

JOINT MEMORANDUM ON SOCIAL INCLUSION OF POLAND

In accordance with the provisions of the Accession Partnership, the Government of Poland has prepared, together with the European Commission, Directorate-General for Employment and Social Affairs, a Joint Memorandum on Social Inclusion, with the purpose of preparing the country for full participation in the open method of coordination on social inclusion upon accession. The Memorandum outlines the principal challenges in relation to tackling poverty and social exclusion, presents the major policy measures taken by Poland in the light of the agreement to start translating the EU's common objectives into national policies and identifies the key policy issues for future monitoring and policy review. Progress in implementing such policies will be assessed in the context of the EU social inclusion process, whose goal is to make a significant impact on the eradication of poverty in Europe by 2010.

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Brussels, 18 December 2003



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1. ECONOMIC AND LABOUR MARKET BACKGROUND

1.1. Economic developments

During the 1990s the Polish economy experienced a robust recovery. As a result, at the end of 1990s GDP per capita in Poland in PPS reached 39% of the EU-15 average level¹. From 2001, however, the GDP growth rate decelerated to 1% in 2001 and 1.3% in 2002. The main determining factors of this poor economic performance were the world economic slowdown, weak domestic demand, a drastic decrease in investment and tight monetary conditions. In 2001-2002, the slackening of domestic demand together with the monetary tightening sent the inflation rate on a sharp downward trend (from 5.3% in 2001 to 1.9% in 2002).

The economic policy implemented during the time of the centrally planned economy contributed to the division of Poland into industrial zones – most of the time close to industrial monoculture – and rural areas where the bulk of economic activity was concentrated in State-owned farms. Currently, considerable regional disparities at the level of GDP per capita are observed. In 2002, the voivodship with the lowest GDP per capita produced only 45.2% of the level recorded in the richest voivodship. Wider inequalities are recorded within the territories of particular provinces in which output per capita in the main cities is 4.6 times higher than in less developed parts of the province.

Despite economic growth, in the 1990s the Polish economy experienced a severe crisis in both the agricultural sector, dominated by the State-owned farms, and the industrial sector. Labour productivity and economic performance in these sectors have been particularly low. The small size of many of the farms is a characteristic feature of the Polish agricultural sector. This unfavourable situation requires actions aimed at increasing agricultural productivity in order to compete with EU agriculture. According to the National Agricultural Census, in 2002 the average agricultural land area of a farm was 5.76 ha (1.8% greater than in 1996). In particular, 72.4% of farms were smaller than 5 ha.

The economic programme Entrepreneurship-Development-Work, adopted by the Government in 2002, included programmes of restructuring of selected branches of industry: energy (coal-mining, electricity, oil and gas sectors), steel, weapons production, chemical and pharmaceutical and shipyards sectors. The railways too are undergoing a restructuring process. Restructuring strategies are usually prepared separately for specific branches. Restructuring mostly includes a significant reduction of employment. For example, in the years 1998-2001 employment in hard coal mining decreased by 30%, in the steel industry employment declined almost fivefold between the beginning of the '90s and 2001, and in sulphur mining and processing by 44% in the years 1994-1999. The report on entrepreneurship adopted by the Government in June 2003 indicates that the restructuring activities have been quite difficult and there are significant delays. All actions aimed at stimulating growth and entrepreneurship will be offset by a further need for restructuring, if the restructuring and privatisation is inefficient or delayed. Restructuring processes usually include employment cuts and restoring financial soundness. Restructuring programmes usually include various measures, including benefits and activation of redundant workers. The support for the laid-off workers should be redirected towards activation and retraining, not

1 Eurostat, Statistics in Focus, Theme 2 – 20/2003, GDP per capita in Purchasing Power Standards for EU, Acceding and Candidate Countries and EFTA.

passive support. The restructuring of the coal mining and railway industries is lagging behind: employment is still too high and the debt (both private and public) is growing. More efficient action (including further reduction of employment) is therefore necessary. On the other hand, significant development can be seen in certain high-technology production sectors, e.g. the manufacture of communications equipment, pharmaceuticals, medical and optical equipment, office machinery and computers, industrial automatic devices.

1.2. Labour market situation

Total employment in Poland in recent years has been falling, which combined with the increase in the population of working age has led to a decrease in employment rates and an increase in unemployment rates. The **employment rate**² fell from 57.6% in 1999 to 51.5% in 2002, compared to 64.3% in EU-15. The employment rate among men (56.9%) in 2002 was higher than among women (46.2%). The employment rate among older workers is particularly low (26.1% in 2002), while the decrease of this indicator has been particularly sharp (in 2000 it was 28.0%). The employment rate among young people is low too (21.7% in 2002). However, this is related to the large proportion of young people in education. The employment rate is forecast to decrease further in 2003 and return to the 2002 level in 2004.

In 2002, the share of employment in agriculture was 19.3% (compared to 4.1% for EU-15), 28.6% in the industrial sector (compared to 25% for EU-15), while for services it was 52% (compared to 71% for EU-15). Since 1998, the Polish economy has experienced a continuous loss of jobs and total employment in 2002 was 10.2% lower than in 1998. In 2002, the downward trend in the number of employed continued despite the economic recovery and total employment fell by 3% compared to 2001. The number of men employed decreased faster (3.4%) than that of women (2.4%). The highest declines in employment were recorded in construction (-11.1%) and industrial processing (-9.9%). A 3.5% increase in employment was noted in health care and social services. Almost two-thirds (65.6%) of all jobs are in the private sector.

Full-time employees in 2002 represented 89.2% of total employment, while part-time employees accounted for 10.8%. The ratio of full-time employees to part-time employees is higher among men (91.7% and 8.3%, respectively) than among women (86.6% and 13.4%, respectively). The GUS estimates that 0.8-1.0 million persons are illegally employed in the "hidden economy".

Self-employment is most frequent in agriculture, representing 92.5% in 2001. This relatively high proportion is a result of the small size of many farms and the domination of individual farms. In the case of services, it was 14.9% and 9% in industry. According to the 2002 census, the self-employed represented 15.9% of all employed. Self-employment is more popular among men (19.5%) than among women (11.5%). From a regional perspective, self-employment is more popular in rural areas, which is related to the high proportion of Polish employment in farming (27%), while in urban areas 9% are self-employed.

The decrease in the number of employed in the national economy in 2002 was accompanied by an increase in the level and concentration of unemployment. In 2002, the **unemployment rate** for persons aged 15-64 reached 19.9% (20.9% for women and 19.1% for men). The total number of unemployed was almost 3.5 million, which was an increase of 6.7% compared to

2 For details on the labour market in Poland, see Table 2 in the Annex.

2001 (between 2000 and 2001 the number of unemployed increased by 13.3%). In particular, features specific to Polish unemployment include:

- **High youth unemployment:** the youth unemployment rate (15-24) was 41.7% in 2002; in 2001 the unemployment rate for women in this age group was higher (42.7%) than for men (40.9%); the increase in unemployment among school-leavers is of particular concern;
- Higher unemployment among those with **lower educational attainment levels.** The unemployed with basic vocational and lower education levels accounted for 60.9% of the total number of unemployed claimants registered with labour offices in 2002 (as compared to 61.9% in 2001). The unemployment rate for this group was 24.8%;
- High and increasing **long-term unemployment rate**, which reached 10.9% in 2002; the long-term rate is higher for women (12.3%) than for men (9.7%). The long-term unemployment proportion was 54.4%;
- Significant **differences between regions.** In 2002, the differentiation in unemployment concentration, measured as the ratio between the unemployment figures for the voivodships (regions) with the highest and lowest unemployment rates, was 1.63 (26.2% in Dolnośląskie and 16.2% in the Małopolskie voivodships);
- In 2002, **unemployed in rural areas** accounted for 33.6% of all unemployed (compared to 33.9% in 2001). In 2002, the unemployment rate in rural areas was 17.7% (and 16.4% in the previous year). Unemployment in urban areas was 21.3% (20.9% in the previous year). The lower rural unemployment rate can be partially explained by the significant proportion of hidden unemployment in agriculture.

A weakness of the Polish labour market is the relatively small number of **job vacancies** reported to labour offices by employers. The main reason for this phenomenon is the low rate of economic growth and limited activity of employment services as job intermediaries. However, in 2002, there were 89 900 more job offers received by labour offices than in the previous year, of which 78.0% came from the private sector, as compared to 82.2% in 2001.

In the 1990s, the **economically inactive** increased. In 2002, the inactivity rate among people aged 15-64 was 35.4% (29.4% for men and 41.3% for women). Inactivity rates are highest among persons aged 15-24 (62.2%, including 58.4% for men and 65.9% for women) and 55-64 (total 70.9%, 61.3% for men and 79.1% for women). While in the case of young people this is explained by educational attendance, the latter group are mainly people on pensions. The inactivity rate among people aged 15-64 is higher in urban areas (36.1%) than in rural areas (33.7%). The main determining factors of economic inactivity (in 2002) were education and training (37.2%), illness or disability (22.6%)³, family and household responsibilities (11.5%), and discouragement owing to inability to find a job (3.9%).

Though the number of **disabled persons** is very high in Poland, the disabled (at all levels of disability) face a difficult situation on the labour market. The employment rate for this group

3 Poland has the highest disability level in the whole of Europe. According to the OECD, the proportion of disabled per 1 000 persons of working age (20-64) was 130.9 in 1999, which is twice the OECD level (63.2) – see: “Transforming Disability into Ability”, OECD 2003. This stems mainly from the development in early 1990, when relatively relaxed disability assessment accompanied loss of jobs on the labour market. In recent years, however, changes in disability assessment procedures led to a moderate decrease in the total number of disability beneficiaries.

is very low, standing at 14.4% in 2002. The unemployment rate for disabled is close to the country's average – in 2002 the total unemployment rate for disabled came to 17.9%, of which 17.0% for men and 19.2% for women – their activity rate is very low and only 18% of disabled are active. The activity and unemployment rates for persons with moderate disabilities are 14.4% and 16.6% respectively, while for persons with a minor level of disability they stand at 28.2% and 18.6%⁴. The activity and unemployment rates in urban areas are 16.9% and 26,6% respectively; in rural areas, where opportunities for employment on a small family farm are higher, the activity rate was 19.7% and the unemployment rate was 7.1%.

The process of economic transformation in Poland has taken a significant toll on **employment of the Roma** – a population of around 20 000-30 000 – as the unskilled Roma were the first to lose their jobs after the downturn in 1989. Low educational attainment level (often illiteracy and lack of knowledge of Polish) is conducive to their economic inactivity.

There are huge differences among regions in terms of the situation in the labour market. According to the 2002 census data, the activity rate of persons above 15 years of age was 55.5%. Regions with lower activity rates include: slaskie, dolnoslaskie, opolskie, (all affected by restructuring), podkarpackie, lubuskie and wariminsko-mazurskie (regions with traditionally lower activity), zachodniopomorskie (with a high proportion of former State farms). The highest activity rate is observed in mazowieckie, wielkoposkie and podlaskie, regions with large cities and also regions dominated by small private farms.

1.3. Public finance and social expenditure⁵

The economic slowdown had an impact on the public finance and State budget performance. In 2002, **the State budget deficit** reached 5.1% of GDP. The **overall expenditure** increased by 5.8% in nominal terms as compared to 2001. The **total level of social expenditure** in Poland is close to 30% of GDP⁶. The largest item is pensions from the employees' scheme, amounting to 11.3% of GDP in 2002.

Expenditure on the **pension system** increased significantly in the course of the 1990s, as a result of generous early retirement and disability entitlements, absorbing persons laid off from restructured industries. As a result, a significant rise in the number of retirees and pensioners took place, which has long-lasting consequences. The average number of pensioners amounted to 9.3 million in 2001 or 31% of the total population aged 18 and above. In the case of the scheme for employees, the number of pensioners increased from 5.37 million in 1990 to 7.12 million in 2002 (i.e. by more than a third).

The **dependency rate**⁷ is expected to increase from 0.18 in 2000 to 0.50 in 2050. The ageing process is a long-term challenge for Polish society. In particular, the pension and health-care systems need to be prepared for the increased pressure. While the old-age pension system has been reformed, changes are still necessary in the field of disability pension systems and health-care systems. The implementation of the pension reform helps to achieve its financial sustainability in the long run. However, the State budget is currently faced with the financing of transition costs, related to the transfer of contributions to open pension funds. The total

4 Levels of disability are described in the Annex.

5 Based on country information. The ESSPROSS database will be implemented in Poland by June 2004.

6 See Table 4 in the Annex.

7 Ratio of the number of persons aged 65 and over to the number of persons aged 15-64.

subsidy to the Social Insurance Fund reached the level of PLN 27.3 billion in 2002, of which PLN 9.8 billion financed the deficit resulting from the contribution transfer to the funded tier. A significant proportion of the above-mentioned expenditure (almost 4% of GDP) is spent on disability pensions.

Expenditure on **health care** in relation to GDP amounted to 3.99% in 2002 (compared to 4.26% in 1999). In 2002, 80% of total public expenditure on health care was financed from mandatory contributions paid by individuals. **Education** spending in 2001 was 4.59% of GDP, which is an increase of 0.45 percentage point compared to 1995. **Social assistance** consumes less than 1% of GDP (from 0.8% in 1999 to 0.7% in 2002).

Total expenditure on **unemployment benefits** and **active labour market programmes** from the Labour Fund increased from 0.9% of GDP in 1999 to 1.4 % in 2002. In this period, the proportion of funds devoted to financing unemployment benefits and pre-retirement benefits increased to more than 90% of all expenditure. Accordingly, the proportion of expenditure on ALMPs fell below 10% of total expenditure. In 2003, this trend will be reversed, as 11.7% of the Labour Fund's financial resources are planned to be distributed on active labour market policies.

2. SOCIAL SITUATION

2.1. Demography

As at 20 May 2002, the **population in Poland** amounted to over 38.3 million persons⁸ (106 women per 100 men). Currently, Poland is facing a demographic depression. The total fertility rate was decreasing in the 1990s and in 2001 it remained at the level of 1.3. On the other hand, the average life expectancy is increasing (in 2001, it was 78.2 years for women and 70.4 years for men), showing the signs of an ageing population. From 1999 Poland experienced a negative natural growth of the population. Additionally, the age structure of the population is a result of the shifting of the baby booms and baby busts⁹.

The demographic structure affects the social situation. Presently, baby-boomers from the 1980s are entering labour market. On the other hand, the proportion of persons of immobile age is increasing (33% of the working-age population are 45 or more years old). The population of working age is expected to rise by the end of the present decade and fall afterwards. After 2010, a relative increase in the number of non-working age population is expected, as the ageing process intensifies.

According to the population census of 2002, the **number** of 13.8 million **households** was recorded in Poland. The average number of persons in a household decreased to 2.8 (against 3.1 in the National Population Census of 1988). Compared to the previous census, in 2002 the number of one-person households increased (they account for 24.8% of the total number of households). Married couples with children are predominant (56% of the total number of families); one-child families made up the biggest proportion – 46.9% (with 2 children – 36.2%). The proportion of single-parent families also increased (from 15.4% in 1988 to 19.4% in 2002), namely among women and in urban areas. Divorces contribute to the

8 Data based on the National Population Census.

9 See Figure 1 in the Annex.

increase in single parenthood. In the years 1999-2001 the number of divorces rose by 6%, although the number of marriages contracted declined by a quarter over the same period.

Internal mobility in Poland is low. The most mobile are residents of North and West Poland. Men leave their place of permanent or temporary stay more seldom than women. In 2001, persons aged 15-64 from rural areas changed their place of residence more often (1.13% of them) than persons from urban areas (0.94%)¹⁰.

The proportion of **people with disabilities** in the total population rose from 9.9% in 1988 to 14.3% in 2002. Of this group, 7.4% were disabled biologically (they reported significant incapacity to perform basic functions) and legally (they were granted disabled status officially), 2.6% only biologically and 4.3% only legally. Among persons disabled legally (aged 16 years and more), some 26% have a severe level of disability, 35% have a moderate level of disability and 39% have a minor level of disability. The level of disability is unknown for 6% of the disabled. In the early 1990s, disability was treated as an early retirement option. Women account for 52.9% of the disabled population. The highest proportion of disabled was for people aged 45-54 years (20.7% of them, 21.2% for men and 20.1% for women) and 55-64 (34.5% of them, 39.1% for men and 30.5% for women). The proportion of disabled among the other persons of working age was significantly below the average. Almost 60% of the people with disabilities are residents of urban areas, but since 1988 the number of disabled has increased faster in rural areas (by 53.5%) than in towns (by 41.1%)¹¹.

Among ethnic and national minorities, the **Roma** are most affected by social problems. The Roma population is estimated at around 20 000¹² (0.05% of Poland's population in 2001). The census shows that 12 900 people in Poland declare Roma nationality. In general, the figures for Roma people are not comparable between countries and are taken from a variety of official and non-official sources reflecting different national definitions and practices of ACs and Member States with regard to data collection and ethnicity. Official figures on Roma in Poland are generally far below the real figure because many Roma do not declare themselves as such for several reasons. It has to be stressed that although the above figures reflect national definitions and practices regarding ethnic appartenance, the EU rejects theories attempting to determine the existence of separate races. In the '60s, under pressure from the State the majority of nomadic Roma settled down in towns. The Roma society is a very closed one and information about this group is scarce. A significant proportion of the Roma speak Polish, but not well enough to take an active part in normal social life. This is not conducive for them to take up education in Polish schools, along with problems in adjusting to another culture.

In recent years the number of **immigrants and refugees has increased**. In 2002, there were 6 500 people migrating to Poland but they constitute a rather small group compared to the total population.

10 "Demographic yearbook of Poland", Warsaw 2002.

11 Table 8 in the Annex.

12 Estimates based on information released by local self-government entities.

2.2. Poverty in Poland

In 2001, 15% of people (16% of men and 15% of women) in Poland lived below the **poverty line**¹³ set at 60% of the median national equivalised income. Although the poverty level in Poland is comparable to the EU average, the **poverty threshold** in Poland is lower than in any of EU countries. In 2001, **illustrative values** of risk-of-poverty threshold in PPS accounted for less than half of the EU average (PL: 2822 PPS, EU15: 7732 PPS). This is explained by the fact that Polish families have much lower income than those in the EU. This also explains why in Poland the income gap is rather insignificant (22% in 2001). The **Gini coefficient** in 2001 stood at the level of 30, similar to the EU average. **Social transfers** highly influence poverty levels. When pensions are excluded from total income, poverty risk doubles, while if all social transfers are excluded, the poverty rate triples. The poverty level decreases with age and **children and youth** are mostly affected. In 2001, according to the Laeken indicators¹⁴ about 21% of children (aged below 15) and 19% of youth (aged 16-24) were poor.

