



# **ESPN Thematic Report on Social Investment Poland 2015**

A.Chłoń-Domińczak, A.Sowa, I.Topińska  
*January – 2015*



**EUROPEAN COMMISSION**

Directorate-General for Employment, Social Affairs and Inclusion  
Directorate D — Europe 2020: Social Policies  
Unit D.3 — Social Protection and Activation Systems

Contact: Valdis ZAGORSKIS

E-mail: [Valdis.ZAGORSKIS@ec.europa.eu](mailto:Valdis.ZAGORSKIS@ec.europa.eu)

European Commission  
B-1049 Brussels

**EUROPEAN SOCIAL POLICY NETWORK (ESPN)**

**ESPN Thematic Report on  
Social Investment**

**Poland**

**2015**

*A.Chłoń-Domińczak, A.Sowa, I.Topińska*

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## Contents

SUMMARY .....	6
1 ASSESSMENT OF OVERALL APPROACH TO SOCIAL INVESTMENT .....	8
2 ASSESSMENT OF SPECIFIC POLICY AREAS AND MEASURES / INSTRUMENTS .....	9
2.1 Support for early childhood development .....	9
2.1.1 Early childhood education and care.....	9
2.1.2 Family benefits (cash and in kind) .....	10
2.1.3 Parenting services .....	12
2.2 Supporting parents' labour market participation.....	12
2.2.1 Childcare.....	12
2.2.2 Long-term care .....	13
2.2.3 Maternal/paternal/parental leave schemes .....	13
2.3 Policy measures to address social and labour market exclusion.....	14
2.3.1 Unemployment benefits .....	14
2.3.2 Minimum income.....	15
2.3.3 Labour market policies and skills development.....	16
2.3.4 Social services .....	19

## Summary

This report reviews whether, and if so how, social policies in Poland have followed the aspirations set out in the EC Social Investment Package of 2013. First, the overall approach to social investment is discussed and then selected policies – childcare, parent’s labour market participation, skills enhancement, labour inclusion and income support – are examined. Main findings may be summarized as follows.

- **Strategies** – Poland does not have a separate social investment policy agenda but many ideas of the SIP are reflected in the NRPs and medium-term strategic documents adopted in 2013. Human Capital Development Strategy 2020 is the most important one. This strategy is comprehensive, paying attention to various dimensions of HC and its development at all stages of the life course.
- **Recent policies** – Despite a difficult fiscal situation and the need of reducing the state budget deficit, the government pursues social investment priorities related to early childhood development, family support (some aspects) as well as the improvement of education systems. Labour inclusion policies, support for the unemployed, lifelong learning, minimum income schemes and social services (specifically: long-term care), remain underdeveloped.
- **Early childhood** – A single comprehensive strategy on child policies does not exist and this makes coordination of various measures (ECEC, family benefits, parental leaves) rather weak. The government pays special attention to particular areas:
  - Establishment and maintenance of childcare facilities, both for children aged 0-3 and for preschools, have received strong support. Results are positive but Polish indicators are still far behind EU averages.
  - Targeting poor and/or large families with the family benefit system (increase of income thresholds, change of child tax credit and the birth grant rules) has been strengthened, but adequacy of benefits is debatable (low overall expenditure, low benefit rates, high child poverty/social exclusion).
- **Parents’ labour market participation** – In this area, policy measures are unbalanced; parental leave (visible improvement) and long-term care (underdeveloped). Specifically:
  - Paid parental leave has been improved (longer duration; new parental and strengthened paternity leave). The impact, especially on female employment, is still unknown. At the same time, a further revision of the rules is announced.
  - Long-term care needs improvement, as it still remains mostly a family obligation. At present, there are new initiatives in this area (a separate programme and a strategy).
- **Labour market and social exclusion** are addressed through ALMPs, unemployment benefits (UB), minimum income scheme/social assistance (SA), and some social services. Their role as social investment instruments remains ambiguous.
  - Effectiveness of the main UB scheme is debatable, as evidenced by the rules (inadequate attention paid to labour market arrangements and to low income earners) and impacts (low participation, high poverty figures among the unemployed).
  - SA provides mostly cash, income-tested benefits. Their rules call for revision (setting the thresholds, activation instruments), in light of the outcomes (poverty figures, coverage). Total expenditure fluctuates, with the latest increase having taken place in 2013. Reforms are discussed but have been put on hold.
  - The scale of the ALMPs is low. The share of participants among job seekers is below the EU average and it is declining. Participation of the long-term unemployed is less than 50%. It is concentrated on low efficiency interventions (public, intervention or socially useful works). Participation in LLL is half the EU average, with very low levels among those with the lowest skills and competencies.

- Social services remain less important within the SA (in terms of public expenditure and the number beneficiaries) than cash or in-kind measures.

## 1 Assessment of overall approach to social investment

Poland does not have a separate social investment policy agenda, however many of the ideas of the social investment package are reflected in current policies (as described in Section 2 of this report) and are included in the medium-term strategic documents adopted by the government in the period of 2010-2013, in particular the National Reform Programmes, Strategy of Human Capital Development 2020 (SRKL)<sup>1</sup> and the overall Medium Term Development Strategy 2020 (ŚSRK)<sup>2</sup>, which sets out the overall framework for economic and social development in Poland.

National Reform Programmes (NRPs) propose various activities of social investment character. They concern: education and care for children that would enable increased labour market participation of parents; development of social services at the community level; poverty alleviation; care for seniors and improvement in access to health care. Also, NRPs envisage measures to support labour market activation of young people as well as extending the working lives of those in the 50+ age group. Overall, NRP priorities relate to interventions at various stages of the life cycle, focusing on the most vulnerable ages and groups.

