteria - taking sector limitations into account.

It is recommended that LCC be calculated according to an approved methodology and a procurer's template, including the purchase cost, energy and operation costs (including emission costs if applicable), service and parts, decommissioning/replacement costs, and the forecasted failure cost (loss of availability). The reference period should be tailored to the asset class and generally fall within the 7-15 year range.

In strategic procurement, SLAs must be unambiguous and enforceable. Minimum requirements should include availability targets (e.g., 99.5%), MTTR thresholds and guaranteed on-site service response time in Poland (e.g., 4-8 hours). Interoperability requirements should include the obligation to provide APIs, full technical documentation, and compatibility tests with existing infrastructure, as well as open standards and data/configuration portability to limit vendor lock-in and maintain competition.

Data sovereignty clauses must demand that all critical data be processed and archived within the EU/EEA, and in the case of systems deemed critical - in Poland. The contractor should provide an independent legal opinion from an EU/EEA law firm confirming that the corporate structure and access management principles protect data from enforceable extraterritorial requests from outside the EU/EEA. Where this cannot be demonstrated, a trustee mechanism or "key custodian" should be required, including control of encryption keys by a trusted entity in Poland.

To facilitate implementation, it is worth using example clauses. Tender documentation should require LCC calculations over a specified horizon on the procurer's template and clearly describe the weight of LCC in the evaluation method. SLA clauses should define availability, MTTR, and local service response time along with contractual penalties.

Data sovereignty clauses should include the requirement for an independent legal opinion and a trustee/key-custodian mechanism where necessary.

Poland can leverage the exceptional scale of public investments, SOEs, and FDI inflows in the coming years to permanently strengthen industrial competitiveness - provided that support and procurement are designed around measurable results, rather than declarations. Therefore, we recommend the coherent implementation of the "local value" approach and offset mechanisms both in investor incentives and in the purchasing and investment practices of State-Owned Enterprises, alongside hard metrics, reporting, and enforcement. Game rules established in this way will simultaneously allow for increasing technological security, reducing life-cycle costs, developing local R&D and service competencies, and building resilient supply chains - that is, genuinely translating transformation into economic value created in Poland.

CleanTech for CEE

Cleantech for CEE is an initiative dedicated to accelerating the development of clean technologies across Central and Eastern Europe. By strengthening the regional innovation ecosystem, the project aims to reduce air pollution, decarbonize industry, and foster economically sustainable, climate-neutral solutions. It serves as a vital bridge between entrepreneurs, academia, investors, and policymakers, facilitating knowledge transfer, access to financing, and the rapid scaling of green technologies.

The initiative is led and strategically managed by the Foundation for Technology Entrepreneurship (Fundacja Przedsiębiorczości Technologicznej). As part of the international Cleantech for Europe network, it works to elevate the role of clean technology within European economic and industrial policy. By building a robust coalition of investors and innovators, Cleantech for CEE provides a platform for dialogue with public institutions and international partners to shape the regulatory and investment frameworks necessary for the region's green transition.

Our Coalition