As far as economic activity is considered, **unemployed** are mostly threatened with poverty (37% in 2001). Among the unemployed, men are in more difficult situation than women (39% and 35%, respectively). As compared to 1999, however, the situation of men has improved by some two percentage points, while it has stabilised among women. During 1999-2001, the income level of **self-employed and economically inactive** was below 60% of median national equivalised income (19% and 18% respectively).

The poverty level increases with the size of families. Among **families with three or more children**, poverty threat is twice as high as in total population. Also **single parent families** face higher poverty risk, and in 2001 19% was below the poverty line.

In Poland, since the beginning of the 1990s, the number of people suffering from poverty has been increasing. Between 1996-2002, the number of people below minimum subsistence level increased by 2.6 times, and in 2002 it accounted for 11.1% of total population (9.5% in 2001)¹⁵.

When the above analysis is complemented with national indicators, the same groups are identified as the most threatened with poverty. According to Polish national data, children are much more threatened with poverty than adults, and in 2001 40% of persons living in extreme poverty were aged below 19. Generally, the situation of children is particularly difficult in rural areas. However, regional surveys show the scale of the problem experienced by small urban residents of "poverty enclaves"¹⁶.

As far as the income source of the household is considered, **social transfer recipients** other than old-age pensioners and disability pensioners are most at risk of poverty. In 2001, 29.4% of them lived below the minimum subsistence level. Other groups at poverty risk are

13 In the first part of this analysis the poverty threshold is fixed at the level of 60% median national equivalised income.

14 Laeken indicators are available only for 1999, 2000 and 2001. Statistical information on the Laeken indicators is presented in Table 5 in Annex I.

15 In the analysis when national data are used, the poverty threshold is fixed at the level of minimum of existence. Persons, who live below this threshold suffer social as well as biological degradation. Definitions of poverty used in Poland are described in Annex II.

16 Survey on Lodz town shows, that some 1/3 of poor children from Lodz come from "poverty enclaves". "Children and families in poverty. Local, social, institution", Wielisława WarzywŁoda-Kruszyńska, Łódź, 2002.

pensioners (14.2%), farmers (12.6%) and farm employees (12.2%). The difficult situation of the unemployed also should be emphasized. During the transformation period, the number of unemployed considerably increased and currently many of them have lost their rights to get unemployment benefits, and in 2002 only 18,8% of them were entitled to unemployment benefit. Low-educated people, persons living in economically underdeveloped, rural and restructured areas, most often suffer from both unemployment and poverty.

There is also a **regional dimension** of poverty in Poland. In 2001, 15% of rural area inhabitants lived at the minimum subsistence level and 10% in small towns. In the agglomerations with at least 500 000 people, only 2% of people lived below the minimum subsistence level.

Poverty in Poland is not only affected by the short-term deterioration of the financial situation of families, but is becoming a permanent feature¹⁷, leading to exclusion, alcoholism and homelessness. According to various estimates, there are 30 000-80 000 **homeless people** in Poland¹⁸. The wide difference between the estimates shows that it is particularly difficult to assess the scale of this phenomenon. The problem of **alcohol addiction** was more acute during the transformation period¹⁹. According to GUS and PARPA data, alcohol consumption in 2002 stabilised at 6.46 litres of pure alcohol per capita for the population aged 0+. This does not include illegal trade and it is related to the entire population. In 2001, this indicator was 9.3²⁰ in EU15 for the population aged 15+. According to the State Agency for Prevention of Alcohol Related Problems, the total number of persons affected by alcoholism (directly and indirectly) ranges from 7 to 10 million persons, including some 600 000-800 000 alcoholics, 2-3 million persons drinking frequently and 3-4 million family members (both children and adults). Additionally, about 20% of young people aged 15-18 are drinking. According to the survey conducted on social welfare beneficiaries, alcoholism affects more frequently poor men, people aged 35-54, families with four or more children, residents of small towns (10 000-20 000 inhabitants) and people from rural areas²¹.

Roma families are poorer than average. Although there are no official estimates, there is some evidence confirming this hypothesis. Among the so-called Carapace Roma, 95% of families benefit from various forms of social welfare in some municipalities²². According to the same source, as a result of the difficult, even dramatic, social situation of these families (overcrowded dwellings, lack of basic facilities, poor diet, limited access to health care services), they very often suffer from health problems. The Roma are especially threatened by diabetes, circulatory and respiratory diseases (there are cases of tuberculosis among them), etc. As a result, their life expectancy is shorter.

2.3. Education

The education level in Poland is improving. According to the 2002 census, 67% of persons have higher than primary education. Between 1988 and 2002, the proportion of people with

17 The Household Budget Survey has not been based on the panel sample so far and that is why it is impossible to define the term permanent poverty. However, there is increasing evidence of "inheriting poverty".

18 Estimates based on non-governmental organisations' data, which are sent to the Ministry of Economy, Labour and Social Policy.

19 Agnieszka Sowa, "Alcohol abuse and poverty" in: "Poverty dynamics in Poland. Selected quantitative analyses", CASE, Warsaw 2002.

20 WHO estimates.

21 "Alcohol abuse and poverty", op. cit.

22 "Romowie – bezrobocie. Elementy opisu położenia społecznego Romów w Polsce w 1999 roku." by the Roma Society in Poland, commissioned by the National Labour Office.

incomplete primary education and without any school education decreased threefold²³. In the school year 2000/2001 participation of 18-year-olds in education was 80.7% (76.9 for males and 84.6 for females), which was slightly above the average EU-15 level²⁴. The number of students in tertiary education in Poland is increasing too.

However, the quality of education still requires changes. According to the PISA (Programme for International Student Assessment) results, 23.3% of 15-year-olds in Poland are at or below level 1 on a combined literacy scale. The Polish results are worse than those of other EU accession countries, though better than those of Greece and Portugal. There is a marked difference between the results for students at secondary and vocational schools – the former results are comparable to those of students in the EU, while the latter are below any acceptable norms, with a third below minimum, indicating that they are practically illiterate.

In 1999, expenditure per pupil in primary school in Poland was at 46% of EU level. In the case of secondary education, the average EU level was four times as high as in Poland. In tertiary education it was around 40% of the EU level. In comparison with the EU results, in Poland there are more pupils per computer and per computer with access to Internet (in all kinds of schools)²⁵. The level of education differs by gender and place of residence. Women more often attend **general secondary schools** (11.6% of women and 5.4% of men), post-secondary schools (4.6% and 1.6% respectively), tertiary education and graduate from universities (10.4% of women and 9.3% of men). Men more often graduate from basic vocational schools (30.1% of men and 16.9% of women), technical and special vocational secondary schools²⁶. In the urban areas, 73% of people had post-primary education and about 14% of them had tertiary education. In rural areas, these figures were much lower and reached 56% and 4%, respectively. However, in the period between population censuses, the proportion of people without school education decreased more than twice in rural areas.

The proportion of children aged 3-6 attending pre-schools is small. The problem is more acute in rural areas, where in the school year 2001/2002 only 34.7% of this age group went to pre-schools. The situation was better among 6-year-olds, as 91.2% of them attended pre-schools, preceding the first grade of primary school. In urban areas, almost all 6-year-old children attended pre-schools. Almost the entire population of children obliged to attend primary and lower secondary education (gymnasium) fulfil this obligation. However, 0.2% of children do not attend schools at all, mainly owing to their parents' negligence²⁷. The number of persons attending general secondary education increased (gross participation rate increased from 18.9% in 1990/91 to 42.4% in 2001/02). A similar tendency has been observed in case of tertiary education (a rise from 12.9% in 1990/91 to 43.6% in 2001/02).

In 2002, among young people aged 18-24 the drop-out rate²⁸ was 7.6% - it is a little more than a half that in EU-15 and lower than in any EU country. The majority of students are educated

23 Among people aged 15 or over.

24 Eurostat, Education in Europe. Key statistics 2000/02, Statistics in Focus, Theme 3 – 13/2003.

25 For details see Table 10 in the Annex.

26 Table 9 in the Annex.

27 A slight increase in this indicator in recent years may result from a measurement error – public statistics do not include children of Poles employed abroad who are educated in schools outside Poland. (Oświata i wychowanie w roku szkolnym 2000/2001, GUS).

28 Drop-out rate – refers to persons aged 18 to 24 in the following two conditions: the highest level of education or training attained is ISCED 0, 1 or 2 and respondents declared not having received any education or training in the four weeks preceding the survey (numerator). The denominator consists of the total population of the same age group, excluding no answers to the questions 'highest level of education or training attained' and 'participation in education and training' (Eurostat definition).

in public schools – in 2001/02 fewer than 5% of students on all levels of education attended private schools.

Children from rural areas have poorer access to schools and extracurricular activities. This is related mainly to the lower educational level of their parents, higher poverty and longer distance to educational services, more frequently located in the cities. Similarly, access to the Internet is also more difficult.

Educational services offered by **schools for adults** (including university-level schools offering evening, weekend or distance learning courses) have steadily expanded since the early 1990s. In the school year 2001/2002, nearly 1.45 million adults were enrolled in primary, junior high, secondary and higher education institutions (in evening, weekend or distance learning courses) as well as in postgraduate and doctoral studies. In 2002, participation in education or training among persons aged 25-64 was 4.3% (in EU-15 8.5%) and was significantly higher among females (4.7%) than males (3.9%).

In 2002, some 40% of **disabled children** attended special primary schools, 50% went to generally accessible schools and 9% of all disabled children attended integration classes. The number of special gymnasiums and special secondary schools is increasing. There are no integration classes in lower secondary schools and disabled children (about 52% in 2002) are forced to go to special schools (only 3% of disabled pupils in lower secondary schools are educated in integration classes). In addition, secondary education for the disabled is concentrated in vocational schools, attended by some 90% of disabled young people. Only few disabled people take up tertiary education – in 2002, they accounted for 0.3% of all students (0.2% in 2001).

One third of the **Roma** population has not completed primary school and only 0.8% of them have tertiary level of education²⁹. About 70% of Roma children are provided with regular education, but their attendance rate is too low. Some girls aged 13-15 are already married and discontinue their education very early. This factor, together with the shortage of pre-schools, creates significant problems. Separate schools for Roma are a significant obstacle to the integration of this minority into Polish society. Low education level and difficulties with speaking in Polish contribute to the lower level of access to the labour market for the Roma³⁰. This situation needs to be reversed and the Commission encourages Poland to make greater efforts to integrate Roma children in mainstream education. European Community legislation prohibits racial discrimination in employment, education, social security, health care, housing and access to goods and services. Discrimination on grounds of religion or belief, age, disability and sexual orientation are also covered in the areas of employment and training³¹. The transposition and effective implementation of these Directives should form part of Poland's strategy for promoting the integration of ethnic minorities and other disadvantaged groups.

Culture and education play very important role in social integration. Unfortunately, in recent years the number of municipal and powiat libraries, library service points and rural bookshops has decreased. Moreover, the number of cultural establishments, clubs, community centres has also decreased and the existing ones have limited their activity.

29 Data according to the report „Romowie – bezrobocie. Elementy opisu położenia społecznego Romów w Polsce w 1999 roku.” by the Roma Society in Poland, commissioned by the National Labour Office.

30 Ibidem.

31 Directives 2000/43/EC and 2000/78/EC.

2.4. Health care

According to the estimates of the National Health Fund³², about 38.1 million persons (out of a population of 38.3 million) are covered by mandatory health care insurance. The health status of the Polish population is improving. A downward trend in the mortality of children aged below 5 and infants, observed for several decades, accelerated in the '90s (in 1999, these indices stood at 1.8 and 3.1 respectively). They do not depend on gender or place of residence. The prenatal mortality rate also decreased by half over the same period (to 7.3 per 100 000 live births in 1999). The premature mortality of adults declined too. A significant decrease was observed in the number of deaths caused by circulatory diseases, although it is still the most common cause of death in Poland. The gender gap in mortality is quite high. In 1999, the death probability rate for people aged 15-59 reached the level of 8.9 for women and 23.2 for men. The average life expectancy of women in 2002 was 78.4 years and for men 70.1 years.

Indices on population health status are improving, despite the fact that the number of public health care facilities and employment in health care are falling. In 2002, the number of public health care facilities and outpatient departments declined (the former by a quarter compared to a year before). The number of dentists and nurses also fell. Though there are more doctors employed in health care facilities, long waiting times for medical treatment, especially for an appointment to see a specialist, constitute a serious problem.

The health status of the poor population may be lower owing to the lack of financial resources to obtain quality health treatment. In 2002, 30% of people refrained from purchasing drugs because they did not have sufficient means³³.

2.5. Dwellings and their equipment with durable goods

According to the 2002 census, there were 12.3 million dwellings in Poland, of which 11.7 million were inhabited (93%). The disparity between the number of households and the number of dwellings reached more than 1.5 million.

From the 1990s the proportion of private dwellings increased by 13 percentage points and in 2002 it amounted to 56.8%. Although the number of private dwellings is increasing, the newly built dwellings are often not accessible to low- and middle- income households. A smaller proportion of dwellings are in the form of cooperative flats (including privately owned) account for 28%, while public ones represent 14.6% (the majority of them municipally owned). The ratio of the average monthly wage to the cost of 1 sq.m of a flat is currently at the level of 0.6-0.7. The apartment rent in Poland is mostly based on informal transactions, and it is therefore quite difficult to assess the scale of apartment renting. The rental market is more developed in bigger cities and the cost of rent is very high.

The low standard of dwelling equipment constitutes a significant problem affecting the poorest people. However, the level of sanitary installations³⁴ has improved (the results of last two population censuses are compared), but the situation is still difficult in rural areas. Although 85.7% of dwellings are equipped with full sanitary installations (91.8% in towns.

32 Public institution responsible for financing health care in Poland. It receives mandatory health care contributions and contracts health care services with providers.

33 "Social Diagnosis 2002"

34 Water-supply system, lavatory, bathroom, hot water, central heating, gas-supply system.

73% in rural areas), 3.9% of dwellings have no such installations, of which one in ten in rural areas (1.1% in towns)³⁵.

Almost half a million people live in overcrowded dwellings with no appliances, which can be described as “housing poverty”. Moreover, financial difficulties contribute to the increase in meeting housing expenditure - delays which most often result in eviction. In 2001, a total of 23 000 evictions were carried out (16% fewer than a year before).

2.6. Transport

Insufficient public transport infrastructure creates territorial barriers, increasing substantially the difficulties of social integration (including access to education for children and labour market integration), especially in rural areas, and adversely affect access to other services provided in distant city centres. People with motor dysfunction have difficulties because the vehicles are not constructed in a way that allows the disabled to be transported. Many actions have been undertaken to remove architectural barriers in residential and administrative buildings, public institutions, shops, etc.

3. KEY CHALLENGES

3.1. Threat of permanent exclusion from the labour market

The most important challenges relate to the activation of those groups that have the lowest employment rates and persons who are long-term unemployed, particularly beneficiaries of social welfare. The latter group is to a large extent dominated by older workers. Young people encounter difficulties in finding their first jobs, which may lead to loss of hope and exclusion at the beginning of adult life. The employment level of the disabled – combined with a high incidence of poverty – shows that this group too is at high risk of exclusion. The above-mentioned groups require specific measures, including tailor-made services to support their activation.

Employers should be encouraged to employ and integrate workers who are threatened with exclusion - this relates in particular to the disabled, who very rarely find jobs on the open labour market. Reduction of fraud and abuse in the disability pension system could free up resources to be used for activation programmes. According to some estimates, around 1% of Poland's GDP goes on disability pensions unwarranted by the claimant's state of health.

Regional and local knowledge and capacity should be built up; especially in areas of substantial downsizing of declining smokestack industries, collective redundancies should be coupled with the provision of new job opportunities for the affected workers.

The inadequate income of considerable segments of society (e.g. families with many children, single-parent families, low-educated families and families providing care for persons with special needs) is leading to the threat of exclusion. Active social policies should be implemented to support these high-risk groups.

Existing income support systems can be better targeted than they are now and the quality of service delivery can be improved upon. On the one hand, social transfers, especially from

35 Table 11 in the Annex.

social assistance, should go to those with reasonable prospects for rehabilitation. On the other hand, opportunities for abuse should be curbed. Already implemented or planned reforms have that as one of their aims. Linking benefits with the active search for employment is one way of improving targeting.

In particular, vocational inclusion should support the drive for self-reliance, forming attitudes and skills that improve employability. Supporting social employment, providing access to training or employment through complementary activities, should serve this goal.

There is also a need to develop preventive measures. In particular, local authorities should develop programmes of support for jobless persons, so that their status does not become permanent. Cooperation of all institutions, including employment services, social assistance and non-governmental organisations, is crucial to ensure the best mix of support for those excluded and threatened with exclusion.

Insufficient number of educational and day-care institutions constitute an obstacle in reconciliation of work and family life. It is vital to increase efficiency of the existing solutions in this field and to implement new ones and to equalise rights for women and men on the labour market.

3.2. Educational disadvantage

Children from rural areas and small towns are substantially disadvantaged in their educational and cultural opportunities. They attend schools which are insufficiently equipped, are taught by teachers who are often less qualified, and are afforded fewer educational options. Computer literacy and entrepreneurial skills are not sufficiently developed, especially among children from underprivileged areas. Without those skills their future advancement in the labour market will be drastically impaired, reinforcing the cycles of unemployment and poverty.

Too many children with particular underprivileged backgrounds still attend vocational schools that do not prepare them for successful careers. General education high schools and profiled high schools more effectively prepare students for the needs of the present-day labour market. They also better introduce them to continuing education, which has become a must in maintaining employability. This is often compounded by the economic barrier that children from underprivileged environments face when acceding to secondary and tertiary education. The value of mainstreaming of special education students is appreciated, but the cost is an important constraint.

While the drop-out rate is currently at a moderate level, the reform of the education system and higher requirements in secondary education may lead to an increase of this level in the future. Preventive measures are therefore needed to keep the drop-out rate low.

3.3. Support for family solidarity, combating addiction, child abuse and domestic violence

Families are the best and the most cost-effective providers of socialisation and care (e.g. for children, persons with disabilities, the elderly). However, they are under severe strain. Unemployment, employment in low-paid jobs, each of them in its own way may lead to various stresses and frustrations, all too often manifesting themselves in family breakdown, addiction, particularly to alcohol, child abuse and/or domestic violence. Policies should be

designed to support the socialisation and the care-providing functions of the family and to combat abuse and violence in families.

3.4. Housing

Many families, especially in urban centres cannot afford adequate housing. Financing support for first-time home- or apartment-buyers is inadequate. Too many young and/or multiple children families have insufficient income to qualify for home loans at the going market rates. On the other hand, many families live in units with government-regulated rent, which they would otherwise not be able to afford. In fact, regulations meant to protect tenants discourage private investment in affordable rental housing, as they often keep the rent below depreciation levels. They also prevent exchange of housing units among tenants. As evictions of defaulting tenants are, by law, very difficult, they do not have much of an incentive to move to less expensive units. At the same time, local self-governments do not have the resources to provide adequate social housing or to offer rent subsidies for low-income families. Thus, for years owners of rental property administered by local governments (a form of low-income housing) have, through rent control, been forced to subsidise government social policy of low rents.