The main objective of the SRKL is to develop human capital by enhancing the potential of people so that they can fully participate in the social, political and economic life at all stages of their life cycle. In addition, the SRKL sets out five specific objectives:

- employment growth;
- prolonging working lives and ensuring better quality of life and functioning of the elderly;
- improving the situation of individuals and groups at risk of social exclusion;
- improving the health of citizens and to increase the efficiency of healthcare;
- raising the level of competence and skills of citizens.

Implementation of the main and specific objectives of the SRKL will involve actions taken at different stages of life, from early childhood through school, higher education, working life and parenthood, to old age. The implementation document of the SRKL<sup>3</sup> approved in 2014 sets out the range of measures aimed at achieving the objectives set out in the SRKL.

Despite fiscal consolidation and the austerity pressure, the government implements various social investment measures. They are not really coordinated nor treated as a package. Some of them are prioritized (childcare, education), others are not approached in an adequate way (long-term care, social housing). The current focus is on:

- improving access to pre-school education, with a gradual increase of mandatory coverage for pre-school education;
- enhancing family policies, including expansion of maternity, paternal and parental leaves, as well as modifications of some family benefits, specifically supporting large families;
- reforming the education system, focusing on improving educational outcomes and the quality of teaching as well as access to educational materials (such as a new programme of free textbooks for children).

The ŚSRK, SKRL and NRP 2014/2015 pay much attention to measures relating to the development of skills through lifelong learning. However, nurturing skills in the adult

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<sup>1</sup> <http://www.mpips.gov.pl/praca/strategie-i-dokumenty-programowe/strategia-rozwoju-kapitalu-ludzkiego-srkl---projekt-z-31072012-r/>

<sup>2</sup> [http://www.mir.gov.pl/rozwoj\\_regionalny/polityka\\_rozwoju/srk\\_2020/strony/srk\\_2020\\_aktywne\\_spoleczenstwo\\_konkurencyjna\\_gospodarka\\_sprawne\\_panstwo\\_zostala\\_przyjeta\\_przez\\_rm\\_25092012.aspx](http://www.mir.gov.pl/rozwoj_regionalny/polityka_rozwoju/srk_2020/strony/srk_2020_aktywne_spoleczenstwo_konkurencyjna_gospodarka_sprawne_panstwo_zostala_przyjeta_przez_rm_25092012.aspx)

<sup>3</sup> <http://www.mpips.gov.pl/praca/strategie-i-dokumenty-programowe/strategia-rozwoju-kapitalu-ludzkiego-srkl---projekt-z-31072012-r/>

population requires more attention, particularly in light of increasing retirement age to 67 for both men and women.

## 2 Assessment of specific policy areas and measures/instruments

### 2.1 Support for early childhood development

In recent years, Polish governments have been committed to enhancing policies aimed at early childhood development, following to a large extent social investment principles. This has been done by strengthening support for the establishment and maintenance of childcare facilities, encouraging the use of various forms of formal care, extending paid parental leave, better targeting the benefits and such. Results are positive but Polish indicators are still far behind EU averages. Unfortunately, a single comprehensive strategy on investing in children has not been drafted, and this makes coordination of various measures (parental leave, ECEC) rather weak.

#### 2.1.1 Early childhood education and care

Recent development of ECEC in Poland is definitely an important step forward in terms of social investment. Implementation of relevant measures has been widely supported by EU funded projects.

Care of children up to 3 years of age is organized and mostly financed at the local level, pursuant to the Act of February 2011, with a major amendment in 2013<sup>4</sup>. The Act has simplified the establishment of institutional care and diversified its forms, allowing a wider range of actors to set up care services, including nurseries, day-care centres/clubs, day-carers and baby-sitters. The amendment of 2013 lowered the financial burden of the local administration (*gmina*) /other entities from the 50/50 split between the central budget and local self-governments, to 80% (central budget) and 20% (local/non-government funding). As regards the quality of service provision, regulations of the Ministry of Labour and Social Policy of 2011-2014 stipulate certain standards (sanitary and lodging conditions, qualification of carers, children/carer ratio) but quality monitoring is rather weak, especially with respect to private facilities. Moreover, there are media reports on inappropriate or negligent care, discouraging parents from using childcare facilities.<sup>5</sup>

Since 2011, the development of formal care for children under 3 is supported by the state budget through a strongly promoted programme called *Maluch* ("Toddler"), with annual funding of PLN 101 million (€24 million)<sup>6</sup>. In 2015, *Maluch* will continue and expand. Its budget will increase to PLN 150 million and a new module called "Toddler at the university" (*Maluch na uczelni*) will be added.<sup>7</sup> Co-financing by the ESF, through the Human Capital Operational Programme, is important. In 2012, its objectives were revised in order to strengthen development of care facilities for the youngest children.<sup>8</sup>

In 2011-2014, total public spending on formal care for children 0-3 increased from PLN 375 million to 632 million, the number of all facilities increased from 571 to 2,041, and the number of places doubled. As a result, increase in the use of formal

<sup>4</sup> See the consolidated version of the Act <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20110450235>

<sup>5</sup> Notice lack of indicators in the OECD database and see for instance [http://m.edziecko.pl/edziecko/1,113253,12689042,Wlasciciele\\_zatrudniają\\_najtanszy\\_personel\\_przecietn\\_e.html](http://m.edziecko.pl/edziecko/1,113253,12689042,Wlasciciele_zatrudniają_najtanszy_personel_przecietn_e.html)

<sup>6</sup> See the official website dedicated for nurseries [www.zlobki.mpips.gov.pl](http://www.zlobki.mpips.gov.pl)

<sup>7</sup> State budget for 2015 (approved by the lower chamber of the Parliament in December 2014) [http://orka.sejm.gov.pl/opinie7.nsf/nazwa/2772\\_u/\\$file/2772\\_u.pdf](http://orka.sejm.gov.pl/opinie7.nsf/nazwa/2772_u/$file/2772_u.pdf) and <http://www.nauka.gov.pl/aktualnosci-ministerstwo/rusza-program-maluch-na-uczelni.html>