3.5. Access to quality services

Access to quality services should be improved with no substantial increases in public spending, which already puts a strain on public finances. However, not all shortcomings in quality and accessibility can be explained by Poland's relatively low GDP. Improvements are possible through better management of available resources. A way of improving the zloty-to-service-value is to encourage greater third sector involvement, such as non-governmental organisations which will not merely advocate for but primarily provide needed services.

3.6. Social services

Reforms have already been undertaken to meet the challenge of accessibility and quality. Better coordination of social assistance and labour market measures (including integration of electronic databases) may reduce waste and abuse and free up resources for better service delivery and accessibility for those who really need them. Local and regional authorities, NGOs, non-profit organisations, social service providers and grassroots initiatives and organisations of people threatened with social exclusion need to develop the partnership approach required by the fourth Nice objective on fighting poverty and social exclusion. The institutions involved should improve their effectiveness. It is also necessary to develop and implement a methodology for evaluation of implemented policies, while the quality standards and rules for accreditation and certification are crucial to improving the level of social services. Exchange of information and development of information databases on ongoing programmes and activities is necessary to implement best practices.

3.7. Health care

Despite an increase in contributions in 2003, access to services is inadequate, management of resources poor and organisational arrangements unsatisfactory. Successive governments have, so far, been unable to force the healthcare system to control costs through streamlining the workforce and closing the facilities that are financially unsustainable. At the same time *de facto* privatisation of healthcare services has been progressing. Consequently, segments of the best-off have their health care arranged by their employers, who purchase services directly

from providers. Others are forced to pay or co-pay if they want the necessary procedure to be performed without waiting. (“Foundations” and other private organisations of medical personnel exist at most hospitals and clinics. They deliver paid medical services to the patients renting public premises and equipment.) Those who cannot afford to pay queue in lines. The system is thus both inequitable and prone to corruption.

3.8. Transport

Access to adequate and affordable transport is predominantly a problem in rural areas. The Polish State Railways, which run chronic deficits, cancel many local connections. In many cases private companies may provide alternative bus transport at commercial rates. However, effective demand for services may be curbed below need owing to the tight budgets of potential passengers. Policies providing access to transport by students, training participants, etc. may facilitate their future mobility in the labour market.

Another aspect of the problem is effective access to transport by persons with disabilities, as they require not only adequate connections but also removal of physical barriers in access to the means of transport.

3.9. Policy integration

The task of combating poverty and social exclusion requires concerted action on the part of many central and local government agencies, as well as territorial self-governments. Integration of policies at both the design and implementation stages is a major challenge to a government administration used to strict compartmentalisation.

3.10. Restoration of areas of multiple deprivation

Regions of Poland (Silesia, Łódź, coastal areas) with a heavy concentration of declining industries and post-State-owner-farm areas have been stricken particularly hard by the social consequences of their downsizing or even outright liquidation. This is a challenge for regional policy. The right mix of policies must be found to provide social protection for the affected workers and their families, effective activation measures and alternative jobs.

4. POLICY ISSUES

4.1. Labour market performance

4.1.1. Labour market policies

4.1.1.1. Current situation and policies

The labour market situation in Poland is very difficult. Low and falling employment rates and high unemployment rates constitute a big challenge. Tight public finances have led to a drop in labour market policy expenditure. The risk of unemployment is the highest among the women, young, old and low-educated people who simultaneously suffer from long-term unemployment. Activity rates are very low for people aged 55-64 and among the disabled. Jobs lost mostly to industrial restructuring have not been matched by new ones at the time of economic slow-down and indirect costs of labour remain very high. Furthermore, the scale of employment in agriculture has been too high.

The Labour Code provides for the minimum protection of workers. In particular, it protects the workplaces of parents on maternity (16 weeks for one child) and parental leave (up to 2 years per child). It also forbids termination of employment of workers two years prior to retirement age.

Other Acts regulate specific issues related to employment. Among these, the 2003 Act on the **minimum wage**³⁶ stipulates how it has to be set in Poland. It is done annually by the Tripartite Commission for Social and Economic Matters. In 2002, the minimum wage stood at 35.2% of the average wage. It cannot be regionally differentiated, but may be reduced for first-time labour market entrants by up to 20% in the first year of employment and up to 10% in the second, until 2005 when the current wave of baby-boomers has been absorbed.

The 1994 Act **on employment and combating unemployment** (as amended) regulates the PES, unemployment and pre-retirement benefits, as well as labour market programmes. Since 2000, PES are organised by territorial self-governments and supervised by the Minister of the Economy, Labour and Social Policy.

Labour market programmes are financed from the Labour Fund; revenues come from payroll contributions (currently 2.45% of the wage bill) and government subsidies. To be able to meet its increased funding obligations, in 2000-2002 the Labour Fund took out commercial loans. In 2002, Poland spent over 1% of GDP on labour market programmes, reaching a million people. The bulk of the funding financed unemployment (43%) and pre-retirement benefits (46%), whereas less than 6% of the total Labour Fund expenditure went to active labour market measures. In 2003, 12% of the total Labour Fund expenditure will fund ALMPs.

Unemployment benefit is paid out to those registered as unemployed who had worked at least 365 days during the 18 months prior to registration. Persons with a work history of: (i) less than 5 years, receive 80% of the standard benefit; (ii) 5 to 20 years, receive the standard benefit; and (iii) 20+ years, receive 120% of the standard benefit.

The period of payment depends on the ratio of the unemployment rate at local level to the unemployment rate at national level and also on some personal features of the unemployed. It is: (i) 6 months - if the local unemployment rate does not exceed the national unemployment rate; (ii) 12 months - if the local unemployment rate exceeds the national unemployment rate; (iii) 18 months - if the local unemployment rate exceeds twice the national unemployment rate and the beneficiary had a work history of 20+ years; and (iv) 18 months - if the unemployed person has at least one dependent child and an unemployed spouse not entitled to unemployment benefit.

Pre-retirement benefit is paid out to persons whose employment has been terminated near to their reaching the retirement age and who might otherwise register as unemployed. Unlike unemployment benefit, pre-retirement benefit is related to the worker's past earnings and employment history.

Labour market programmes include: retraining, public works, intervention works, programmes for school graduates, and employment services. The effectiveness ranking of ALMPs tops the subsidising of social security contributions, with 70% of those covered finding jobs, followed by intervention works (68%) and training (40.1%), with public works

36 Act of 10 October 2002 on minimum wage (Dz. U. 2002, nr 200, poz. 1679).

bringing up the rear (17.9% effectiveness). In total, 46% of the unemployed participating in ALMPs did not return to the unemployment register.

In August 2003, the Government adopted an outline for a new Act on employment promotion. The new law will introduce mechanisms and institutions to coordinate actions across levels of government administration. The PES staff qualifications requirements will be raised. The PES itself will be redirected towards active measures. Unemployment benefits will be paid on a decreasing scale to encourage the recipients to search for jobs more aggressively. The unemployed taking up part-time employment will be entitled to partial benefit. All these changes should increase the effectiveness of employment services.

Special programmes support first-time labour market entrants. The “**Graduate**” programme (1998-2002) offered various forms of activation to over 76% of newly registered school-leavers. The currently implemented “**First Job**” programme covered 150 000 school-leavers (29% of the registered school-leavers) in the second half of 2002 and first half of 2003. An additional 600 000 received job counselling. The most successful actions included: the refunding of graduate pay (76.4% of covered persons found jobs) and the apprenticeship of graduates (41% found jobs). By contrast, older workers have so far not been offered special activation programmes, as the costly pre-retirement benefits and pre-retirement allowances were aimed at their deactivation. However, the **50+ programme** currently in preparation will address their needs.

The **Act on rehabilitation and employment of persons with disabilities**³⁷ provides for a framework of support for this group. A significant portion of them work in **sheltered employment facilities**³⁸. In recent years, the number of sheltered employment facilities decreased (3 180 facilities were recorded as at the end 2002, with around 190 000 employed). A recent amendment to the above-mentioned Act (coming into force in 2003 and 2004) seeks to increase employment opportunities for such persons on the **open labour market**. Among the main new policy tools are subsidies for wages and social security contributions.

4.1.1.2. Assessment and key priorities for future policy review:

Labour market programmes can facilitate activation, prevention and returning to the labour market, especially for people most likely to be unemployed (less-skilled workers, young people, the disabled and people in high unemployment areas). However, there is a fine line between providing income support and discouraging job search. The effectiveness of labour market programmes should be measured against their ability to strike a balance between providing a safety net and at the same facilitating the return to employment.

The Public Employment Services' structure requires significant improvement, especially after the change in 2000. The majority of PES activities are channelled towards benefit payments, while job counselling and support for job search is neglected. Standards of assessment of the efficiency of the PES work should be implemented.

Increasing expenditure on benefits, in particular financing the growing number of pre-retirement benefits, reduces the scope for financing active policies. Thus, the structure of pre-

37 Act on 27 August 1997 on rehabilitation and employment of persons with disabilities (Dz. U. 1997 Nr 123 poz. 776).

38 Enterprises that employ at least 25 person of which 40% are disabled, and 10% of them have severe or moderate level of disability, may be granted such a status. Workplaces in such facilities are adjusted to the needs of the disabled and they are provided with medical first aid, guidance and rehabilitation services.

retirement benefits should be revised and in the medium term the programme should be discontinued.

With broadening of the range of active labour market policies, it is necessary to develop and implement methodologies to evaluate the efficiency of these policies on a cross-national basis.

Special programmes designed for young people, given the scarcity of financial resources, can be viewed as a success. However, there are no programmes designed to support employability of older workers, whose situation is similarly difficult.

Despite separate programmes and regulations, activity among the disabled is particularly low in Poland. Employment of the disabled on the open labour market should be the main goal for future policy.

4.1.2. *Incentives for continuing education*

Continuing education has become a must for maintaining one's employability throughout working life, especially well into the later years. The reformed system of school education has been supplemented by out-of-school learning. It provides adults with a variety of educational options and opportunities to acquire, renew and/or broaden their professional qualifications. The goal is to increase adult enrolment in LLL while improving its quality.

Government actions were channelled in two directions:

The **Amendment of the Act on the educational system**³⁹ proposes changes that, *inter alia*, will facilitate transferability of credits between in-school and out-of-school courses/programmes and introduce a uniform system for certifying vocational qualifications and an accreditation system for institutions of out-of-school education.

The development of a national vocational training system under the PHARE 2000 project **National Vocational Training System** continues to improve the statistics on continuing education, development of national standards of vocational qualifications, development of up-to-date training programmes, and the enhancement of social dialogue on the continuing education of adults. In relation to the latter issue, one of the project components covers the cooperation of social partners to stimulate the development of continuing education and to motivate businesses to invest in employee training. As part of the project, an advisory Working Group on the Model of Continuing Training was formed in May 2002, consisting of employer and trade union representatives.

4.1.2.1. Current situation and policies

Within certain limits, employers are reimbursed from the Labour Fund for wages and social insurance contributions paid to juvenile workers employed for the purpose of vocational training. Furthermore, expenses for education, training and educational materials are tax-deductible.

39 Act of 7 September 1991 on the educational system (Dz. U. 1991 Nr 95 poz. 425).

The Council of Ministers has issued a new regulation which sets the terms for granting public aid to specific entrepreneurs who provide training related directly to the development of enterprises.

In July 2003, the Council of Ministers adopted a “Strategy for the development of continuing education by 2010”. The Strategy’s main goal is to establish guidelines for the development of continuing education in the context of lifelong learning and transformation into a knowledge-based society. The strategy focuses on six priorities: (i) to increase access to LLL; (ii) to improve the quality of LLL; (iii) to cooperate and establish partnerships with all relevant bodies, including territorial self-governments, social partners and NGOs; (iv) to increase investment in human capital; (v) to develop information databases on LLL and advisory services; and (vi) to raise public awareness of the role and importance of LLL.

4.1.2.2. Assessment of the key priorities for future policy review

The need to strengthen lifelong learning in Poland is recognised, as shown by, among other things, the preparation of the Lifelong Learning Strategy. In the near future, the most important challenge is the efficient implementation of the strategy, which would in turn lead to greater participation of adults in the lifelong learning process.

4.2. Access to rights, goods and services

4.2.1. Social insurance system

4.2.1.1. Current situation and policies

Social insurance schemes in Poland include two main components: employees’ social insurance system (so-called ZUS, after the **Social Security Institution**) and farmers' social insurance (KRUS – **Farmers’ Social Insurance Fund**). At the end of 2002, the number of insured people registered in ZUS amounted to 12 761 thousand and in KRUS to 1 541 thousand⁴⁰. There are two separate administrations that have wide regional networks. ZUS and KRUS are responsible for collection of contributions, handling information and benefit payments for workers outside agriculture and farmers, respectively. Social insurance covers the following risks: old age (old-age pension), disability (disability pension), survivors (survivor's pension), sickness (sickness benefits), maternity (maternity benefits), work injury and occupational diseases (work-injury benefits)⁴¹. The benefits include pensions as well as short-term benefits (for example, sickness benefits) and lump-sum payments (for example, work-injury compensation or funeral grants). The number of pensioners in ZUS in 2002 was 7 122 thousand and in KRUS 1 798 thousand. As a result, the system dependency ratio (number of pensioners per 100 insured) was 55.8 in the case of ZUS and 123.9 in the case of KRUS.

In 1999, the **reform of the pension** scheme was implemented. The new multi-pillar pension system covers two mandatory tiers and a third, voluntary one. The first tier is based on the notional defined contribution principle and remains pay-as-you-go, with contributions equal to 12.22% of salary. The second tier is funded. Contributions (7.3% of salary) accumulated in the open pension funds are managed by private pension fund managers. The third tier covers all voluntary contributions, particularly occupational pension schemes, and covers fewer than 5% of workers.

40 For details see Table 12 in Annex I.

41 For details see Annex III.

Old-age pensions can be granted for women aged 60 and for men aged 65, but there are numerous early retirement options. In 2002, effective retirement age was 57.2 years (59.4 for men and 56.1 for women). No minimum insurance record is needed to apply for the old-age pension in the new system. In the old system and in the case of minimum pension, a guarantee of a minimum insurance record of 20 years for women and 25 years for men is required. In the new pension system, the level of old-age pension depends on the level of collected capital, insurance record and life expectancy. Due to different retirement age for women and men, pensions for women will always be considerably lower than for men (when equal wages in the same period of economic activity are considered), unless the retirement age is changed.

Disability pensions are granted to insured workers who on account of their state of health are totally or partly incapable of work (according to an authorised Social Insurance Institution doctor). There are two kinds of disability pensions: permanent – in cases of permanent incapacity for work, and temporary – granted for the period determined by ZUS. Additional benefits include: training allowance, rehabilitation and supplementary benefits, nursing benefit and supplement. From September 1997 there have been new rules of disability assessment, shifting this task from doctors' committees to ZUS doctors. The main purpose of this change was to eliminate misuse of funds, as in the early 1990s a significant number of people left the labour market and applied for disability pensions. Disability pensions are based on a defined-benefit formula that includes a flat-rate element equal to 24% of average wage plus an individual-related component with a 1.3% accrual rate.

In the case of the **system for farmers**, social security benefits depend only on the period of insurance. Contributions paid by farmers are flat-rate. The range of benefits is similar to those in the employee pension system (i.e. pensions, sickness and maternity benefits, work-injury benefits). The farmers' pension fund finances all pension payments, while a separate contribution fund finances short-term benefits. The former requires significant subsidies from the State budget, while the latter is fully financed from farmers' contributions.

4.2.1.2. Assessment of the key priorities for future policy review

The overall level of expenditure from the social insurance system, especially in the field of disability pensions, is quite high and a significant proportion of pension payments is paid to persons of working age. Past policies in Poland often used the pension system as a buffer for early withdrawal from the labour market. Currently, a significant stock of disability pensioners results in very high costs of the system and, consequently, high contribution levels.

Changes in the disability scheme are still required. They include adjustment of the system in the long term to the reformed old-age scheme. The proportion of the population receiving disability pensions is exceedingly high by international standards. This requires closer attention and seeking ways to improve the employment level of the disabled. The focus on vocational rehabilitation should be strengthened.

The reform of old-age pensions helps to achieve financial sustainability of the pension system. However, the difference in retirement age of men and women in the new pension scheme will contribute to a considerable difference between the levels of pensions. It is vital to even out the pension age of both genders in order to grant women the right to earn the same pension rights as men.

The expected level of benefits related to wages will also decrease. As the third pillar is not so common and income substitutions are forecast to remain low, it is vital to spread employees' pension funds wider.

Additionally, after 2006 many of the early retirement privileges will be discontinued. This requires additional efforts to improve the employability of older workers.

The farmers' pension system is not adjusted to the increasing differences in agriculture. Contributions are equal for all farmers (rich and poor) and benefits are not differentiated either. As a result, benefits for all farmers are equally subsidised. The social security system for farmers should be redesigned. In particular, contributions should be adjusted to the farmer's income and subsidies should support poorer farmers, not everyone.

4.2.2. Health care

4.2.2.1. Current situation and policies

The Polish Constitution guarantees all citizens access to health care (Article 68). In 1999, a major health-care reform was implemented. The principles of the reform included the establishment of a mandatory health-care contribution and separation of health-care financing from the State budget), creation of 16 regional and one national sickness funds to contract health-care services on behalf of the insured.

The idea behind such a change was to create incentives for service providers to improve the quality of services and reduce costs. The reform also emphasised the role of basic health-care and family doctors, which would fulfil the gatekeeper's function. Unfortunately, the new system proved unable to force restructuring of ineffective health care institutions. It also differentiated levels of service provision according to each region's wealth.

In 2003, the system was reformed again. All the sickness funds were merged into one National Health Fund (NFZ), with 16 regional branch offices, which now contracts health-care services. In cases of alcohol-related diseases, drug addiction, psychiatric care, medical treatment of children and pregnant women, including delivery and post-delivery services, and treatment for contagious diseases, services are paid for by the State budget. Total public expenditure on health care in the period 1999-2002 stood at around 4% of GDP, 80% of which was financed from individual contributions.

Access to health care is based on contribution payment. Contributions are paid by individuals (workers, self-employed, pensioners) or from public sources (for farmers, unemployed, social welfare beneficiaries, homeless people covered by the *Programme of delivering from homelessness*), refugees. Foreigners can be insured on the basis of residence or work permits. Dependants are entitled to health care based on the contributions paid by the main breadwinner in the family. There is also an option for voluntary insurance, if a person is not covered by the mandatory scheme. The health-care contribution will increase from 8% of income in 2003 to 9% in 2007.