<sup>8</sup> See MRR (2013) *Szczegółowy opis priorytetów Programu Operacyjnego Kapitał Ludzki 2007-2013* [http://www.efs.men.gov.pl/attachments/article/579/SZOP\\_POKL\\_lipiec\\_2013.pdf](http://www.efs.men.gov.pl/attachments/article/579/SZOP_POKL_lipiec_2013.pdf) and [http://www.efs.gov.pl/Strony/lista\\_beneficjentow\\_POKL.aspx](http://www.efs.gov.pl/Strony/lista_beneficjentow_POKL.aspx)

care is visible (Bouget et al (2015), Annex 3, Table A3.1<sup>9</sup>) although still not satisfactory. It reached only 6% in 2012 (1-29 and 30+ hours combined), with part-time care remaining tiny, at the level of 1%. This had given Poland the rank of 21-23 in the EU (28% was the EU-28 average) but previous figures were much lower: 2% in 2010 (part-time was nil: 0%). It seems that many parents are reluctant to use formal care for children 0-3 either because it is not accessible (rural areas) and expensive, and/or because they find parental care preferable for child development (notice also the recent extension of parental leave). Therefore, while progress is noticeable, there is a need and room for further improvements.

Development of pre-school education for children 3-5/6 years old is based on modifications of the Education System Act of 1991, with the most important amendment being that of June 2013.<sup>10</sup> It assumes a larger state budget support and better coordination of financing of pre-school education (in principle, financed by local governments), aiming at full availability of places for all preschool children, and obligatory participation of 5-year olds in the preparatory programme (from 2014/2015). It also assumes 5-hour instruction a day free of charge, and a fee of max PLN 1 per every additional hour falling to parents. For all this, considerable funding is envisaged by the state budget: PLN 1,567 million (2014) and 1,652 million (2015).

Government efforts are less visible – and less successful – in ensuring equal access to childcare for vulnerable groups, namely for poor children, living in remote villages or for some deprived minorities. An amendment to the Education System Act, in force since January 2014, indicates obligatory criteria (formerly: discretionary) in admitting children to public kindergartens. The first criterion is residency in a given locality/gmina, and then – on the same basis – the disability of a child, a parent or a sibling, as well as living in a large, lone-parent or substitute family. Other criteria, including the employment status of parents and household income, are only optional.<sup>11</sup>

For children between 3 and compulsory school age, SILC 2012 indicates 36% coverage mainly in full time (26%), with the EU-28 average at 83% (PL ranks in the EU as low as 23) – Annex, Table A3.2. National statistics show a clear trend towards improvement. In 2009/10 there were 84,000 facilities and 60% enrolment of children aged 3-5 and in 2013/14 the coverage reached 74%, and the number of facilities almost 10,500. But significant inequalities (regional, urban-rural) still persist, access of disadvantaged children to pre-school education is inadequate (only 1% of disabled children among the enrolled, with no improvements), and kindergarten shortages in large cities make accessing them painful.<sup>12</sup>

### 2.1.2 Family benefits (cash and in kind)

The Polish family benefit system cannot be seen as a successful measure of social investment. Firstly, the benefit rates seem inadequate. Secondly, the level of public expenditure on family benefits is very low and benefit effectiveness in reducing child poverty is weak. Thirdly, a bias towards supporting large families (mainly as an answer to the demographic challenges) is evident.

Family benefits are provided mainly in cash. They include: family allowance with supplements; birth grant (one-off payment upon childbirth); special maintenance payment for single parents (called alimony); and benefits paid in case of disability, such as the allowance to parents who are inactive and taking care of a disabled person. Income support is also provided implicitly in the form of child tax credits, as payments of social security contributions for caregivers, and price reductions for large

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<sup>9</sup> Bouget, D., Frazer, H., Marlier, E., Sabato, S. and Vanhercke, B. (2015), Social Investment in Europe: A study of national policies, Annex 3 – Selection of indicators, European Social Policy Network (ESPN). Brussels: European Commission.

<sup>10</sup> <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20130000827>

<sup>11</sup> <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20140000007>

<sup>12</sup> GUS (2013) *Oświata i wychowanie w roku szkolnym 2012/2013* and Local Data Bank [www.stat.gov.pl](http://www.stat.gov.pl), <http://strateg.stat.gov.pl/Home/Strateg#>, the reports by the Supreme Audit Office and media.

families. In-kind benefits targeted specifically at children are hard to find. There are meals provided by the Food Programme for the poor (mostly children), and fruits and milk distributed at schools under special programmes. In-kind support (food, clothes) is also provided by various NGOs (very active in this field) or at schools (meals at schools, textbooks – though limited).

Main cash benefits – specifically family allowance and its supplements – are income-tested, with exceptions, pursuant to the Act on Family Benefits of 2003.<sup>13</sup> This selective approach was strengthened in 2013, with new income tests implemented for the birth grant and the child tax credit (formerly universal)<sup>14</sup>. In the latter case, new restrictions have not affected families with 2+ children. On the contrary, changes to the benefit levels (higher child tax credit, increased once again in 2014) put these families in a better position.

Income testing has provoked controversies regarding the level and method of setting the thresholds. In 2004-2012, thresholds for family allowance were kept unchanged, despite Trade Unions' and experts' criticisms,<sup>15</sup> and against statutory rules. Only in November 2012 were these thresholds raised, with the next increase taking place in 2014. Current thresholds are now higher than the subsistence minimum<sup>16</sup>, while they were lower before. At the same time, the family allowance rate is very low (PLN 77-115, or €18-27 per month, depending on the child's age), and this remains an issue. Additionally, benefit levels for caregivers of disabled family members, recently revised, led to serious tensions and protests.

In recent years, the number of families receiving benefits was declining, down to 1.99 million in 2013. This decline is mostly due to the demographic trends. The same holds true for recipients of family allowances (1.4 million in 2010, 1.2 million in 2013), despite the increase in income thresholds. Public expenditure on child/family benefits is low. For years it has been and remains amongst the lowest in Europe (2012: 0.8% of GDP, 2011: 1.3% of GDP<sup>17</sup>). The effectiveness of benefits in reducing child poverty is weak.

The totality of social transfers (excluding pensions) reduce the child AROP rate by less than 7 pp, giving Poland the third worst rank in the EU (Annex, Figure A1). At the same time, child poverty/social exclusion is high, visibly higher each year than the country's total population average. Moreover in 2013, the AROP and AROPE rates for children under 18 were also higher than in the previous year: the AROP rate was 23.2%, whilst the AROPE rate reached 29.8% (2012: 21.5% and 29.3%, respectively) – see Annex Tables A5, A6. The same trends occur in persistent poverty (2012: 12.5%, 2011: 14.2%) as well as in the share of children living in quasi-jobless households (2013: 5.0%, 2012: 4.6%) – see Annex Tables A9, A8. Figures for severe material deprivation look different. The share of children severely deprived (2013: 11.5%) is lower than that of the total population (11.9%), and this indicator is improving over time.

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<sup>13</sup> Consolidated version – see <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20061390992>

<sup>14</sup> For taxation – see the Act on Personal Income Tax of 1991, as amended <http://isap.sejm.gov.pl/DetailsServlet?id=WDU19910800350>

<sup>15</sup> See the parliamentary debates in 2008-2009 <http://orka2.sejm.gov.pl/IZ6.nsf/main/65D51036>, Trade Unions statement <http://www.gazetaprawna.pl/drukowanie/322570>, as well as the intervention of the Tripartite Commission followed by the government reaction [www.premier.gov.pl/rzad/decyzje\\_rzadu/id:5590/](http://www.premier.gov.pl/rzad/decyzje_rzadu/id:5590/)

<sup>16</sup> Subsistence minimum is regularly computed by the Institute of Labour and Social Studies for selected family categories, using a basket approach. Level of the minimum should be considered for setting the thresholds for the income tested benefits. In 2012-2013, subsistence minimum was equal to PLN 420-460 per month (2012), and PLN 440-480 (2013), depending on the family type (higher for singles) - see <https://www.ipiss.com.pl/?zaklady=minimum-egzystencji-2>. Thresholds for family allowance were set at PLN 539 in Nov 2012, and PLN 574 in Nov 2014 (higher in case of child disability).

<sup>17</sup> Eurostat database; 2012 figures are provisional. Figures in Bouget et al (2015), Annex 3, Table A2 for PL are hard to interpret.

### 2.1.3 Parenting services

Parenting services are not well developed in Poland. At present, they take the following forms: (i) midwives provided to mothers of new-borns, and (ii) family assistants aimed at providing support for vulnerable families.

Pursuant to regulations of the Minister of Health<sup>18</sup>, midwives are obliged to visit mothers who have returned home from hospital with their new-born babies (4-6 visits during two months), to check their health conditions and to advise them on baby care. Midwives' services are also provided to women during their pregnancy. Fathers can participate in (payable) training sessions, on a voluntary basis. Public campaigns are used to encourage fathers to undertake their parental role.

Family assistants are appointed by the municipal social assistance centres for families at risk (vulnerable, marginalized) to support them in solving all kinds of everyday life problems, including parenting. This is in keeping with the Act on family support and substitute care of 2011<sup>19</sup> which stipulates the voluntary appointment of family assistants until the end of 2014, and obligatory starting from 2015. In 2013, the number of family assistants was 3,000 (43% more than in 2012), and over 30,000 families received support (120% more than in 2012)<sup>20</sup>. But overall the impact of family assistants is limited to the specific group of the needy.

## 2.2 Supporting parents' labour market participation

### 2.2.1 Childcare

With regards to the links between childcare and parents' labour market participation, two points are important.

First, development of any form of formal childcare is introduced in the Polish public debate mainly as a tool for increasing employability, especially female labour market participation. This perspective follows the recent CSRs for Poland saying that the country should "continue efforts to increase female labour market participation, in particular taking further steps to increase availability of affordable quality childcare and pre-school education and ensuring stable funding". Unfortunately, such a narrow approach is prevailing. Other arguments, such as strengthening equality, positive impact on child development or improvement of opportunities at later stages of life, are rarely used.

Second, there are legal arrangements that governing companies' involvement in childcare provision (effective since 2009).<sup>21</sup> They state that care facilities may be established by (public) firms, assuming they are financed out of the enterprise fund of social benefits (*zakładowy fundusz świadczeń socjalnych*). Effectiveness of this legal framework is debatable. This may be seen through the *exposé* of the Prime Minister Ewa Kopacz in October 2014, who declared that the government would pay special attention to the development of "company childcare facilities" supporting it with the CIT reductions and EU funds, and allocating PLN 2 billion in 2015-2020<sup>22</sup>.

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<sup>18</sup> Regulation of October 2005 <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20052141816> and another one by the President of NFZ of December 2010 [http://www.nfz.gov.pl/new/art/4292/074\\_2010\\_DSOZ.pdf](http://www.nfz.gov.pl/new/art/4292/074_2010_DSOZ.pdf)

<sup>19</sup> <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20130000135>

<sup>20</sup> <http://www.mpips.gov.pl/wsparcie-dla-rodzin-z-dziecmi/opieka-zastepcza-nad-dzieckiem/sprawozdania-z-realizacji-ustawy-o-wspieraniu-rodziny-i-systemie-pieczy-zasteczej/informacja-rady-ministrow-o-realizacji-w-roku-2013-ustawy-z-dnia-9-czerwca-2011-r-o-wspieraniu-rodziny-i-systemie-pieczy-zasteczej-dz-u-z-2013-r-poz-135-z-pozn-zm/>

<sup>21</sup> *Ustawa z dnia 6 grudnia 2008 r. o zmianie ustawy Kodeks Pracy oraz niektórych innych ustaw* and *Ustawa z dnia 4 marca 1994 r. o zakładowym funduszu świadczeń socjalnych*  
<http://isap.sejm.gov.pl/DetailsServlet?id=WDU19940430163>

<sup>22</sup> <https://www.premier.gov.pl/expose-premier-ewy-kopacz-stenogram.html>

### 2.2.2 Long-term care

Long-term care is provided mainly within the family, reasons for which include tradition but also poor supply of care. This has a negative impact on the employment rate of women in their 50s and early labour market exit due to provision of care to dependent elderly parents or grandchildren. Though the employment rate of females aged 55-64 increased in 2010-2013, from 24.2% to 31.0%<sup>23</sup>, it remains much below the EU average of 43.3%.