The system limits access to health services by contracting the number of services below actual needs. There are waiting lists for many procedures, with the waiting time steadily increasing. Certain medical specialists are available only in major cities, which makes it difficult for the rural population to consult them. There is also a shortage of family doctors as a result of past decisions on the number of residents admitted to medical specialisation. For the same reason,

with the ageing of Polish society, there will soon be a shortage of geriatricians. All this leads to widespread differentiation in access to health care based on income status. Those who are better off use a parallel system of paid basic and specialised health care, which has developed in Poland over the last few years.

There are numerous non-governmental organisations in Poland which support the health service through activities targeted at specific social groups. Examples of such organisations are the “MONAR” (helping drug addicts), the “Understanding Without Barriers” foundation (assistance to children and adults with disabilities) and the “Great Orchestra of the Christmas Charity” foundation (helping to fund medical equipment and aids for children).

4.2.2.2. Assessment and key priorities for future policy review:

Access to health care, despite being a constitutional right, is limited for the poorer groups of society. This is caused by long waiting times and limited availability of services contracted from public sources. There is a need for improved access to health care and reduction of waiting times.

The increasing financial difficulties of health care providers show the need for further restructuring of the sector, leading to an improved employment structure and better cost management. Access to health care in terms of regional distance (particularly in rural areas) should be improved.

The structure of health care services should be adjusted to the demographic changes, with more focus on geriatric specialists and long-term care facilities.

4.2.3. *Social assistance*

4.2.3.1. Current situation and policies

Social assistance⁴² is organised by units of central and local administration in cooperation with organisations such as the Catholic Church, other churches, religious groups, foundations, associations, employers and both natural and legal persons. Units of social assistance are as follows: (i) in municipalities – social assistance centres; (ii) in powiats – powiat centres for family support; and (iii) in voivodships – regional social policy centres.

The majority of social welfare services are provided by social assistance centres and powiat centres for family support. They are responsible for payment of cash benefits as well as non-financial assistance. Regional social policy centres focus on cooperation with providers and organisers of social assistance (for example NGOs). NGOs provide services such as: shelters for the homeless, homes for single mothers, day-care homes and other support centres, community kitchens, food distribution centres and many others. Some 60% of NGOs also provide social work and services to around half a million persons.

Social assistance consists of various categories of cash benefits as well as different forms of non-financial support. **Cash benefits** can be granted to persons and families whose income per capita does not exceed the limit stipulated in the law. Some of the benefits are compulsory (i.e. permanent benefit, permanent compensatory benefit, guaranteed periodic benefit and

42 Social assistance in Poland is regulated by the Law of 29 November 1990 on Social Welfare, with subsequent amendments and relevant decrees (Dz. U. 1992 Nr 64 poz. 321).

maternity benefit) and are financed from the State budget. Optional benefits (such as periodic benefits and special-purpose benefits) are financed by municipalities' budgets. The duration of social assistance benefits is a matter of individual approach and depends on the persistence of the difficult situation. There are also nursing benefits provided for persons needing assistance. Although outlays on nursing services increased in 2001, the number of beneficiaries shrunk by 5.7 thousand in comparison with the previous year.

Non-financial assistance covers mainly the activities of social workers employed in social assistance centres and centres for family support and services at the place of residence. People who need permanent care may also benefit from services provided in special social assistance units, such as social assistance houses, care and education centres and support centres. Despite the increase in the number of places at this kind of facilities (in 2001 by 4.5% in comparison with a year before), the number of people waiting for a place in social assistance houses is increasing (by almost half in 2001 in comparison with a year before – from 2.4 to 3.4 per 10 000 people). The number of places in these facilities is estimated to increase by about 15.5 thousand.

The Government has proposed a new **Law on Social Welfare** that should be implemented from 2004. The law aims at stimulating a more active attitude among social welfare beneficiaries and providing them with assistance in becoming independent. The emphasis is put on the principle of subsidiarity and reintegration into the labour market. Changes also reflect the proposed reform of the family benefits system and the implementation of the law on social employment⁴³. The new regulations will support those most in need and help the long-term unemployed return to the labour market. A **contract** with a social worker, signed by social assistance beneficiaries, should stimulate them to make more active efforts at returning to the labour market. Signing such a contract will be a precondition for granting social assistance benefits to working-age persons, capable of work and registered as unemployed. This contract will specify the rights and responsibilities of the social workers and beneficiaries, aimed at helping the person or the family leave the group of social assistance beneficiaries. The **financing scheme** will also be changed, following changes in principles of financing of local governments⁴⁴. Local governments will have more opportunities to finance their tasks and thus their responsibility will be expanded. These amendments are the result of the idea to tackle social problems at local level.

4.2.3.2. Assessment and key priorities for future policy review:

The financial resources available to social welfare in Poland have not been sufficient to meet the needs of the most disadvantaged households to a satisfactory degree. Given the need to limit public expenditure, in 2002 almost 90% of social assistance expenditure covered compulsory benefits. Social welfare benefits should regain their role as a short-term support resource, not a permanent source of income.

The comparison of indicators regarding the range of social assistance and the range of poverty shows that there are a large number of families and persons lacking social assistance. The effectiveness of the financial support in meeting the needs of beneficiaries should be assessed. On the basis of this assessment, the directions for further changes need to be formulated.

43 Act of 13 June 2003 on social employment (Dz. U. 2003 Nr. 122 poz. 1143).

44 The Act of 26 November 1998 on the income of territorial self-governmental entities (Dz. U. 1998 Nr 150 poz. 983).

Standards adopted in Poland show that there should be one social worker employed per 2 000 inhabitants, but not fewer than three social workers per one social assistance centre. In 2001, this ratio was 1:2 607. This shows that socio-economic activation of people within the social welfare system is extremely difficult in some centres. There are also local discrepancies in access to social assistance services stemming from inadequate territorial infrastructure of social assistance centres. It is necessary to strengthen the role of social welfare institutions, in particular to increase the number of social workers and to concentrate on social work and other active forms of support. Also the third sector – especially NGOs – should expand their activities and be more involved in actions combating social exclusion.

In view of the ageing of society and the increase in the number of disabled persons, it is vital to increase the number of places in social assistance facilities as well as to promote environmental social assistance, so that people needing assistance may stay at the place of their residence.

4.2.4. Education

4.2.4.1. Current situation and policies

The level of education in Poland is improving. However, there are still less-favoured groups of people, mainly children from rural and underdeveloped areas, from families with low income, disabled and Roma children. The literacy of children in Poland is below the OECD level. Lifelong learning and individualised education constitutes a major problem in the Polish education system.

Education reform was launched in Poland in 1999. The main objectives of the reform concerned providing equal education opportunities for children and young people (in particular reducing the differences between rural and urban areas), raising secondary and higher education levels, improving the quality of teaching and adapting the education system to labour market requirements. In the course of the first stage of the reform, the school system was reorganised, the curricula were modified and modernised. Moreover, the external exams for pupils who finish primary and lower secondary schools were implemented. A lot of emphasis has been placed on preparing pupils to participate in e-society.

The new **school system** includes the following types of schools: (i) pre-schools for children aged 3-6; (ii) 6-year primary schools for children aged 7-12; (iii) 3-year lower secondary schools (gymnasiums) for children aged 13-15; (iv) secondary schools, comprising 3-year lyceums (for children aged 16-18) and 3-year specialized lyceums; (v) 2-year basic vocational school (followed by 2-year supplementary lyceums and 2-year supplementary technical schools); (vi) 4-year technical school; and (vii) 2-year post-secondary schools.

The education reform together with the new territorial division (the number of voivodships was reduced from 49 to 16) led to a decentralisation in the management of Polish education. Currently **public schools** and other educational outposts are managed by the local government entities: municipalities, poviats and voivodships. The decentralisation has had an effect on the growth of **the proportion of expenditure on education** in the budget of local entities (to 31% in 2001)⁴⁵.

45 The implementation of the educational system reform, especially of the teacher's wage system, resulted in an increase in educational expenditures in 2001.

Since 1989 **private schools** can be established and their number has increased from year to year. The primary level of education is still dominated by public schools. In the case of secondary schools, the share of private schools accounts for 19%.

Currently (when the second stage of the reform is being implemented) the activities are focused on the creation of a structure of higher secondary education that guarantees the variety of educational paths, the diversity of the whole educational system and the universality of general secondary education. In September 2004, it is expected that compulsory teaching in pre-schools for six-year-olds will be introduced, which will help to eliminate some of the differences in the level of education for rural and urban children. Seven-year-old children are obliged to enter compulsory education. Education is compulsory until the age of 18 (inclusive).

In July 2003, an integrated policy targeted towards young people, the “State Strategy for Youth for the years 2003 - 2012” was approved. The strategy covers such areas as: (i) creating and equalising chances for development; (ii) preventing social exclusion of youth; (iii) developing international youth cooperation; (iv) establishing a youth information system; and (v) educating and training adults who work with youth.

In order to even out the start of school for children, the new programme **School Layette** was implemented. Under it, children from the poorest families are supplied with the necessary school equipment. This programme is aimed mainly at schools in rural areas. The Ministry of Education and Sports, together with the Ministry of Agriculture and Rural Development (MARD), has developed several programmes aimed at improving access to education in rural areas⁴⁶.

Recently, favourable changes have been implemented, both curricular and legislative, in the education system in Poland. They involve providing **disabled children** and young people with education and child care. Unfortunately, access to education, mainly in the integration forms, is insufficient. For children with special educational needs, the education system comprises special schools and integration classes in general access schools. Special schools function on three levels: primary schools, lower and higher secondary schools. Education can be provided in two ways: normal school day or individual courses. In general access schools, there are integration classes that level out differences, provide therapy and are available for everybody. Moreover, such classes are created in special school-educational centres or in the healthcare centres.

In the last few years, especially because of the worldwide programme **Education for All**, integrated classes for children with special educational needs in the environment of public education have been more popular. One of the main tasks of educational, social and health policy is to enable children with special educational needs, including disabled children, to function in the community of healthy children. There are fewer and fewer special schools but more and more integration classes. However, there are significant needs for integration classes in Poland. The low level of education contributes to disabled people's problems on the labour market.

To improve the quality of education among **Roma** youth, several Roma classes at schools have been formed recently, mainly in the Małopolskie voivodship. So far, because of difficult

46 For details see the Annex.

communication between Roma youth and other pupils, establishing of Roma classes seemed to be the only possible method. The **Government Programme for the Roma community** was created and the educational undertakings were recognised as priority in order to make it easier for Roma youth to integrate with others of their age. The newly created institution of Roma assistants is an intermediary between school and pupils' families. They help Roma pupils to have relations with school and teachers and at the same time stimulate and monitor educational progress. In addition, the so-called support teachers have been trained and employed in several schools of the Podkarpacki region. They are specially prepared to work with the Roma and acquainted with the Roma culture. The support teachers help normal teachers as well as Roma pupils.

One of the policy priorities in recent years was to improve access to **tertiary education**. The first step was to allow better access to the general secondary schools (ending with the secondary school certificate) for a wider range of teenagers. As a result of amendments to the **Law on Tertiary Education**⁴⁷ an opportunity to establish non-public tertiary education, including branches, divisions, didactical centres, was created. Presently, the majority of tertiary education schools are non-public (30% of students are educated in them).

Every year more and more universities decide to admit people with different kinds and levels of **disability**. Despite the increased number of disabled students, further system solutions are needed to extend access to higher education. The essential tasks consist in increasing number of the disabled obtaining a secondary school certificate, increasing the access to academies and universities by removing functional barriers and creating a good material aid system.

The **Student** programme, implemented in January 2002 by PFRON, constitutes a substantial aid for disabled students. Within its framework, **disabled students** are granted financial help to pay for studies, accommodation, transport, purchase of equipment to help their studies (help provided for about 30% of students). Since 1999 the **Pitagoras** programme has been carried out. Its main task is to support the education of hard-of-hearing people.

The creation of an education system for distance and more individualised learning is still in the pipeline. It is also very important, owing to the necessity of lifelong learning, to create opportunities for the re-education for people who left school early and to enable low-income persons to gain an education in order to boost their ability to improve their standard of living.

4.2.4.2. Assessment and key priorities for future policy review.

Public schools provide free education, which is accessible for all children. Despite that, children from low-income families, from rural areas, disabled children and Roma children experience disadvantages on all educational levels. Presently, the main challenge is to accustom people to the final education reform and integrate Roma children in mainstream education.

In order to facilitate universal access to education, it is necessary to implement one-year compulsory teaching in zero-classes for six-year-olds and gradually extend pre-school education coverage. It is essential to concentrate on comprehensive educational assistance to students who experience difficulties in getting promoted to a higher grade and who drop out of the education system (early school-leavers). Activities should be undertaken to provide support for pupils for whom a difficult financial situation is an obstacle to participating in

47 Act of 12 September 1990 on Tertiary Education (Dz. U. 1990, Nr 65 poz. 385).

higher levels of education. Where disabled and Roma young people are concerned, further development of integrated forms of teaching is vital.

Initiatives are being taken to reduce the differences in access to education between rural and urban areas. It is necessary to further focus on such initiatives at all levels of education. Moreover, it is indispensable to improve the quality and effectiveness of education (especially in rural areas).

4.2.5. *Housing*

4.2.5.1. Current situation and policies

In recent years the number of dwellings has increased slower than the number of households. Problems of flat-sharing, overcrowding and lack of possibilities for purchasing own dwellings affect not only the poorest people but also people with moderate incomes. The limitation of transactions connected with renting houses and the development of renting without contract (grey zone) were the consequences of existing regulations. In rural areas, the lack of basic sanitary facilities and poor infrastructure in particular constitutes a major problem.

Housing stocks are cooperative construction flats (owned or rented), private and public (property of municipal construction or company construction). **Public dwellings** (mainly municipal, because company constructions are transferred to cooperative or municipal construction) should be able to meet the housing needs of the population. However, public dwellings do not meet the expectations of the population, because there is not enough housing stock.

Currently, in order to develop the **rental market** and to popularise renting with a contract, work is being carried out on an amendment of the **Law on protection of tenant rights, municipal housing stock and on changing the Civil Code**⁴⁸. The most important changes concern the possibility of reaching an agreement on using the flat for a fee and on fixed and indefinite periods (currently contracts which are concluded for a shorter period than three years are considered as contracts for an indefinite period). Moreover, these changes are aimed at regulating rental payments. Persons wishing to purchase a dwelling may benefit from the low-interest and long-term residential **loan programme**⁴⁹. Up to the end of 2005, under this programme, the difference between the preferential interest rate and the market rate will be covered by the State budget.

The **National Housing Fund** operates in order to provide low- and medium-income households with support. Among other functions, the Fund grants **Social Housing Societies** (TBS) and residential cooperatives loans on preferential terms to allow them to conduct investment–construction in order to build dwellings for rent⁵⁰. Moreover, banks run the so-called housing funds and municipalities take measures to develop the municipal technical infrastructure necessary for residential construction. These measures are also supported by the Fund.

48 Law on protection of tenant rights, municipal housing stock and on changing the Civil Code (Dz. U. Nr 71, poz. 733).

49 Act of 5 December 2002 on subsidies for interest on residential loans with fixed interest rates.

50 TBSs are the entities that carry out State housing policy tasks as well those resulting from residential construction development.

After fulfilling the specific income criteria described in the Act⁵¹, households may apply for a **housing subsidy**. In 2002, 832 000 persons were granted such benefits. Despite benefiting from these forms of financial support, a large number of households still cannot afford housing costs, resulting in their being served with an eviction notice. According to the eviction regulations, certain groups of people are entitled to obtain a **social dwelling** (e.g. pregnant women, young persons aged less than 18, disabled and their carers, bedridden patients, unemployed and persons fulfilling municipality council criteria, retirees and pensioners entitled to social welfare benefits).

Programme of Building Apartments for Persons Requiring Social Support is in the pipeline. It aims at providing support for persons threatened with losing their dwelling for economic reasons, suffering from difficulties in obtaining a dwelling and persons threatened with permanent social exclusion. The programme is planned to be implemented in 2004, as it is necessary to introduce statutory changes (a trial programme in 2003).

Persons requiring social support have the opportunity to live in **sheltered dwellings**, special, swap or temporary apartments. However, the availability of this kind of accommodation is limited because their number is insufficient. The least fortunate persons, who have no accommodation, are allowed to stay in hostels, homes for the homeless and centres run as part of the social welfare system or by non-governmental organisations.

4.2.5.2. Assessment and key priorities for future policy review:

The housing market is increasingly based on free market regulations. On the one hand, the number of accessible dwellings cannot satisfy households' needs; on the other, many families, especially in urban centres, cannot afford adequate housing because they have insufficient income. Moreover, the relatively wide scope of tenant protection does not create an incentive for rational purchase or rent of a dwelling (when financial capacity and needs are considered at the same time).

Currently, the main challenge is to support citizens in their self-reliant purchasing of dwellings. For households and persons without any possibility of obtaining a dwelling and threatened by or experiencing social exclusion, social apartments should be provided. Lack of housing is conducive to a further degradation of persons and families.

4.2.6. *Transport*

4.2.6.1. Current situation and policies

Territorial barriers stemming from insufficient public transport infrastructure create major obstacles for social integration. Certain rural areas are particularly affected by these problems. Despite the fact that rural households are better equipped with passenger cars, 47% of them lacked this means of transport in 2001.

Public transport is supported through a transport relief system provided for certain groups of travellers. Unfortunately, owing to their increasing burden on the State budget, in recent years efforts have been made to limit their range.

51 Act of 21 June 2001 on residential benefits (Dz. U. 2001 nr 71 poz. 734).

4.2.6.2. Assessment and key priorities for future policy review:

Access to public transport for specified groups of persons (among those living in inhabited areas, particularly children and the disabled) is limited. A programme to support their access to transport, through help at local and individual level, is necessary.

4.2.7. *Access to the legal system*

4.2.7.1. Current situation and policies

Many people cannot afford legal services on account of their high costs. The costs are driven mainly by the limited access to the professions and corporatism, particularly in the case of legal advisers and attorneys. As a result, the costs of their legal services are quite high. However, the price of legal advice depends greatly on the region – it is most expensive in Warsaw, but more affordable in other places.

In order to support access of the less affluent population to legal advice, several policies are in place. A citizens' legal guidance system was created in order to improve access to the legal system. The Citizens' Advice Centres operate within the guidance system and provide information on rights, eligibility and tasks. In every Polish Court there are attorney services, which are free of charge and provide the citizens with basic information on the law. In the event of settlement, the person in financial hardship has a possibility to take a barrister without any charge. Furthermore, for such a person there is an opportunity to repay the costs of the Court case. Another way of improving access to the legal system is the fact that every Court case concerning labour law is free of charge for citizens.