The proportion of older people (65+) in the population is still low (14.2%<sup>24</sup> in 2013), but it is expected to increase rapidly over the next two decades. According to the results of the PolSenior survey, approximately 40% of the population 65+ is in need of daily care, but less than 10% receives support in the form of care services<sup>25</sup>.

Underdevelopment of community services of daily care and home care for the elderly has been discussed among the experts and policy makers pointing to the need for adequate regulations and funds for advancement of this type of care. Growing needs for community care have been addressed by the Ministry of Labour and Social Policy in late 2013 by establishing a strategic document entitled "Assumptions for the long-term policy for seniors for the period of 2014-2020 (*Założenia długofalowej polityki senioralnej na lata 2014-2020*)<sup>26</sup> aimed, amongst other things, at development of care services, home care support, support of informal care providers and their labour market participation. An initiative in line with this strategy is a governmental programme, "Senior-Wigor"<sup>27</sup>, announced late in 2014 and supervised by the Ministry of Labour. The programme foresees the creation of day care centres and seniors' clubs in local communities providing rehabilitation and care. First centres are planned to be launched in the most deprived areas. The budget for the project is PLN 360 million and by the end of 2015, 100 centres should be opened. At the moment the programme is undergoing a social consultation process.

Support for carers of the elderly and disabled children is targeted with financial means – care benefit (*zasiłek opiekuńczy*) – rather than enabling their labour market participation. The need for increases in the amount of the benefit has been a subject of protests undertaken by carers in recent years, while only few voices took up the issue of other types of carers' support.

### 2.2.3 Maternal/paternal/parental leave schemes

Birth and raising a child strongly affects labour market opportunities, especially of women. The employment rate of women (aged 15-49) with children is significantly lower than of women without children and men. Raising a child younger than 6 strongly impacts women's employment, making for a rather stable gender employment gap equal to approx. 30 pp (rates: 86.7% for males, 57.5% for females raising a child below 6 years of age, 2012)<sup>28</sup>.

Recently, parental leave have been strengthened. Main policy change with respect to parental leave was introduced in 2013 when the period of maternal leave was extended ensuring its higher flexibility, a new parental leave was introduced and fathers' entitlements to parental leave were enlarged. Maternity leave (*urlop macierzyński*) is composed of basic and optional parts. The basic part lasts from 20 weeks for the birth of one child and up to 37 weeks for quintuplets or more children.

<sup>23</sup> Labour Force Survey statistics – *Badanie Aktywności Ekonomicznej Ludności IV kwartał 2014*

<sup>24</sup> Eurstat, demo\_pjanind

<sup>25</sup> Błędowski P., *Problemy opieki nad osobami niesamodzielnymi w świetle badania PolSenior*, [http://niesamodzielnym.pl/wp-content/uploads/2013/06/Problemy\\_opieki\\_Bledowski.pdf](http://niesamodzielnym.pl/wp-content/uploads/2013/06/Problemy_opieki_Bledowski.pdf)

<sup>26</sup> <http://www.mpips.gov.pl/seniorzyaktywne-starzenie/zalozenia-dlugofalowej-polityki-senioralnej-w-polsce-na-lata-20142020/>

<sup>27</sup> <http://www.mpips.gov.pl/bip/projekty-aktow-prawnych/projekty-programow-i-inne/projekt-programu-senior-wigor/>

<sup>28</sup> Eurostat, based on LFS [http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search\\_database](http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database)

The optional part has been extended by 2 weeks: up to 6 weeks for the birth of one child or 8 weeks for the birth of two or more children. Importantly, the optional part of the leave may be taken by the father. Additionally, paternal leave (*urlop ojcowski*) may be taken for a maximum period of 2 weeks in the first year after the child's birth. Immediately after the period of maternal leave, parental leave (*urlop rodzicielski*) can be taken for a maximum period of 26 weeks. This can be taken either by a mother, a father, or both parents.

The amount of maternal benefit paid depends on the duration of maternity leave. It is 100% of the last wage if a mother stays on maternity for 6 months and the share decreases to 60% if maternity leave is extended for up to 12 months. If a parent decides in advance to use the whole period of one year maternity leave, the benefit equals to 80% of the last wage. It is also possible to combine parental leave with part time employment – in this case a parent receives 50% of the maternal benefit.

Late in 2014, the Ministry of Labour announced that the rules for taking up leave will be simplified and the three described forms of leave (maternity leave of 20 weeks, additional maternity leave of 6 weeks and parental leave of 26 weeks) will be merged into one leave. The Prime Minister in her exposé of October 2014 also stated that the right to maternity and parental leave will be extended to further groups of parents: the unemployed, working on civil contracts, students and farmers. Furthermore, the use of parental leave among fathers is to be promoted. Currently fathers are entitled to 2 weeks of father's leave, but they rarely take it.

The impact of the changes introduced on female labour activity, especially the extension of maternal/parental leave remains unknown, as the time elapsed since the introduction of the new regulations is too short. Recent reports show <sup>29</sup> that the number of women on maternity leave increased by 123% in the first quarter of 2014 compared to the same period of the previous year. While on maternity, women are still counted as "employed", and this results in an increase in the employment rate, but it is unknown whether they will return to the labour market after maternity leave (these effects might be evaluated in 2015). At the same time, extended maternity leave might result in the increase of fixed-term employment – undertaken as a replacement for women on maternity. The share of employed on fixed-term contracts has been stable over the period of 2010-2013, although it remains the highest in the EU (26.8% of total employment compared to an EU average of 13.8<sup>30</sup>). Flexible employment is not common, accounting on average for 8%<sup>31</sup>, though it is twice as high among women compared to men.

## 2.3 Policy measures to address social and labour market exclusion

### 2.3.1 Unemployment benefits

Unemployment benefit (UB) is the main cash support paid to the registered unemployed. Other cash support for the unemployed includes stipends paid during trainings; so called activation allowance; payments of pension, work accident and health contributions and some others. Effectiveness of the main scheme is debatable, and so is its role as a social investment instrument. This is evidenced by the UB rules, especially if confronted with the situation in the labour market, as well as by the statistical indicators – poverty figures in particular.

UB rules are more advantageous for people with a long employment record (higher rates), for seniors aged 50+ (longer benefit duration), caring for a dependent child (longer benefit duration), living in a region/*poviat* of high unemployment (longer

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<sup>29</sup> Narodowy Bank Polski, *Kwartalny raport o rynku pracy w II kw. 2014 r, No 03/2014*, (September 2014), [http://www.nbp.pl/publikacje/rynek\\_pracy/rynek\\_pracy\\_06\\_2014.pdf](http://www.nbp.pl/publikacje/rynek_pracy/rynek_pracy_06_2014.pdf)

<sup>30</sup> Eurostat, *lfsa\_etpga*

<sup>31</sup> Eurostat, *lfsa\_eppga*

benefit duration) and in some other cases<sup>32</sup>. But they “discriminate” against the unemployed who previously worked on contracts based on the Civil Code (contracts for mandate, *umowy o dzieło*, and in many cases contracts for specified tasks, *umowy zlecenia* – both are numerous in Poland) and to some extent against low earners.

In general, eligibility requires having (i) officially approved unemployment status, (ii) no suitable job, (iii) an unemployment contribution period of at least 365 days in the last 18 months earning at least the minimum wage (some exceptions). Benefit is paid for 6 months, and for up to 12 months for selected groups (enumerated in the previous paragraph). Unemployed may also apply for social assistance cash support (unemployment is one of the preconditions), assuming they pass a household income test.

The benefit level attracts more attention. The UB rate is set gross, and – importantly – it is indexed with inflation every year. This rate is differentiated: it is higher during the first three months of the benefit payment (currently PLN 831.10/month) and lower afterwards (currently PLN 652.60/month). This rate is also 20% higher for the unemployed with an employment record of at least 20 years, but 20% lower if the employment record is shorter than 5 years. In any case, the benefit rate is notably lower than the minimum wage (PLN 1680 in 2014, PLN 1750 in 2015), but higher than the subsistence minimum or social assistance benefits. The UB/average wage (PLN 3783.46 in 2014) ratio is only 22% in the first months of payments, and 17% afterwards.

At the end of 2013, 13.8% of the registered unemployed were eligible for unemployment benefit (16.8% at the end of 2012)<sup>33</sup>, and this share seems low. Payments of all cash benefits are made out of the Labour Fund, accounting for over 50% of its total budget in 2012-2013<sup>34</sup>. At the same time, social protection benefits paid to the unemployed absorbed 0.3% of GDP (2012, see Annex Table C1), less than in most EU countries. The government intends to strengthen ALMP, and these shares could be lower in the future.

All this does not provide adequate protection against poverty (see Annex Tables C15 and C15a). At-risk-of-poverty rate among the unemployed reaches as high as 43.7% (SILC 2013, people aged 16-64) and is 4 times higher than the employed rate (10.8%). In the previous years, this proportion was similar (SILC 2012, 42.6% and 10.4%; 2011, 43.7% and 11.2%, respectively).

### 2.3.2 Minimum income

Social assistance (SA) is the most important “minimum income” scheme in Poland<sup>35</sup>. Examination of the statistics and regulations show that its effectiveness is rather low and coordination with other schemes, such as family allowance or unemployment benefit (in terms of the governance, benefit indexation, eligibility rules), is weak. Therefore, it cannot be seen as a well-developed social investment instrument.

SA is based on the Act on Social Welfare of 2004, revised several times.<sup>36</sup> It provides for cash and non-cash benefits. The main cash benefits are income-tested and they are granted if at least one of the additional vulnerability conditions is met (such as poverty, orphanhood, homelessness, disability, unemployment, long-lasting illness, domestic violence and like). Benefit period may be unlimited (for permanent benefits – paid only in case of work incapacity due to old age or disability) or limited (for

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<sup>32</sup> Rules of the unemployment benefit are effective from 2010. They may be found in the Act on promoting employment... of 2004, as amended <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20130000674>

<sup>33</sup> MpiPS (2014) *Rynek pracy w Polsce w roku 2014* <http://www.mpips.gov.pl/analizy-i-raporty/raporty-sprawozdania/rynek-pracy/sytuacja-na-ryнку-pracy/rynek-pracy-w-polsce-w-2013-roku/>

<sup>34</sup> 55% in 2012, 52% in 2013 <http://www.mpips.gov.pl/praca/fundusz-pracy/zestawienie-przychodow-i-wydatkowfp-za-lata-2005-2011-i-plan-2012/>

<sup>35</sup> Housing allowances and social pensions are sometimes listed among income supporting schemes, too.

<sup>36</sup> *Ustawa z dnia 12 marca 2004r. o pomocy społecznej* <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20040640593>

temporary benefits – paid in case of unemployment, long-term illness), remaining at the discretion of a social worker. Non income-tested support may be granted as well, mostly in the form of in-kind benefits or services (meal, fuel, shelter, long-term care). Financing is shared by the state and local budgets, depending on the type of benefit provided.