4.2.7.2. Assessment and key priorities for future policy review:

Access to legal services in Poland is more difficult for those who cannot afford to pay the high costs of lawyers. Lack of knowledge and support results in differences in legal treatment of the poor and the rich. Moreover, the courts in Poland are overburdened with work, which means that in many cases the process of reaching the verdict is quite lengthy.

In the future, efforts should be made to improve the access of the poor to information and legal support. Also, the procedures should be adjusted in order to speed up the decision-making process.

4.3. Preventing social exclusion

4.3.1. *Current situation and policies*

The risk of poverty and social exclusion is higher among families with many children in comparison with other groups. Despite the emphasis put on the role of the family within society, a coherent policy has not been pursued in this field so far.

Financial forms of family support comprise family benefits (mainly family, nursing and child-care benefits and alimony) and social assistance benefits (permanent, guaranteed temporary and childbirth benefits). Unfortunately, they are insufficient owing to their low level and as a result they are not effective in protecting families from poverty.

Additionally, measures supporting **reconciliation of work and family life** are provided to support family functions.

A new and coherent **family benefit system** was worked out in Poland (planned to be implemented in January 2004). Among new solutions, there are two kinds of benefits envisaged: family benefits with special additional increases in the event of childbirth, a need for child nursing, a child attending school or impossibility of obtaining alimony, as well as nursing benefits stemming from the increased costs of rehabilitation or the necessity to leave a job in order to take care of a disabled child. Strong emphasis has been placed on the implementation of such forms of support, which will contribute to the improvement in children's and young people's access to education, including access to education and rehabilitation for disabled children and young people. The social welfare system is planned to be complementary to the family benefit system, whose benefits may be insufficient for many households.

Poverty affecting **children without parental care** is another problem of significant importance. It regards both orphans and children brought up in run-down families (e.g. poverty enclaves in towns). In childcare centres, common rooms and clubs special care is provided for children from families threatened with exclusion. In rural areas access to such forms of support is considerably limited.

Children deprived of parental care are placed in care and education centres or in foster families (organised by Powiat Centres for Family Support). A child's right to be brought up in its natural family is considered to be the priority in care provision. In cases where it is impossible to leave children in their natural families, foster family care should be provided. A child may be placed in a care institution only after all other possibilities have been exhausted.

In order to facilitate the transition of young people from foster families and care and education centres into adult life, since 1999 a special **programme on self-reliance** has been introduced as part of the process of preparing children covered by foster care for an independent existence in society. Young people (of age) are provided with cash assistance to support their self-reliance and their further education. They are also assisted in gaining access to respectable dwelling conditions. These forms of support have been continuously improved.

In the second half of 2001, the Ministry of Labour and Social Policy drew up the "Governmental Programme for Supporting Municipalities in Supplying Nutrition for School Children". The main purpose of this programme is to tackle malnutrition problems affecting children and young people from low-income families, especially pupils from rural zones and areas hit by high unemployment. In 2002, 1 million people were covered by this kind of support, 63% of them in rural areas.

4.3.2. Assessment and key priorities for future policy review:

Until now a coherent policy in the field of family situation has not been pursued. The measures of supporting families are not effective and sufficient. Tackling the difficult situation of families with children (especially with many children, disabled children and children attending school) should be given significant attention nowadays. Education should be the measure preventing their future poverty. It is also vital to combat malnutrition problems affecting children and young people from low-income families or living in a difficult situation, especially children and young people from rural and high-unemployment areas. The basis for this activity is the "Governmental Programme for Supporting Municipalities in Supplying Nutrition for Schoolchildren". The role of foster families in the system of foster care should be reinforced in order to ensure appropriate support for children without parental care.

4.4. Providing support for the most vulnerable

4.4.1. People with disabilities

4.4.1.1. Current situation and policies

The disabled population in Poland is in general less educated than the general population. Disabled children have insufficient access to pre-schools and primary schools with integration classes, which are concentrated mainly in large conurbations. Access to these facilities is limited for children from rural areas, who have difficulties commuting, and for children from low-income families. As a result, the predominant education for the disabled is the basic vocational profile of special schools, resulting in low social integration and worse access to the labour market. The activity rate of the disabled is very low. Additionally, disability affects persons of working age who on account of their state of health lose their ability to work at a later age. Again, this affects mostly blue-collar workers with lower educational attainment. Unemployment, dependence on social transfers and increased needs contribute to the lower than average financial standing of families with disabled persons.

For people who need support as a result of their disability, various kinds are available. The responsibility for the support is divided between local authorities and the State. Different laws and ordinances regulate each authority's responsibility⁵². **Vocational rehabilitation** includes medical examinations to assess the ability to work; employment advisory services, vocational training, help in the preparation of the workplace, providing additional equipment. **Social rehabilitation** aims at increasing the social activity of the disabled, fostering the ability to perform social tasks, elimination of barriers (in particular architectural, urban, transport, technical, access to communication); integration policies. The policies based on this law are financed by the State Fund for Rehabilitation of Disabled People (PFRON)⁵³. Special programmes run by PFRON include: **Braille 2000**, **Programme on maintenance of disabled persons' employment**, **Chance**, stimulating innovative forms of work, **Tele-work** subsidies for hardware and software purchase by individuals, and **Computer for Homer** and others.

Financial support for the disabled includes disability benefits, training allowance, rehabilitation and supplementary benefits, nursing benefit and supplement from social insurance for those persons who became disabled during working life and social pensions for persons with congenital disability or disability acquired before the age of 18 paid by social welfare offices (from 2004 administered by the Social Security Institution). Disability is also a criterion in applying for social assistance support.

Disability assessment in Poland is divided between three bodies. Disability assessment bodies at powiat and voivodship levels that assess disability for the purposes of the law on vocational and social rehabilitation; social security doctors assess disability for the purpose of disability pension payments from employees' social insurance; and disability commissions for farmers for the purpose of disability pension payments from farmers' social insurance. Thus, the disabled comprise: (i) persons with disability assessed by disability assessment bodies, according to the three levels (significant, moderate, light); (ii) persons with assessed full or partial inability to work, based on social insurance legislation; and (iii) persons with disability assessed before the age of 16.

52 In principle, social and vocational rehabilitation policies are based on the Law of 27 August 1997 on vocational and social rehabilitation and on employment of people with disabilities.

53 For details see Annex III.

For **transport purposes**, disabled people and their carers are provided with a transport relief system when using public transport in Poland. The **Construction Law**, in force as from 1 January 1995⁵⁴, obliges investors to design and construct premises (public-use buildings and multifamily residential ones) adjusted to the needs of disabled persons, especially those in wheel-chairs⁵⁵.

4.4.1.2. Assessment and key priorities for future policy review:

Although in households with disabled people the demand for medical treatment is more significant, in 2001, due to financial problems, 45% of them refrained from purchasing prescribed medicines (against 26% of households without disabled persons) and more than 1/3 gave up specialist medical treatment and operations (against 1/5 in the case of other households).

Numerous actions have not resulted in existing architectural barriers being lifted. The housing situation of the disabled is also considered as unfavourable: building and apartment entrances are too narrow, there is a lack of elevators and drives, sanitary facilities are poorly equipped and do not work. In rural areas and in some towns there are no opportunities to travel by vehicles adapted to carry people with motor dysfunction.

From their earliest years disabled children should be provided with a proper care in order to adjust their education most effectively to their abilities and thus increase their future prospects on the labour market and support their social integration.

Although the number of disabled students has increased, tackling the problem of disabled people's access to tertiary education requires further legal solutions. An increase in the number of young people leaving school with secondary school certificate (so far this was the factor hampering the growth in the number of disabled students), better access to tertiary education for disabled persons (through lifting functional barriers) and establishing a support system constitute basic tasks for the future (through an increase in the number of people granted special scholarships for disabled persons). Providing support for disabled persons' education should be considered as one of the most important challenges for the Polish system of education. Education adjusted to abilities will be conducive to the stimulation of disabled people's economic activation and thus to their self-reliance.

As regards the housing situation, new solutions should be implemented or the one already existing should be observed. Lifting architectural barriers, adapting dwellings and better access to public transport are still essential. In the case of people who have no possibility of entering the labour market, subsidising family income (limited due to the increased needs of disabled persons, e.g. connected with rehabilitation or nursing) seems to be necessary.

4.4.2. *e-inclusion*

4.4.2.1. Current situation and policies

In 2002, 33.5% of the total number of households were equipped with personal computers, 17% with Internet, which is a relatively low level. In 2001, the Government approved the document "e-Poland – a schedule of activities for development of an information society in

54 Act of 7 July 1994. Construction Law (Dz. U. 1994 Nr 89 poz. 414).

55 For details see Annex III.

Poland for the years 2001-2006". Since the mid-90s initiatives have been under way to provide society with the necessary infrastructure and knowledge.

Particular focus is put on IT education. This includes **special programmes and training** for teachers, including "IT classroom at every lower secondary school" (1992-2002), "Internet classroom at every school" (since 2001) and "Interclass". Programmes are aiming to equip schools with computers, to provide access to the Internet (at least through several workstations) and to create a multimedia library. The initiative "IT classroom in every municipality" is a special programme; although IT classrooms will be installed in schools, all local societies will enjoy access to them. According to the e-Poland assignment, before the end of 2006 all schools should be provided with computer classrooms.

Information technologies can also play a great part in the **social integration of disabled people**. Many training sessions and special programmes for disabled people have been worked out to enable them to purchase computers through preferential loans and grants ("Pegasus", "Computer for Homer", "Internet for Disabled – I am not alone"). A trial "Telework" programme is being implemented with the aim of encouraging disabled people's employment in innovative occupations using computer technologies.

4.4.2.2. Assessment and key priorities for future policy review:

Since the mid-1990s intense efforts have been made to prepare Polish citizens to function in an information society. Lack of financial resources and the still insufficient number of qualified staff (for example, teachers of computer studies at schools) are significant obstacles in meeting this objective. Indicators on schools' and households' saturation with computers are considerably lower than those recorded in the European Union countries⁵⁶. Currently, pensioners, economically inactive persons and the unemployed are threatened with e-exclusion.

The key challenge is to enable everybody – but especially those experiencing such difficulties as disability and long-term unemployment - to take part in the knowledge-based society. It will help to integrate people and groups that are socially and vocationally excluded. By the end of 2006, all students should have access to computers and the Internet to prevent the next generations from e-exclusion.

4.4.3. *Homelessness*

4.4.3.1. Current situation and policies

During the transformation period the number of homeless persons has increased. Since 1990, when the Law on Social Welfare was enacted (the first after World War II), homelessness was one of the criteria for benefiting from the **social welfare system**. Since 2001, homeless people who would like to be supported by social welfare have taken part in the **Programme of delivering from homelessness**. The main purpose of this programme is to support homeless people by helping them to receive benefits, directing addicted persons to therapy and providing support during therapy. They also receive help in finding employment, legal and psychological counselling, as well as help in solving family and housing problems. A social worker drafts an **individual programme**, tailored to each homeless person covered by this initiative.

56 See Table 10 in the Annex.

At the beginning of 1997, changes to the **Law on Health Insurance** were introduced. The aim of these amendments was to allow homeless people (who usually are not insured) to benefit from public health care. Currently the contribution is paid for persons benefiting from the **Programme of delivering from homelessness**.

Homeless people have the opportunity to live in **sheltered dwellings**, special, swap or temporary apartments, but their number is insufficient. The least fortunate persons, who have no accommodation, are allowed to stay in hostels, homes for homeless and centres run as part of the social welfare system or by non-governmental organisations. The **Programme of Building Apartments for Persons Requiring Social Support** is in the pipeline. It is planned to be implemented in 2004 owing to the need to introduce statutory changes (a trial programme in 2003). On the basis of the **Law on Social Employment** (planned to be implemented in 2004), **Centres of Social Integration** will be established. Their activity will be directed towards training and upgrading of people threatened with social exclusion (and the homeless too).

Non-governmental organisations play a significant role, as they support the homeless with financial help and other forms of assistance (including temporary shelter). The **Homelessness** programme is an example of cooperation between public administration bodies and social partners. In 2001, numerous organisations (nation-wide and local) acting to help homeless people were granted support. In the first year of the initiative, it covered around 15 000 homeless people.

4.4.3.2. Assessment and key priorities for future policy review:

The problem of homelessness is still being recognised in Poland. Owing to the high mobility of homeless people, it is a problem to estimate their number and provide help in delivering them from homelessness.

Currently, the main task is the continuation of the work on the **Programme of Building Apartments for Persons Requiring Social Support**. This programme will open up the possibility of helping homeless people to live in human dignity to some extent. Moreover, the continuation of actions aimed at supporting social integration of this group is necessary.

4.4.4. *The Roma population*

4.4.4.1. Current situation and policies

The Roma situation is difficult in the field of the labour market as well as in education, living conditions and the other aspects of social integration. Until now, the **Trial Government Programme for the Roma community for the years 2001 – 2003** has been carried out. In this programme the educational commitments were recognised as a priority. The newly created institution of Roma assistants and the so-called support teachers has brought about a significant improvement in attendance and school marks among Roma pupils.

On August 19th 2003, the **Government Programme for the Roma community in Poland** was adopted. Under this programme, there are tasks aimed at combating unemployment - mainly through stimulating motivation to upgrade and change vocational skills and to look for a job. Another aim of the programme is an improvement in Roma health status through allowing them better access to medical treatment and through an improvement of their hygienic conditions. Strong emphasis will also be placed on the improvement of the housing

situation (especially sanitary facilities) and tackling poverty inheritance by the coming generations.

4.4.4.2. Assessment and key priorities for future policy review:

The Trial Programme for the Roma community brought about positive results and this is why monitoring of the new version of the programme as well as providing this group with further support as regards social integration and combating poverty are considerable challenges for the future. The Government is committed to make greater efforts to integrate Roma children in mainstream education.

4.4.5. *Alcohol abuse problem*

4.4.5.1. Current situation and policies

At the beginning of the 1990s alcohol consumption in Poland increased. Alcoholism and overuse of alcohol is strongly correlated with many problems and pathologies among alcoholics and their families. The increase in alcohol consumption by women and young people is of particular concern.

The State Agency for Prevention of Alcohol-Related Problems (PARPA) - a professional, government-based institution - develops and implements policies related to alcohol problems. The financial resources of the Agency are an element of the Ministry of Health budget. The activities of the Agency are implemented by NGOs that receive appropriate subsidies. According to the law⁵⁷, all municipalities are obliged to conduct their own programmes in this field. From 1997, the Municipal Council prepares annual Local Community Programmes of Prevention and Resolving Alcohol-Related Problems. In 2002, 99.5% of municipalities had a Local Community Commission for Resolving Alcohol-Related Problems. **Dependency treatment centres** provide therapy for those addicted to alcohol. At the end of 2002 there were about 530 such centres (74% of which were outpatient treatment centres, 19% inpatient treatment centres and 7% day centres).

The **National Programme of Prevention and Resolving Alcohol-Related Problems** was adopted in 1997; it includes administrative, legal and educational measures. It aims at: increasing the efficiency of the programmes of preventing and counteracting alcohol problems and raising social awareness. PARPA also runs specific actions such as: Making the Therapeutic Services More Available and More Effective for Alcoholics and Members of Their Families, Implementing Methods of Early Diagnosis of Alcohol-Related Problems and Fast Intervention for Patients of the Primary Health Care System.

4.4.5.2. Assessment and key priorities for future policy review:

Though the number of dependency treatment centres is increasing, it is still too small to counteract alcoholism. Additionally, access to such treatment is limited, particularly in rural areas, which combined with the lack of jobs and poverty intensifies alcohol problems.

Actions undertaken in Poland aim to provide wide-ranging support for the families affected by alcoholism. Although the coverage of such programmes is not sufficient, the treatments are modernised. Alcoholism is becoming more widely recognised and more institutions are

57 Act of 26 October on Upbringing in Sobriety and Counteracting Alcoholism (Dz. U. 1994 Nr. 35 poz. 230).

involved in counteracting it. The National Programme of Prevention and Resolving Alcohol-Related Problems identifies challenges for 2000-2005 that include reduction of alcohol consumption by young people, reduction of mortality and physical degradation for addicted persons and their families. Other issues include reduction of physical impairment, reduction of work injuries and breaches of the law by drunk persons. It is also necessary to change the attitude of people in order to change the patterns of alcohol use, providing support for solving alcohol-related problems.

4.4.6. *Areas of multiple deprivation*

4.4.6.1. Current situation and policies

Areas at risk of multiple deprivation, including regions that were dominated by restructured heavy industries and liquidated State farms, are given special attention by the Government. The activities include support for the workers as well as activities aimed at developing the local economy.

Protection and activation benefits for laid-off workers. From 1991 redundant workers could draw an early retirement pension. As a result, the number of pensioners increased drastically. This policy was discontinued in 1997, when the pre-retirement benefits programme replaced the early retirement pensions. Pre-retirement benefits and allowances could be paid to persons who were laid off and fulfilled the criteria for unemployment benefits. From 1997 to 2002, more than 500 thousand persons received such benefits. Additionally, in the case of specific restructuring programmes, separate transfers can be made. For example, in the case of restructuring of the mining sector, the benefits included “miner's leave” for those miners who could receive old-age pensions before the end of 2006. The miner's leave could be paid for a period of up to five years. The value of the benefit was equal to 75% of the miner's monthly income (net of social security contributions). There are also other kinds of benefits aimed at stimulating employment⁵⁸.

As far as regional restructuring is concerned, **Special Economic Zones** are the main instrument of regional public aid in Poland. Enterprises that are established within these zones are allowed, under certain conditions, to receive preferential tax treatment. Currently there are 14 special economic zones, covering in total 6 000 ha. The location of the zones is related to their function, which is to speed up economic development of the poorest regions, threatened with high unemployment (north-eastern part of Poland) or post-industrial regions (Mielec, Walbrzych, Upper Silesia). Up to the end of 2001, there were 300 enterprises that emerged in this region. They invested around 12.1 bn PLN and created 43 thousand new jobs. In 2001, 152 enterprises received tax preferences amounting to 334.2 million PLN (compared to 109 enterprises and 281.6 million PLN in 2000)⁵⁹. More than half of these amounts was received by large companies and around 10% by small companies.

Another initiative that started in 2002 is the creation of **local activation programmes**. These programmes are aimed at selected regions. Targeted at clearly defined group of persons, they need to have clearly defined aims and timescale. The programmes are coordinated by voivodships self-governments and are based on partnership between various regional organisations. Financing of the programme is based on local and central budgets. The central

58 For details see Annex III.

59 Office for Competition and Consumer Protection “Pomoc publiczna udzielona przedsiębiorcom działającym na terenie specjalnych stref ekonomicznych w formie zwolnienia podatku dochodowego w 2001 r.”.

budget financing comes from the resources of the Labour Fund. In 2003, the following programmes were developed in Pomerania and Western Pomerania (relating to the restructuring of the shipyard industry). They covered 7 thousand persons and their cost was 47 million PLN (36.2 million from the Labour Fund). Similar programmes are planned in Silesia and Malopolska (relating to the mining industry) and in Podkarpackie regions, aimed at activating rural areas in the mountain regions and covering some 10 thousand persons.