The income threshold used for testing eligibility depends on the number of household members of the applicant, and is higher for singles than for those living in larger households. In 2006-2012, the thresholds as well as the benefit rates were kept unchanged. In 2010, they became lower than the subsistence minimum for a single person. There was considerable public opinion pressure to increase them in line with the legislation, and the Tripartite Commission officially requested the revision, but the government did not react positively. Only at the end of 2012 was the threshold set at a higher level, this time equal to the subsistence minimum: PLN 542 for singles and PLN 456 for larger households. Additionally, the revision called for the setting of the threshold to be no longer discretionary, but a compulsory adjustment in line with inflation every three years. Such a revision will come into effect in 2015, but the current subsistence minimum for families with older children is already higher than the relevant threshold.

Most problematic, however, is the level of the SA benefits, which is set as the difference between the threshold and the applicant's income and perceived as too low (below the subsistence minimum). Sometimes, payments are delayed or limited due to lack of funds. Moreover, the provision of benefits does not encourage beneficiaries to become more active, despite some available instruments (social contracts, for instance). All this shows that SA adequacy is debatable. Recent attempts to reform SA were not successful<sup>37</sup>.

Overall expenditure on social assistance is low by European standards. In 2010-2011, it was relatively stable, reaching 0.2% of GDP, but it declined to 0.1% in 2012. In 2013, this was reversed and a considerable increase of SA expenditure was observed, overall by 16% (in current prices), much more than the GDP growth. In 2013, SA served 1.99 million recipients (more than in 2012) or 5.2% of the population (5% in 2012) but there are regions where this share reached 8.8% (Warmińsko-Mazurskie, one of the poorest provinces/voivodships).<sup>38</sup> These shares are low compared to the after transfers at-risk-of-poverty rates and the persistent at-risk-of-poverty rates (SILC 2012: 17.1% and 10.7%, respectively – see Annex Table C10). And total social transfers (excluding pensions) reduced the at-risk-of-poverty rate by 5.7 percentage points (SILC 2013) which is less than in previous years and less than in the EU-28 (9.1 percentage points).

## 2.3.3 Labour market policies and skills development

### 2.3.3.1 Active Labour Market Policies

ALMPs in Poland are financed from the Labour Fund. They include, amongst others, measures aimed at skills development of the unemployed (training, internships, on-the-job training, education of youth workers). The Labour Fund also finances the cost of specialization and training of doctors.

In 2010, expenditure on ALMPs amounted to 0.6% of GDP, compared to 0.3% of GDP in 2011 (Annex Table C3). In 2013, the total level of ALMP without the cost of doctors' training was PLN 3.8 billion, which is the equivalent of 0.23% of GDP, making up

<sup>37</sup> In 2013, the concept of the reform was drafted and, after the debate, turned into two versions in 2014. <http://www.mpips.gov.pl/bip/projekty-aktow-prawnych/projekty-ustaw/pomoc-spoeczna/projekt-zalozen-projektu-ustawy-o-zmianie-ustawy-o-pomocy-spoecznej-oraz-niektorych-innych-ustaw/> Both were rejected due to the opposition of the Ministry of Finance <http://praca.gazetaprawna.pl/artykuly/844039,reforma-pomocy-spoecznej-coraz-bardziej-sie-oddala.html>

<sup>38</sup> Data on 2013' expenditure and benefit recipients are from GUS(2014), *Pomoc społeczna i opieka nad dzieckiem w 2013r.* and previous editions <http://stat.gov.pl/obszary-tematyczne/warunki-zycia/ubostwo-opieka-spoeczna/pomoc-spoeczna-i-opieka-nad-dzieckiem-i-rodzina-w-2013-r-10,5.html> The number of beneficiaries comprises recipients of any type of SA benefits (cash, in kind, services).

34.5% of the total Labour Fund expenditure. Out of this amount, PLN 208 million was spent on training, PLN 1.24 billion on grants during work internships or study and 271 million on financing the education of youth workers.<sup>39</sup> Decline in the level of ALMPs expenditure was accompanied by an increase in the number of registered unemployed: 1.9 million in December 2010, almost 2 million in December 2011, 2.1 million in 2012 and almost 2.2 million in 2013. The share of long-term unemployed (LTU) in total unemployment increased to 56% (2013) from 48% (2011-2012).

In 2013, 194,200 people participated in work internships, of which 65.8% found a job. In the same year, 85,000 people participated in training financed by the Labour Fund, and 47.6% of them found a job.<sup>40</sup> In the same year, 214,000 thousand LTU participated in ALMPs, which was 45% of all unemployed participating in such programmes. Higher share of LTUs participated in public works, intervention works or socially useful work organised by local authorities. The number of LTUs participating in ALMPs in 2013 increased by 14,300 people or 7.2% compared to the previous year.<sup>41</sup>

The declining level of ALMP expenditure and the rising number of unemployed also leads to the fast decline of the indicator showing the number of LMP participants per 100 people wanting to work, which dropped from 27.4 in 2009 to 20.1 in 2010 and 17 in 2011.

There are many shortcomings of the activities of public employment services in Poland – dominance of passive policies, low outsourcing of LMPs provision to non-public providers, low number of job counsellors relative to the number of unemployed, overburden of the PES with the work related to servicing healthcare insurance – which limit the scale and efficiency of active labour market policies. In order to reduce some of these shortcomings a reform of the labour offices and revision of the activation measures of the unemployed was implemented in 2014, with the enactment of the amendment to the Act on the Promotion of Employment. New measures include: client profiling; strengthening cooperation between various government and nongovernment agencies; implementation of new activation instruments (client advisors, vouchers for trainings); establishment of the National Training Fund (*Krajowy Fundusz Szkoleniowy*); and some others.