4.4.6.2. Assessment and key priorities for future policy review:

Until 2002, the majority of the activities oriented towards multiple deprivation areas focussed on providing an environment for development of the local economy, mainly in the form of preferential tax treatment. Though a number of jobs were created, such zones gave rise to unequal treatment of enterprises. The new initiative of local activation programmes provides a platform for supporting local development, without distorting effects. Currently it is necessary to monitor the effects of the implemented programmes as well as to stimulate further development of such initiatives.

Policy focussing on laid-off workers should strengthen the role of activation and return to work. Passive support, in the form of pre-retirement benefits or other long-term benefits, should be gradually replaced with more active measures.

4.5. Mobilisation of all relevant bodies

4.5.1. *Current situation and policies*

Mobilisation of all relevant bodies is required to reach all of the other Nice objectives on combating poverty and social exclusion. Mobilisation involves: (i) mainstreaming the fight against poverty and social exclusion into overall policy; (ii) promoting dialogue and partnership of all relevant bodies, public and private; and (iii) promoting the participation and self-expression of persons suffering exclusion, especially as regards their situation and appraisal of policies affecting them.

4.5.1.1. Mainstreaming: mobilisation of public authorities at all levels, policy coordination, and quality delivery

Poland has, so far, not developed a comprehensive strategy of combating poverty and social exclusion. Such a strategy is only now in the making and should be ready by the end of 2003. A Task Force on Social Reintegration has been established at the Ministry of the Economy, Labour and Social Policy. It is to be expected that the strategy will incorporate all aspects of mobilisation of all relevant public and private bodies to achieve its objectives. Notably, the Task Force includes a broad representation of the government, territorial self-governments, NGOs and research institutions.

The **draft Strategy of Social Policy 2002-2005**, later developed into a **Strategy of the Ministry of the Economy, Labour and Social Policy**, identifies unemployment as the main cause of poverty and social exclusion in Poland. Consequently, policy changes integrating labour market and social assistance measures have been proposed and, so far, partially implemented.

Poland has a system of central, regional and local government bodies, which may be used to design and implement integrated policy approaches. The Ministry of the Economy, Labour and Social Policy represents the national policy-making authority. The voivodship (regional)

level consists of regional social assistance centres and voivodship labour offices. At the powiat (district) level there are powiat family assistance centres and powiat labour offices. Finally, at the gmina (commune) level there are social assistance centres. The function of the national and voivodship levels is to analyse the situation, design policies, enact them and monitor implementation. Implementation takes place at the powiat and gmina levels.

4.5.1.2. Promoting public-private dialogue and partnership

Social dialogue and partnership with voluntary organisations has been a principle of government social and economic policies. Social dialogue has the strongest institutional setting, with the Tripartite Commission for Social and Economic Affairs at national level and voivodship social dialogue committees at regional level. In general, the social partners (government, trade unions and employers' organisations) represented in these bodies concern themselves with the maintenance of social peace. Issues of poverty and social exclusion therefore fall well within the scope of their deliberations.

Poland already has a relatively well-developed and growing third sector of NGOs. In 2002, there were over 36 500 voluntary associations and 5 000 foundations officially registered (it is estimated that around 60% were actually active). As to their activities, 48.2% dealt with education and training, 32.6% with healthcare and rehabilitation of persons with disabilities, and 17.2% with social assistance, self-help and charity.

The NGOs and church-related organisations are effective providers of social services and intermediaries between the public administration and the various affected groups in society. Officially there are no umbrella organisations in Poland, but the KLON/JAWOR organisation collects information on the whole non-government sector and constitutes a forum for exchange of views, opinions, experiences and cooperation.

The new Act on activities of public utility and on voluntary service⁶⁰ regulates public benefit activities by NGOs and their use by government administration in performing its functions, the acquisition of the privileged public benefit status by NGOs and the functioning and supervision of such organisations. It has been the intention of the Government that this law helps mobilise the resources and encourage other involvement of non-governmental bodies in the design of policies to combat poverty and exclusion and the delivery of services. Under this law, public benefit status may be granted to organisations concerned, *inter alia*, with social assistance, charity, persons with disabilities, etc. The law requires that public administration bodies perform their functions in those areas in cooperation with the relevant NGOs and organisations of the Catholic Church and other churches and religious associations. Forms of cooperation include delegations to perform public functions, exchange of information and coordination of actions, consultations on draft legislation or regulations, and setting up of bilateral government-public benefit organisation advisory teams. NGOs, church organisations and relevant public administration entities may bid for government contracts to perform public utility services. An advisory Public Benefit Activity Council has been established, composed of representatives of government administration (5), territorial self-governments (5) and NGOs and church organisations (10). Under a separate law every taxpayer will be able to indicate on his income tax return the public utility organisation which will receive 1% of his tax.

60 Act of 24 April 2003 on activities of public utility and on voluntary service (Dz. U. 2003 Nr 96 poz. 873).

4.5.1.3. Participation and self-expression of persons suffering exclusion

There has been no systematic effort, so far, to specifically encourage such participation. One of the practical problems in this regard is how to appraise the representativeness of opinions expressed. However, persons suffering exclusion are free to organise themselves in voluntary associations and present their issues to the Government. Indeed, the Act on public benefit activities and voluntary service, referred to above, creates new opportunities for such self-organisation and ways of having the opinions held by such associations actually heard by the authorities.

4.5.2. *Assessment and key priorities for future policy review:*

The new framework for social dialogue as well as continued efforts of the Government to develop a dialogue with social partners marks a new stage of cooperation with the social partners. However, the dialogue is still centrally based, while local dialogue and modern industrial relations need to be strengthened.

The administrative reform of 1999 increased the role of regions, districts and municipalities in formulating and implementing labour and social policies. The changes in the financing of the schemes, giving more financial responsibility to regions, can strengthen the role of local governments and improve the quality and addressing of social programmes.

The new law on public benefit activities and voluntary service forms a framework for activities of the third sector in Poland. Currently a focus on the implementation of these regulations is crucial for the further development of this sector. In this light also, efforts are needed to strengthen the participation of persons suffering from exclusion.

5. EQUAL RIGHTS FOR WOMEN AND MEN

5.1. Current situation and policies

The Polish law ensures equal rights for both women and men as prescribed in the Constitution, the Labour Code, and the Act of December 14, 2004 on employment and combating unemployment. In practice, however, there are many spheres of social life where the situation of women is less favourable.

Women are in general better educated (more women graduate from general secondary schools and start the tertiary level of education). Unfortunately, this does not contribute to their better situation on the labour market. Women are economically less active and the unemployment rate for women is slightly higher. Women are usually paid about 20%⁶¹ **lower salaries** than men for comparable work. This factor, combined with the shorter period of women's contribution to the new pension scheme (women are entitled to retire 5 years earlier than men), will result in lower retirement pay for women (as much as 40% less than men).

The majority of single parents are women (88% in 2002). In 2002, 13.4% of persons from such families were threatened with the minimum subsistence level - more often than on average. Single parents are supported by Alimony Funds (when the second parent does not

61 The structure of salaries by occupation in October 2001, *Informacje i opracowania statystyczne*, GUS, Warsaw 2002.

pays alimony and when is not the subject to bailiff execution e.g. due to the lack of official income). Moreover, they are able to calculate taxes together with allowances for children. As the development of day-care centres for dependants is insufficient, women (because of lower earnings) sometimes leave their jobs in order to take personal care or suffer from difficulties in reconciling work and family life. According to the available data, there are about 25-30% of women in Poland that suffer domestic violence⁶²; almost a third of divorced women indicated physical violence as the main reason for their divorce⁶³.

In September 1986, in order to reinforce activities supporting women's rights, on the basis of the resolution of the Council of Ministers, the **Women's Plenipotentiary Office** in the Ministry of Labour was established. Since this institution was established, the Plenipotentiary's tasks have fluctuated from the problems of equal rights for both genders to the promotion of the family role. It means that the problem of respecting women's rights has been interpreted wrongly by the decision-makers and identified with family rights. At present, the **Plenipotentiary for Equal Status of Women and Men** is to incorporate the rule of equal status for women and men into all fields of policy (e.g. giving an opinion on and drafting legal acts, monitoring and assessing activities already undertaken and initiating new ones⁶⁴). The work on the JIM has been carried out in cooperation with the Plenipotentiary's Office.

In 1997, the Government adopted the **National Programme of Activities in aid of Women** (the first implementation step by 2000). The main aims of this programme were to *accelerate and to effectively eliminate formal and informal barriers of social advancement for women, to support their professional and political activity and to fight against stereotypes as regards the role and place of women in public, vocational and family life*⁶⁵. Despite the fact that the implementation of this programme was suspended for a short time, the labour offices made efforts to increase women's participation in special programmes (in 2000, the proportion of women in the total number of people starting special programmes reached 52.1%).

Another step to **support female employment** is the implementation of rules forbidding gender discrimination at work according to the *Labour Code* (January 2002). This prohibition refers to recruitment procedures, advancement, access to training and equal pay for the same job. Moreover, it is up to the employer to prove that there was no gender discrimination. Equal parental rights for employees of both genders were implemented (in comparison with previous law, at present fathers are also able to take parental, childcare and, partly, maternity leave).

Although there are many government programmes to prevent and combat **domestic violence** such as **Against violence – equal chances**, **Safe Poland**, **Programme to Counteract and Fight against People Trafficking**, there is no coherent one. In 2002, the Polish Government adopted the **National Programme Preventing and Combating Crime – Safe Poland**, in which domestic violence and violence against women were considered as the most socially harmful crimes.

62 Non-governmental organisation estimates.

63 Women in Poland in the 90s, Centrum Praw Kobiet, Warsaw 2000.

64 The Council of Ministers resolution of 25 June 2002 on the Plenipotentiary for Equal Status of Women and Men, (Dz. U. Nr 96, poz. 849.urząd ds. dyskryminacji wszelkiej § 2 pkt.2).

65 National Programme of Activities in aid of Women (the first implementation step up to 2000), the Chancellery of the Prime Minister, the Government Plenipotentiary for Women and Family Affairs, Warsaw 1997, Introduction pp. 7-8.

Combating these crimes is one of the most important tasks in the field of public security protection. In the second stage of the implementation of the **National Programme of Activities in aid of Women for the years 2003 - 2005**, a lot of tasks are included in order to mobilise all relevant bodies. In 2002, the **Plenipotentiary for Equal Status of Women and Men** started to implement the PHARE 2002 program **Policy of Equal Treatment Women and Men**, which is carried out with a Danish partner. Strengthening of the policy of equal chances on the national and regional levels is the main purpose of this program.

The development of **women's organisations** plays a vital role that has an impact on the access to rights (there are over 300 such organisations in Poland). They were established to give legal and psychological advice as well as to provide support centres. These organisations cooperate with each other and with the Plenipotentiary for Equal Status of Women and Men. In May 1996, the permanent **Forum for Non-governmental Organisations' Co-operation** was established, which drew up the above-mentioned **National Programme of Activities in aid of Women**: the first implementation step by 2000. In August 2003, the Government adopted the second implementation stage of the **National Programme of Activities in aid of Women for the years 2003 - 2005**. In the new version of the programme, strong emphasis is placed on the fight against unemployment, women's activation, non-standard forms of employment, flexibility of the labour market, public organisations of childcare and the assistance system for dependants and providing statistical data broken-down by gender.

5.2. Assessment and key priorities for future policy review:

The problem of equal rights for both genders is not always taken into consideration when resolving social problems in Poland. Despite the fact that there were programmes improving women's situation (e.g. in the labour market and counteracting of domestic violence), long-term activities were not undertaken. Currently, the key challenge is the stabilisation of government mechanism concerning the state policy for equal rights and efficient implementation of the **National Programme of Activities in aid of Women for the years 2003-2005**. The programme aims at improving the situation of women on labour market, equalising wages and salaries, development of nursing/day-care services. In order to prevent women from future financial difficulties, it is vital to implement retirement-pension solutions in the new pension scheme to diminish the impact of gender discrepancies on the benefits' level. Further, the newly developed policies in the field of labour market and social policy should mainstream the gender issues. All central and local government agencies are obliged to focus on gender equality while developing their programs and actions.

6. STATISTICAL DATA: SYSTEMS AND INDICATORS

6.1. Current situation and policies

In Poland, one of the most important and the only official source of statistical data is the Central Statistical Office (CSO), a central administration body in charge of national statistics. Projects have been under way to bring statistical systems and calculation methods into line with EU requirements. Recently, particularly strong efforts have been made to harmonise the statistical data on living conditions and poverty with these requirements. Representatives of Poland participated in meetings with Eurostat, where issues of definitions and methodology relating to structural indicators were discussed. During one of the recent meetings of the Working Group "Statistics on Income, Poverty and Social Exclusion" (April 2003), the methodological and organisational issues connected with the calculation of the Laeken

indicators for 2001 were resolved. In April 2003, a working meeting took place, because Eurostat's programme for the EU accession countries began. This programme is aimed at including the accession countries in **ESSPROS** – European System of Integrated Social Protection Statistics. The project is to be completed by June 2004.

The majority of social statistics research is based on Eurostat methodology and their results are transferred and used by databases such as NewCronos, SIRE and Regio. Statistics on Demography and National Population and Dwelling Census of 2002 (cited in JIM) were compiled in accordance with Eurostat recommendations. The Polish Labour Force Survey is fully compatible with Eurostat's LFS.

Despite the efforts made to ensure comparability of data, there are still some discrepancies. The CSO uses the level of household expenditure on consumption rather than income. However, in the EU context, Eurostat policy and Laeken indicators explicitly reject the use of consumption expenditure on theoretical grounds – as consumption reflects choices, whereas income reflects opportunities – and data quality is adequate to implement. The eventual launch of EU-SILC should ensure future sample representativity and robustness. The original OECD equivalence scale has been used for research on poverty. However, Eurostat has launched a limited sensitivity analysis for impact on Laeken indicators of monetary poverty but results are not yet available. Furthermore, the Polish Household Budget Survey is a cross-sectional study, while Eurostat applies the panel method. For this reason and on account of the characteristic features of the Polish survey, it is impossible to derive poverty persistence indicators. Moreover, when calculating household income data, the GUS – apart from monetary income – takes into account income in kind, which to a large extent supplements the budgets of many households in Poland.

Based on the Household Budgets Survey and the Living Conditions Survey it is possible to carry out multi-aspect analyses of pauperisation and not only income-related data. Following this, one may define the socio-economic profile of the households which are threatened by or experience poverty. Additional information is provided by data gathered in the social welfare report system. Unfortunately, they do not allow information to be acquired on beneficiaries and it is therefore indispensable to characterise the beneficiaries and to recognise the reasons of their benefiting from the social welfare system. The system is limited to the cumulative data by voivodships and country, concerning expenditure and the number of beneficiaries by financial and non-financial benefits. As relevant variables are not taken into consideration, it is very often impossible to obtain detailed data on the situation of people (e.g. gender, ethnic or national minority).

It should be emphasised that the Laeken indicators are computed precisely, in compliance with Eurostat recommendations. As said above, when the EU-SILC (Statistics on Income and Living Conditions) will be introduced, all existing discrepancies due to using different data resources from ECHP – should be eliminated. Poland, being an acceding country, will start implementation of SILC in 2005. In the CSO, projects have been under way, while a pilot study and testing of the research questionnaire are scheduled for 2004.

The data on social welfare system beneficiaries – named “POMOST” – will enhance the databases. These data are actually in the pipeline. Systematically more and more social welfare centres at municipality, powiat and voivodship level are included in the POMOST. When the entire territory of Poland is covered by the system, comprehensive social beneficiary analyses will be possible. The Task Force for Social Reintegration has defined the

notion of “social exclusion” and is carrying out further work on a national set of indicators which is necessary to monitor this phenomenon⁶⁶.

6.2. Assessment and key priorities for future policy review:

Several actions should be undertaken to benefit from administrative data sources, such as Tax Identification System⁶⁷ and General Electronic System of Population Evidence - PESEL⁶⁸. These systems were not used in data collection by the CSO or social welfare management.

The CSO is up-to-date with monitoring of progress in work connected with statistics of living conditions as well as poverty and social exclusion. Moreover, it participates in workshops organised by Eurostat and joins such programmes as ESSPROSS and SILC. EU-SILC and ESSPROSS implementation will contribute to enhancing the data on these subjects.

7. EUROPEAN SOCIAL FUND SUPPORT TO THE SOCIAL INTEGRATION POLICY

Being a country whose GDP per capita is below 75% of the EU average, Poland will be eligible for aid provided under the European Social Fund (ESF) with regard to Objective One (promoting the development of underdeveloped regions). In 2004, Poland will receive funding which will contribute to the support of the Sectoral Operational Programme – Human Resources Development (approx. 1469.83 million euro, SOP HRD) and the Integrated Regional Operational Programme (440.81 million euro, IROP). Part of the funding will be allocated to Poland’s participation in the EQUAL Community Initiative (133.92 million euro)⁶⁹.

The National Development Plan (NDP), within the context of different operational programmes, is aimed at supporting the social inclusion policy, as the phenomenon of social exclusion is one of the biggest challenges faced by the Polish institutions. The programmes planned for implementation therefore contribute to a large extent to the implementation of the Joint Inclusion Memorandum assumptions and answer the key challenges identified in the JIM.

Employability is perceived as one of the most important and most effective methods of not only combating poverty and social exclusion but preventing them as well. Under the SOP HRD it is planned to carry out projects promoting employment of such groups as: unemployed young persons, persons threatened with long-term unemployment, disabled persons and women having problems entering the labour market (especially from rural areas). These actions will promote an open labour market.

The Community Initiative EQUAL constitutes the main contribution to facing the challenges in the JIM. The problems of inequalities on the labour market, participation in the information society and access to education will be solved through measures concentrating on equalising opportunities for finding employment for people experiencing difficulties in this area, on supporting the creation of the Polish social economy model and the development of social

66 Definition of social exclusion - Social exclusion determines the situation which unable or makes it difficult to a person or a group to fulfil their social roles in observance to the law and to have an access to public goods and social infrastructure as well as to gather stocks and to gain incomes an appropriate way.

67 Data are carried by tax offices in the form of treasury office files.

68 Population data take the form of municipality residents register files.

69 The amounts given refer to 2004-2006 and they are maximum amounts.

employment, on supporting adaptation skills of companies, as well as on reconciling working and family life and reintegration of both women and men into the labour market. Social exclusion is directly connected with a difficult financial situation and unemployment of people. The socially excluded people will, therefore, increase their opportunity to escape social marginalisation through higher qualifications that will give them a possibility to find a job.

Within the NDP, there are two approaches to tackling the disadvantaged educational situation of people. Firstly, taking into account the situation of children from rural areas as well as disabled and socially excluded young people, it is undeniable that access to education of those groups should be increased. Secondly, it is crucial to enable Polish citizens to participate more fully in a knowledge-based society. Planned actions within the SOP HRD, such as the reform of the education system and the development of lifelong learning, which will increase the skills potential of working people, as well as grants to reduce the rural-urban divide within the IROP, will enable them to improve their opportunities to obtain a sound educational background and consequently find suitable employment. These measures will therefore, if not immediately then in the long run, lead to the reduction of social exclusion among Polish citizens.

Measures aimed at reconciliation of working and family life are provided to support family functions. Developing such institutions as day-care centres for children and dependent persons, or care centres will offer support for the professional activity of people. Local initiatives undertaken by different groups and various activities supporting the active participation in training of socially excluded people (e.g. community day care) are provided for within the SOP HRD as measures which support family solidarity.

The needs of people who owing to their difficult financial situation are unable to acquire accommodation for themselves may be fulfilled indirectly thanks to the increased opportunity to find employment within the programmes implemented under the NDP. In a long-term perspective, all the measures aimed at eliminating barriers for social and economic development will, by improving the financial resources of people, facilitate obtaining proper accommodation.

The measures within the SOP HRD assume the development of a system that counteracts social exclusion and increases the awareness of the local communities and employers and encourages them to undertake joint actions towards social integration and empowerment of those excluded. The projects will support the creation and the activity of Social Inclusion Centres and Clubs promoting social integration and employment. Social service providers at powiat and municipality level will also be strengthened there, as well as non-governmental organisations and volunteers mostly through the broad range of training for the staff. The projects will also influence the policy-makers at regional and central level.

Further development of the partnership approach, the integration of efforts in the fight against exclusion and empowerment of the excluded will continue under the Community Initiative EQUAL. The capacity of local and regional authorities, NGOs, social service providers and organisations of people threatened by social exclusion will be built up and they will be encouraged to cooperate with other local players in order to mobilise them around common objectives. Moreover, customer servicing of Polish public employment services and other institutions working in the labour market will be strengthened, facilitating more professional and complex service for customers. The SOP HRD measures will concentrate on enhancing the quality of operation of the employment services.

Significant areas of Poland are threatened by the phenomena of permanent peripheral status and the marginalisation of large groups of inhabitants. Under other programmes, in particular the Integrated Regional Operational Programme, the NDP aims at eliminating differences between regions in Poland. Particular emphasis will be placed on rural areas, areas of concentration of traditional industries, and socially and economically run-down towns and urban districts, waste land deserted by industry or former military bases. The implementation of different measures will contribute to the socio-economic renovation of towns and villages, to the improvement of the investment level in these regions, as well as to increased mobility of people (e.g. IROP).

8. CONCLUSIONS

The Government of Poland considers its fully-fledged participation in the **open method of co-ordination on social inclusion a high priority**. Further, the Government is fully committed to tackling poverty and social exclusion and to improving the level of the several dimensions of a quality social life by involving a broad range of actors. In 2002, the Government launched the Social Policy Strategy for 2002-2005 to identify the most important challenges faced in the field of social policy. It contained a number of measures which have been adopted over the last two years to improve the position of low income groups, to reduce inequalities and promote social cohesion. More recently, the Prime Minister set up a Task Force for the Development of a Social Inclusion Strategy which has to present the Social Inclusion Strategy for Poland by the end of 2003. Following the common strategic goals and objectives of the European Union, set out in Lisbon, Nice and Stockholm, and regarding the most relevant aspects of the current situation in Poland, the long-term strategic approach is based on economic development and the effective and mutually reinforcing links between economic, employment and social policies.

The work on the polish JIM has greatly benefited from all the above efforts and commitments and has been instrumental in establishing the basis for a comprehensive social inclusion policy. Furthermore, the JIM contains several of the measures already launched by the Polish Government aiming at, on the one hand, improving the position of those groups most threatened by the risk of poverty and social exclusion while, on the other, managing the income and social inequalities and promoting social cohesion. The JIM has **helped in identifying the major causes of social exclusion**, and focused on the **groups most vulnerable** to poverty and exclusion. It also contributed highlighting of the **relevant political challenges** and the **main policies and measures** that may contribute to social inclusion in Poland.

The analysis undertaken in the JIM has made it clear that **the major challenge of poverty and social exclusion in Poland is its low activity rate**. First, this refers to the high levels of unemployment – namely long-term and young – for people with low education and low skill levels, and living in large families and rural areas. Second, this is related to a high dependency ratio due to the extensive use of early retirement schemes and invalidity pensions used during the restructuring processes underwent by the Polish economy in the 1970's and 1980's. Apart from people excluded from the labour market, other groups threatened by the risk of poverty include elderly people, homeless, children and youth, people from abusive environments. Therefore, investing in education, training and retraining as well as reforming and increasing the consistency of the several and sometimes overlapping benefit systems should become a high political challenge for poverty eradication. **The Polish Government**

and the European Commission have identified the following most urgent challenges in relation to tackling poverty and social exclusion:

- increasing investment in education, developing and extending life-long learning, and stimulating the use of ICT technology;
- increasing employment and bringing people who depend on benefits – namely those depending on disability schemes – back to work; and
- improving the delivery of quality health services, notably in rural areas, as well the situation of old people, homeless, children and youth, persons with disabilities, people from abusive environments.

Based both on the Social Policy Strategy and the action plan of the Ministry of the Economy, Labour and Social Policy numerous measures have already been undertaken over the recent years. **Further to these measures and in the light of the analysis undertaken in this report, the Polish Government and the European Commission have agreed that the most immediate policy priorities in relation to tackling poverty and social exclusion are:**

- to refocus labour market policies towards employment activation for different target groups of unemployed, for long-term, older workers, unskilled, young (specially women) which are the most threatened with de-activation and social exclusion. This includes the corresponding financial and organisational efforts;
- to reinforce the new educational system and introduce measures to reduce drop-outs from schools. To implement the Strategy for Lifelong Learning to facilitate individuals the access to continuing education and to improve the quality of human capital in the economy;
- to strengthen the recent regulations on the vocational rehabilitation of persons with disabilities to increase the support of those disabled looking for a job in the open labour market. This is a first step to enable – through labour activation – the full participation of disabled persons in society. Such programs are particularly important as Poland has the largest share of the disabled population in Europe and, at the same time, a very low employment rate of this group; and
- to reform the social protection system in the following areas: (i) the system of family benefits has to be simplified and better focused to support families with children, and this support needs to be based on a uniform income criteria; (ii) the social welfare system has to be reformed. While the existing system (mainly based on administered mandatory benefits) foresees too little time and effort is spent on the administration of optional benefits and social work, the current draft legislation shifts certain responsibilities connected with benefit payments to the social security administration, thus allowing social workers to be more active in supporting the beneficiaries; and (iii) more emphasis is needed on stimulating the social welfare beneficiaries to active job searching. For those with difficulties in re-entering the labour market, the new law on social employment provides a framework for bridging the period from unemployment and exclusion to full inclusion and employment in the open market. The social employment initiative is based on the experiences of Polish NGOs, which used this method with success in helping people out of exclusion.

Some of the priorities identified in the JIM for Poland, the corresponding policy actions and the provisions of this policy will be widely reflected in the National Action Plan on Poverty and Social Exclusion and will benefit from the financial support provided by the EU structural funds – namely by the **European Social Fund** – and Cohesion funds.

Further, in implementing the above measures it is important to establish appropriate institutional mechanisms ensuring a closer co-operation between the government, social partners, local authorities and NGOs, and to decrease regional differences. In this respect, the set up of the Task Force for the Development of a Social Inclusion Strategy indicates the Government's commitment to continue building a strong **partnership with the social partners and civil society** in the fight against poverty and social exclusion and will be an important instrument in reinforcing such cooperation.

The Polish Government is aware that adequate of **promotion social inclusion is a continuous process**, which can only provide effective and long lasting results in the long-term and on the basis of a series of consistent measures and of a continuous follow-up. To monitor the implementation of policies and measures, assess its effectiveness and allow for comparisons between EU Member States, it is extremely important that clearly defined indicators and up-to-date data exist.

The Government looks forward to Poland participation in the **open method of co-ordination**, from Day One after the EU accession, which should help modernise and improve the respective national measures. In particular, the Polish Government is committed to continue the work begun in the JIM by preparing its first National Action Plan on Poverty and Social Exclusion to be presented to the Commission in 2004.

ANNEX I: STATISTICS

Table 1. Main economic indicators

	1999	2000	2001	2002
GDP at current prices (in 1000 million euro)	145,5	177,7	204,1	200,2
GDP at current prices (in 1000 million PPS)	319,6	353,0	363,5	365,6
GDP real growth	4,1	4,0	1,0	1,4
Gross value added by sector (% of total GDP):				
Agriculture	4,1	3,4	3,1	3,3
Industry	24,2	23,6	22,4	21,1
Services	51,7	52,3	54,7	56,9
GDP per head in PPS	8 270	9 130	9 410	9 460
GDP per head in PPS (EU 15 = 100)	39	40	40	39
CPI	107,3	110,1	105,5	101,9

Source: GUS, Eurostat.

Table 2. Labour market situation

	1999	2000	2001	2002
Population (in 1000):				
All 15+		30 535	30 794	30 992
15-64	25487	25 764	25 985	26 159
Male 15+		14 551	14 678	14 771
15-64	12574	12 723	12 832	12 919
Female 15+		15 984	16 116	16 221
15-64	12913	13 040	13 153	13 241
Age group 15+ by education (in %):				
All below upper secondary		33,1	32,5	
upper secondary		58,3	58,5	
Tertiary		8,6	9,0	
Male below upper secondary		29,7	29,2	
upper secondary		62,1	62,4	
Tertiary		8,2	8,4	
Female below upper secondary		36,2	35,5	
upper secondary		54,9	55,0	
Tertiary		8,9	9,5	
Annual percentage change in employment and unemployment				
Employed	-2,8	-2,8	-1,8	-3,0
Unemployed	23,5	35,2	13,4	7,0
Total employment (000)	14757	14 526	14 207	13 782
Male	8144	8021	7 791	7 529
Female	6613	6 505	6 410	6 250
Overall employment rate	57,6	55,1	53,4	51,5
Employment rate by sex and age				
All 15-24	26,6	25,3	24,0	21,7
25-54	73,8	71,1	69,2	67,4
55-64	31,2	28,0	27,4	26,1
Male 15-24	30,5	28,3	26,6	24,2
25-54	80,8	77,9	75,4	73,0

		1999	2000	2001	2002
	55-64	40,0	36,4	35,6	34,5
	15-64	64,4	61,5	59,2	56,9
Female	15-24	22,8	23,2	21,5	19,3
	25-54	66,9	64,3	63,0	61,9
	55-64	23,7	20,9	20,4	18,9
	15-64	51,0	48,9	47,2	46,2
Employment by economic activity					
All	Agriculture & fisheries	18,1	18,8	19,1	19,3
	Industry	31,3	30,9	30,5	28,6
	Services	50,6	50,4	50,4	52,0
Male	Agriculture & Fisheries	18,4	19,1	19,2	19,8
	Industry	41,0	40,6	40,4	38,2
	Services	40,6	40,4	40,4	42,0
Female	Agriculture & Fisheries	17,6	18,4	19,1	18,8
	Industry	19,3	18,9	18,4	17,2
	Services	63,1	62,7	62,5	64,1
Full-time employees All				89,7	89,2
	Male			91,7	91,5
	Female			87,3	86,6
Part-time employees All				10,3	10,8
	Male	8,0	8,2	8,3	8,5
	Female	13,5	13,3	12,7	13,4
Employment status by sector					
Agriculture	Employees			7,5	
	Self-empl. 0 empl.			90,2	
	Self empl. 1+empl.			2,3	
Industry	Employees			91,0	
	Self-empl. 0 empl.			5,4	
	Self empl. 1+empl.			3,5	
Services	Employees			85,1	
	Self-empl. 0 empl.			10,5	
	Self empl. 1+empl.			4,4	
Employment structure by ownership (%) ⁽¹⁾					
Private			65.6	68.0	65.6
Public			34.4	32.0	32.5
Unemployment 15+ in 1000, All			2 830	3 208	3 432
	Male		1 362	1 589	1 788
	Female		1 468	1 619	1 644
Overall unemployment rate		12,3	16,3	18,4	19,9 ⁽²⁾
Unemployment rate by sex and age					
All	15-24	30,1	36,3	39,8	41,7
	25-54			16,0	16,9
	55-64			10,1	
	15+		16,4	18,5	19,9
Male	15-24	28,5	34,6	38,4	40,9
	25-54			14,3	
	55-64			11,5	
	15+		14,8	17,3	19,2

	1999	2000	2001	2002
Female 15-24	32,0	38,2	41,4	42,7
25-54			18,0	
55-64			8,1	
15+	15,3	18,6	20,2	20,9
Youth unemployment ratio (15-24)	10,9	13,5	15,6	15,7
Long-term unemployment ratio, All	41,6	44,7	50,1	54,4
Male		40,4	46,1	49,2
Female		48,7	53,9	60,0
Long-term unemployment rate, All	5,8	7,5	9,3	10,9
Male	4,8	6,0	7,9	9,7
Female	7,5	9,4	10,9	12,3
Unemployment rate by level of education:				
Tertiary		5,2	5,9	7,3
Vocational secondary ⁽³⁾		13,6	15,6	17,0
General secondary		19,7	22,6	23,3
Basic vocational		19,2	22,1	24,4
Primary and incomplete primary ⁽⁴⁾		20,9	22,8	25,6
Overall activity rate, age group 15-64	65,8	66,1	66,1	64,9
Activity rate by sex and age				
Male 15-24	41,1	41,9	43,1	41,6
25-54	88,9	88,3	87,7	87,2
55-64	43,6	40,1	39,6	38,7
15-64	72,5	71,9	71,5	70,6
Female 15-24	32,4	34,9	36,4	34,1
25-54	75,9	76,2	76,2	75,8
55-64	25,5	23,3	22,2	20,9
15-64	59,2	59,7	59,7	58,7
Effective dependency rate	101,7	110,3	116,1	
Activity of the disabled⁽¹⁾				
Activity rate	19,7	19,5	17,0	
Employment rate	15,9	15,9	14,4	
Unemployment rate	19,5	18,4	15,3	

Source: Eurostat, GUS.

Notes: (1) Based on Central Statistical Office data; (2) For age group 15+; (3) Including post-secondary schools; (4) Since II quarter 2002 including lower secondary.

Table 3. Inactivity rate, by gender and by age

Specification		2000	2001	2002
15 – 64	Total	34,3	34,5	35,4
	Men	28,1	28,5	29,4
	Women	40,3	40,3	41,3
15 – 24	Total	61,6	60,3	62,2
	Men	58,1	56,9	58,4
	Women	65,1	63,6	65,9
25-54	Total	17,7	18,1	18,5
	Men	11,7	12,3	12,8
	Women	23,8	23,8	24,2
55 – 64	Total	69,0	69,8	70,9
	Men	59,9	60,4	61,3
	Women	76,7	77,8	79,1

Source: GUS (Central Statistical Office), Labour Force Survey.

Table 4. Social expenditure in Poland

	1999	2000	2001	2002
	% of GDP			
Total, of which:	27.5	26.7	28.2	
Social insurance of employees:	12,9	12,2	13,0	12,7
Pensions	11,4	11,0	11,8	11,5
Sickness benefits	1,1	0,8	0,8	0,8
Other benefits	0,4	0,4	0,4	0,4
Pensions for armed forces	1,4	1,4	1,5	1,4
Individual farmers' social insurance benefits	2,3	2,1	2,2	2,1
Labour Fund	0,9	1,0	1,2	1,4
Family allowances	0,7	0,7	0,8	0,7
Social assistance	0,8	0,8	0,8	0,7
Health care	4,3	4,1	4,2	4,0
Education	4,2	4,4	4,6	:

Source: GUS, MGPIPS.

Table 5. Laeken indicators on the social situation in Poland

			1999	2001	
1a Risk-of-poverty rate by age by gender	Total	Total	15	15	
		M	15	16	
		F	14	15	
	0-15	Total	21	21	
		M	21	22	
		F	21	21	
	16-24	Total	17	19	
		M	18	19	
		F	17	19	
	25-49	Total	15	16	
		M	15	16	
		F	14	15	
	50-64	Total	9	10	
		M	10	11	
		F	8	9	
	65+	Total	6	6	
		M	4	3	
		F	8	7	
1b Risk-of-poverty rate by most frequent activity by gender	Employed	Total	6	7	
		M	8	9	
		F	5	6	
	Self-employed	Total	21	19	
		M	20	19	
		F	21	20	
	Unemployed	Total	38	37	
		M	41	39	
		F	35	35	
	Retired	Total	7	7	
		M	7	6	
		F	8	7	
	Inactive/other	Total	19	18	
		M	18	18	
		F	19	19	
	1c Risk-of-poverty rate by household type	Total		15	15
		1 person hh	Total	10	10
		1 person hh	M	17	16
1 person hh		F	9	7	
1 person hh <30yrs			6	5	
1 person hh 30-64			14	14	
1 person hh 65+			8	6	
2 adults no children		(at least one 65+)	7	8	
2 adults no children		(both < 65)	7	8	

			1999	2001
	Other hh no children		8	9
	Single parent	(at least 1 child)	22	19
	2 adults 1 dep. child		9	9
	2 adults 2 dep. children		12	14
	2 adults 3+ dep. children		30	32
	Other hh with dep. children		18	19
1d Risk-of-poverty rate <i>by tenure status</i>	Total		15	15
	Owner-occupier		15	15
	Tenant		14	16
	Other		:	:
1e Risk-of-poverty threshold <i>(illustrative values)</i>	1 person hh	NAT	5654	6396
		EUR	1338	1742
		PPS	2937	2859
	2 adults 2 dep. children	NAT	11873	13432
		EUR	2809	3658
		PPS	6168	6004
2 S80/S20 quintile share ratio		4,2	4,5	
3 Persistent risk-of-poverty rate <i>by gender</i>		Total		
		M		
		F		
4 Relative risk-of-poverty gap <i>by gender</i>		Total	20	22
		M		
		F		
5 Regional cohesion			6,9 ⁽¹⁾	
6 Long term unemployment rate		Total	4,8 ⁽¹⁾	7,9 ⁽¹⁾
		M	:	6,7 ⁽¹⁾
		F	:	9,2 ⁽¹⁾
7 Persons living in jobless households				
8 Early school-leavers not in education or training		Total		7.9
		M		9,7
		F		6
9 Life expectancy at birth		M	68,8 ⁽²⁾	70,2 ⁽²⁾
		F	77,5 ⁽²⁾	78,4 ⁽²⁾
10 Self-defined health status <i>by income level</i>		Total		
		M		
		F		

			1999	2001
11 Dispersion around the risk-of-poverty threshold	40% of median		4	5
	50% of median		8	9
	60% of median		15	15
	70% of median		22	23
12 Risk-of-poverty rate fixed 1996			:	:
13 Risk-of-poverty rate	before all transfers		46	48
	including pensions		28	30
	including all transfers		15	15
14 Gini coefficient			28	30
15 Persistence of low income (below 50% of median income)		Total		
		M		
		F		
16 Long-term unemployment rate		Total	31,4 ⁽¹⁾	43,1 ⁽¹⁾
		M	:	39,9 ⁽¹⁾
		F	:	46,2 ⁽¹⁾

Source: Eurostat, GUS.

Notes: (1) MGPIPS, GUS, (2) GUS.

Table 6. Poverty in Poland, 1993 – 2002

Poverty lines	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
	proportion of population living below poverty line									
Relative (50% of average monthly expenditure of households)	12,0	13,5	12,8	14,0	15,3	15,8	16,5	17,1	17,0	18,4
Statutory	-	-	-	-	13,3	12,1	14,4	13,6	15,0	18,5
Subsistence minimum	-	6,4	-	4,3	5,4	5,6	6,9	8,1	9,5	11,1

Source: Warunki życia ludności, GUS

Notes: (1) Data for the 4th quarter; (2) Percentage of households.

Table 7. Proportion of persons in households threatened with poverty by socio-economic status, 2002

Households	Poverty line		
	relative	statutory	subsistence minimum
	In % of persons		
TOTAL	18,4	18,5	11,1
Urban areas	12,2	12,2	7,0
Rural areas	27,9	27,9	17,4
Socio-economic group			
Employed	14,8	14,8	8,5
Employed on private farms in agriculture	25,8	25,6	14,2
Farmers	27,7	27,9	16,7
Own-account workers	9,0	9,2	4,5
Pensioners and retirees	16,3	16,4	9,9
Retirees	10,6	10,8	5,9
Pensioners	25,3	25,4	16,4
Population maintained from non-earned sources	43,3	43,6	32,4
Biological type of household			
Married couples without children	4,4	4,3	2,3
Married couples with 1 child	8,5	8,7	4,6
Married couples with 2 children	15,8	15,8	8,6
Married couples with 3 children	28,9	28,8	17,4
Married couples with 4 or more children	50,7	49,8	37,1
Single parent with dependants	21,8	21,7	13,4

Source: Warunki życia ludności, GUS.

Table 8. Disabled persons by level of disability in 1988 and 2002 (national census data)

Disabled persons	Total			Urban			Rural		
	1988	2002		1988	2002		1988	2002	
	In ths.	In ths.	1988=100	In ths.	In ths.	1988=100	In ths.	In ths.	1988=100
Total	3 735,5	5 456,7	146,1	2 277,7	3 213,1	141,1	1 457,8	2 243,6	153,9
Male	1 736,3	2 568,2	147,9	1 001,2	1 488,5	148,7	735,1	1 079,7	146,9
Female	1 999,2	2 888,5	144,5	1 276,5	1 724,6	135,1	722,7	1 163,9	161,1
People aged 16 years or over, by level of disability:									
Total	3 244,5	4 063,2	133,0	2 006,6	2 467,2	128,2	1 237,8	1 595,9	140,8
Severe	536,1	1 064,8	198,6	355,1	638,3	179,8	181,0	426,5	235,6
moderate	1 366,7	1 426,7	104,4	852,4	911,3	106,9	514,3	515,3	100,2
minor	1 341,7	1 571,7	117,1	799,1	917,6	114,8	542,5	654,1	120,6
Unknown	-	251,9		-	104,5		-	147,4	
Disabled persons aged 15 or under who have a right to receive nursing benefit	13,9	135,1	971,3	9,4	78,8	840,6	4,5	56,3	1 242,1

Source: GUS.

Table 9. Gross enrolment rate

	Year	Total	Males	Females
Primary	1990/1991	101,3	x	x
	2001/2002	100,6	101,0	100,2
Lower secondary	1990/1991	X	x	x
	2001/2002	98,4	99,0	97,7
Basic vocational	1990/1991	34,1 ⁽¹⁾	x	x
	2001/2002	27,1	35,1	18,7
Secondary :				
General	1990/1991	18,9	x	x
	2001/2002	42,4	33,4	51,7
Vocational	1990/1991	61,8	x	x
	2001/2002	48,2	54,4	41,6
Post-secondary	1990/1991	3,5	x	x
	2001/2002	10,6	7,9	13,5
Tertiary	1990/1991	12,9	x	x
	2001/2002	43,6	36,9	50,5

Source: GUS.

Note: (1) Basic vocational as a proportion of secondary vocational.

Table 10. Computers in Polish schools in 2001

	Poland	EU
Number of pupils per computer:		
Primary schools	44,0	13,2
Secondary schools (gymnasiums, general and vocational schools)	22,6	8,6
Number of pupils per computer with access to Internet:		
Primary schools	79,0	32,0
Secondary schools (gymnasiums, general and vocational schools)	26,1	14,9

Source: Ministry of Education and Sports.

Table 11. Equipment with durable goods in rural and urban areas, 1988 and 2002

		Total	Flats equipped in:					
			Water supply system	Toilet	Bathroom	Hot water	Central heating	Gas supply system
		In '000						
Urban	1988	7039,8	6678,9	5976,4	5797,6	5641,2	5123,4	4994,2
	2002	7954,1	7851,2	7527,0	7342,4	7069,9	6702,5	5964,9
Rural	1988	3677,0	2346,0	1687,0	1865,3	1826,1	1456,0	203,8
	2002	3809,4	3397,3	2834,5	2895,5	2690,4	2449,1	664,7
		% of total						
Urban	1988	100,0	94,9	84,9	82,4	80,1	72,8	70,9
	2002	100,0	98,7	94,6	92,3	88,9	84,3	75,0
Rural	1988	100,0	63,8	45,9	50,7	49,7	39,6	5,5
	2002	100,0	89,2	74,4	76,0	70,6	64,3	17,4
		1988=100						
Urban		113,0	117,6	125,9	126,6	125,3	130,8	119,4
Rural		103,6	144,8	168,0	155,2	147,3	168,2	326,1

Source: GUS, Census Results.

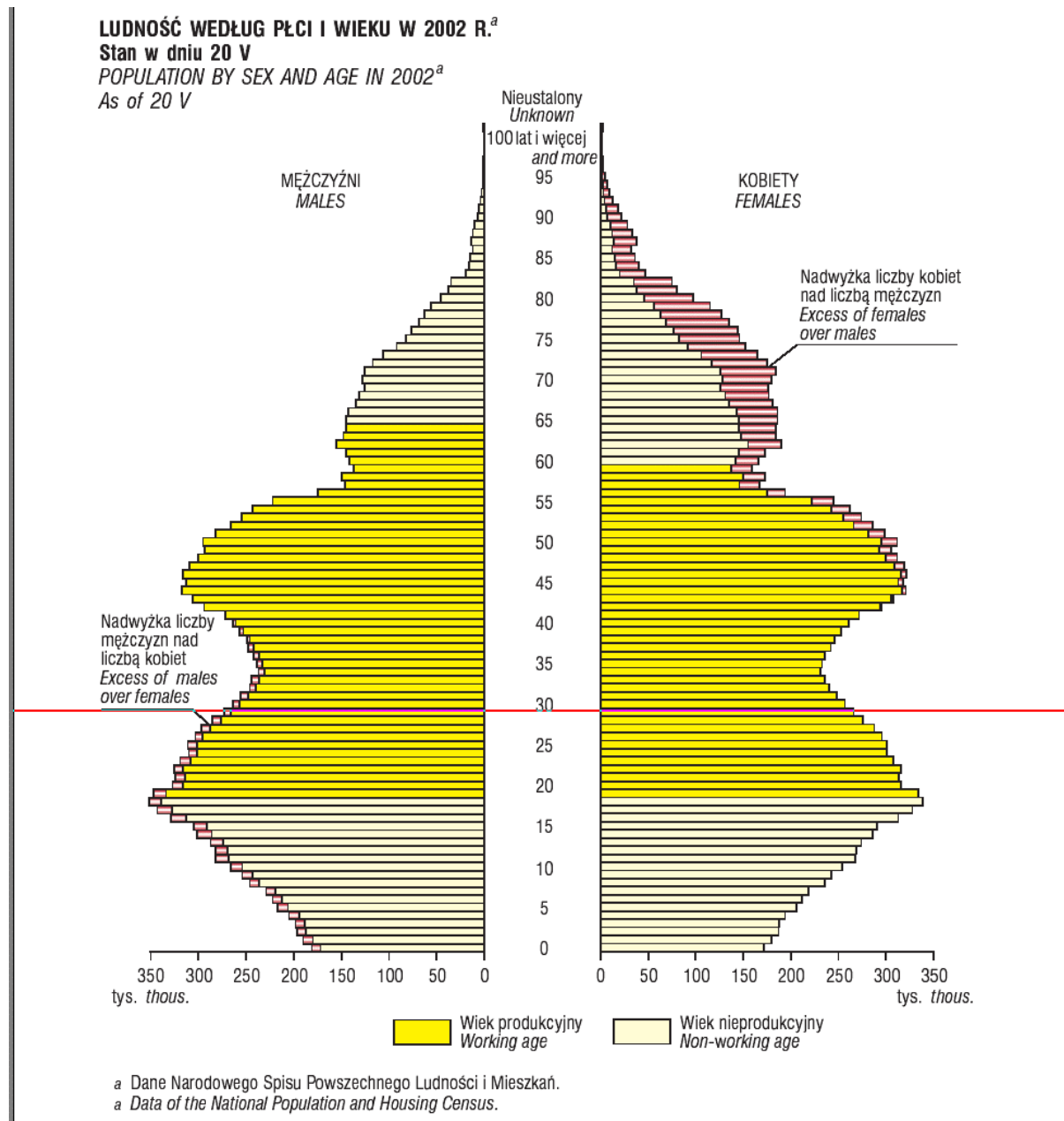
Table 12. Number of pensioners (in thousands) and gross monthly old-age pensions and disability pensions (in zloty)

	1999	2000	2001	2002
total	9453	9412	9311	9237
People covered by employees' social insurance system:	7524	7525	7469	7439
benefit amount	814	875	972	1039
How many receive old-age pension	3532	3574	3612	3691
benefit amount	932	1000	1106	1177
How many receive disability pension	2740	2678	2565	2438
benefit amount	666	717	794	847
How many receive survivor's pension	1252	1273	1292	1310
benefit amount	803	860	949	1008
Individual farmers:	1929	1887	1842	1798
benefit amount	563	602	679	700
how many receive old-age	1098	1056	1015	974

pension benefit amount	590	631	713	737
how many receive disability pension benefit amount	796	794	788	782
	529	566	639	660
how many receive survivor's pension benefit amount	35	37	39	42
	482	519	582	605

Source: GUS.

Figure 1. Population by sex and age in 2002



Source: Central Statistical Office (GUS).

ANNEX II: METHODOLOGICAL NOTES AND DEFINITIONS

1. Disability categories

General disability assessment is based on three levels of disability:

Severe level of disability is determined for a person who is not able to pursue an occupation envisaged for a fit (not disabled) person, but is able to take up a job in a sheltered employment facility or economic activation institution. Additionally, such a person requires permanent or long-term assistance owing to significantly limited possibilities of self-support. The decision on the level of disability does not exclude the possibility for such a person to take up a job outside both a sheltered employment institution and an economic activation one.

The **moderate level of disability** is determined for a person who having reduced physical ability may pursue an occupation on condition that the workplace will be adjusted to his/her needs and abilities. Additionally, such a person requires partial or temporary assistance on account of limited self-support possibilities.

The **minor level of disability** does not prevent disabled persons from pursuing the occupation chosen. Such a person may take up any occupation for which he/she is qualified. Minor level of disability determines the a person's capacity to support him/herself.

A separate assessment is made for the purpose of payment of disability pensions from the Social Insurance System (ZUS). This assessment covers employees who were covered by the social insurance system. The assessment is based on the assessment of ability to work. Decision on **total inability to work and to support oneself** is considered as a decision on a severe degree of inability to work. A decision on **total inability to work** is considered as a moderate degree of disability. A decision on **partial inability to work** relates to the decision on a minor degree of disability.

2. Definitions of poverty

In Poland several poverty threshold are used when assessing the poverty level, including:

Minimum subsistence level: estimated on the basis of a basket of goods and services which ensures meeting of only the most basic needs: modest food, housing expenses for a very small flat, replacement of the most basic household items and underwear, medical drugs and items required for obligatory school attendance. The basket does not include any needs related to performing one's job, communication, culture or leisure activities (not even television viewing). Because the minimum subsistence level, defined in this way, covers only the needs which must be met immediately and cannot be deferred, and for which consumption below the specified level leads to biological deterioration, the minimum subsistence level has been accepted as the line below which people live in *extreme poverty*.

Relative poverty line: half of the average equivalent expenditure of households in the country. For the purpose of setting relative poverty limits/threshold, it has been assumed that poverty is a situation where one experiences a relative shortage of funds to support oneself.

Statutory poverty line: the amount which, pursuant to current regulations of a relevant Act of Parliament (monthly net household income), gives one the right to apply for social benefits.

ANNEX III: DETAILED INFORMATION ON SOCIAL PROTECTION AND INCLUSION POLICIES

1. Social Insurance System

Social insurance schemes in Poland consist of:

- employees' social insurance system (so-called ZUS, after the Social Security Institution);
- farmers' social insurance (KRUS – Farmers' Social Insurance Fund).

In the case of ZUS, pension expenditure represented 91.5% of total expenditure in 2002. Similarly in KRUS, the bulk of expenditure covers pensions. The State budget subsidised around a quarter of ZUS expenditure and around 95% of KRUS pension expenditure.

Employees' social insurance system includes the following kinds of benefits:

- **Old-age pensions**
- **Disability pensions**
- **Survivor's pensions** are granted to children below the age of 18 (or 24 in the case of students) or widows and widowers that raise children below 18 or are not able to work or are over 50 years of age.
- **Sickness benefits** are equal to 80% of an individual's wage (average for the past 6 months prior to the month when inability to work emerged or for last 12 months if the wage considerably fluctuates). Employers finance the first 32 days of sick-leave in the calendar year, while the rest is financed from social insurance (up to a total of 180 days, when a person can claim disability pension if ability to work can be recovered due to further medical treatment).
- **Maternity benefits** equal to the 100% of parent's wage (net of social security contribution, computed on the basis of the average for the past 6 or for last 12 months if the wage considerably fluctuates prior to the maternity leave) are paid for a period of 16 weeks. Fathers can claim up to 4 weeks from this period.
- **Work-injury benefits** include lump-sum compensation, sickness benefits and work-injury pensions. They are financed from separate contributions paid by employers. From 2003 the contribution rate depends on the risk of work-injury or work-related illness in a given sector of industry. From 2004 the contribution rates will also depend on the risk for a given employer.

The range of benefits in the **farmers' insurance system** is similar to the ones in the employees' pension system. Benefits are indexed every year at the level of at least price inflation plus a fifth of the real growth in wages.

In 2002, in the ZUS system, the average pension to average wage (net of social security contributions) ratio was 48,7% (55,2% in the case of old-age pensions and 39,7% in the case of disability pensions). The minimum pension is guaranteed, currently at the level of 25% of average salary. In 2002, old-age pensions were paid to 3.48 million persons (48.8% of all pensions paid from ZUS).

The old-age pension reform covered persons that were born after 1948 (those born between 1949 and 1968 could decide whether they want to join the funded tier – 63% did so). All past pension rights were accrued in the form of initial capital, recorded on notional account. For those covered by the new scheme, all early retirement privileges were removed. Older persons, however, can still retire under the old rules. The retirement age still remains different for men and women (65 and 60 respectively).

2. Education – details on the programme improving access to education in rural areas

The Ministry of Education and Sports, together with the Ministry of Agriculture and Rural Development (MARD), has developed several programmes aimed at improving access to education in rural areas. These include designing the school network that would give preferential treatment to rural districts and would take into account the infrastructure development (that would be supported by the MARD); creation of secondary schools on the basis of some of the gymnasiums. Another priority is the improvement of the quality of rural teachers (providing them with scholarships as well as support in employment stabilisation). Investments are planned to improve the equipment of rural schools, with particular focus on access to Internet.

3. People with disabilities

Financing of the rehabilitation policies is based on a **quota-levy** system. The State Fund for Rehabilitation of Disabled People (PFRON) revenues come from the monthly payments from employers. Employers are obliged to pay if they employ at least 25 persons, of whom less than 6% are disabled. Additionally, PFRON receives payments from special sheltered employment facilities to the amount of 10% of the tax relief that these facilities receive.

Additionally, there are support activities in the form of activity workshops organised for the disabled. The workshops can be organised also by NGOs. Special rehabilitation trips are also organised, focusing on the improvement of physical and social abilities of the disabled.

In the case of **transport**, low-floored buses and trams, purchased by certain cities, improve the access of disabled persons to public transport. There are also specialised firms in urban areas providing disabled persons with transport services.

The **Construction law**, in force as from 1 January 1995⁷⁰, obliges investors to design and construct premises (public utility buildings and multi-family residential ones) adapted to the needs of disabled persons, especially those in wheel-chairs. However, the obligation to adjust existing public utility buildings to the needs of disabled persons in due course was not laid down.

Disabled persons have possibilities to improve their residential situation through a change of dwelling change, e.g. to one on the ground floor (these possibilities depend on the municipality or residential cooperative situation).

4. Areas of multiple deprivation

Additional benefits for laid-off workers, aimed at stimulating employment:

70 The Act of 7 July 1994, Construction law.

- (a) social allowance paid for the period of seeking work, but not longer than two years; the value of such benefit was 65% of monthly income;
- (b) free training;
- (c) lump-sum compensation for those that started employment or self-employment outside the mining sector; the amount of compensation depended on the length of time from the beginning of 1999 (when the programme started) to the time of starting new employment and varied from 14.4 times the average wage in the mining sector to 7.2 times the average wage;
- (d) unconditional lump-sum compensation for miners who opted out of other benefits; the amount of compensation varied from 24 times to 12 times the average wage in mining;
- (e) loan for starting a new business or preferential loans for employers creating jobs for redundant miners; and
- (f) free advisory services.