### **2.3.3.2 Forecasts of skills demand and supply**

The Ministry of Labour and Social Policy in Poland initiated development of the system of forecasting of labour demand and supply that was developed by the Institute of Labour and Social Studies. The portal of the system will soon be available through the website of the Ministry. Furthermore, there are numerous regional and local initiatives developing forecasts of skills demand and supply, developed by local governments at regional or *poviat* level.

### **2.3.3.3 Analysis of emerging trends at sectoral level and development of sectoral skills councils**

From 2015, sectoral skills councils will be established. The role of the councils will be to monitor and analyse trends related to skills development and demand at sectoral level. As part of the development of the qualifications system and Polish Qualifications Framework, sectoral qualifications frameworks will be developed. Sectoral frameworks

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<sup>39</sup> State budget report of 2013 - see <http://www.mf.gov.pl/ministerstwo-finansow/dzialalnosc/finanse-publiczne/budzet-panstwa/wykonanie-budzetu-panstwa/sprawozdanie-z-wykonania-budzetu-panstwa-roczne/>

<sup>40</sup> These are gross efficiency measures, i.e. they don't take into account the probability of finding a job without participation in the ALMP. <http://www.mpips.gov.pl/analizy-i-raporty/raporty-sprawozdania/rynek-pracy/efektywnosc-podstawowych-form-promocji-zatrudnienia-i-aktywizacji-zawodowej-w-latach-2007-2009/efektywnosc-podstawowych-form-aktywizacji-zawodowej-realizowanych-w-ramach-programow-na-rzecz-promocji-zatrudnienia-lagodzenia-skutkow-bezrobocia-i-aktywizacji-zawodowej-w-2013-rok/>

<sup>41</sup> Ministry of Labour and Social Policy, Unemployed above 12 months and long-term unemployed in 2013 <http://www.mpips.gov.pl/analizy-i-raporty/raporty-sprawozdania/rynek-pracy/ezrobotnipozostajcybezpracypowyej12miesicyodmomentuzarejestrowaniasiorazdugotrwarebezrobotni/rok-2013/>

define in broad terms the characteristics of knowledge, skills and competencies required for sectoral qualifications<sup>42</sup>.

#### **2.3.3.4 Perspective for Lifelong Learning**

As a part of the implementation of the Polish mid-term strategy, the following documents were adopted by the Council of Ministers: Strategy for Human Capital Development (adopted on 18 June 2013)<sup>43</sup> and Perspective for Lifelong Learning (PLLL), (adopted on 10 September 2013)<sup>44</sup>. The PLLL sets policies, which include measures for:

- learning in different contexts (formal, non-formal and informal)
- learning at all stages of life, from early to old age,
- supporting identification, assessment and validation of learning outcomes.

#### **2.3.3.5 On-going research**

Poland participates in the OECD coordinated research monitoring the development of competencies, which include most importantly PISA<sup>45</sup> and PIAAC<sup>46</sup> surveys. There are also national initiatives which focus on the assessment of skills formulation, demand and supply, including the Balance of Human Capital Survey (BKL).<sup>47</sup> The Educational Research Institute currently conducts the follow-up to the PIAAC survey. The ERI also launched the development of graduate tracer surveys for higher education institutions (pilot activities to develop methodology of monitoring using the social security data)<sup>48</sup>, as well as the survey of VET school-leavers<sup>49</sup>.

#### **2.3.3.6 Classification of Skills and Competencies**

The Ministry of Labour and Social Policy developed a database of standards of competence and qualifications and modular training programs. The database contains:

- standards of professional competence for 300 occupations / specializations,
- professional qualification standards for 253 occupations / specializations
- modular vocational training programs designed to implement training for 257 identified set of competencies.

#### **2.3.3.7 Polish Qualifications Framework**

The development of the Polish Qualifications Framework (PQF) was initiated in 2008. The referencing report, discussing the PQF proposal and its link to the European Qualifications Framework (EQF) was presented to the Advisory Group on the EQF in May 2013<sup>50</sup>. The Polish Qualifications Framework distinguishes eight levels of qualifications. The new national qualifications register is planned to be established from 2016.

#### **2.3.3.8 Developing dialogue between labour market and education institutions**

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<sup>42</sup>[http://www.kwalifikacje.edu.pl/images/download/konf\\_regionalne/Wroclaw2014/Sektorowe\\_Ramy\\_Kwalifikacji.pdf](http://www.kwalifikacje.edu.pl/images/download/konf_regionalne/Wroclaw2014/Sektorowe_Ramy_Kwalifikacji.pdf)

<sup>43</sup> <http://www.mpips.gov.pl/praca/strategie-i-dokumenty-programowe/strategia-rozwoju-kapitalu-ludzkiego-srkl---projekt-z-31072012-r/>

<sup>44</sup> <http://www.men.gov.pl/index.php/uczenie-sie-przez-cale-zycie/770-perspektywa-uczenia-sie-przez-cale-zycie>

<sup>45</sup> [http://www.ibe.edu.pl/images/prasa/PISA-2012-raport\\_krajowy.pdf](http://www.ibe.edu.pl/images/prasa/PISA-2012-raport_krajowy.pdf)

<sup>46</sup> <http://eduentuzjasci.pl/images/stories/publikacje/ibe-raport-PIAAC-2013.pdf>

<sup>47</sup> <http://bkl.parp.gov.pl>

<sup>48</sup> <http://eduentuzjasci.pl/badania/110-badanie/205-monitorowanie-losow-absolwentow-uczelnivyshych.html>

<sup>49</sup> <http://eduentuzjasci.pl/badania/110-badanie/1140-badanie-losow-absolwentow-szkol-zawodowych.html>

<sup>50</sup> <http://www.kwalifikacje.edu.pl/en/publications/574-polish-referencing-report>

The dialogue between the labour market and educational institutions in Poland is currently weak. In order to support the development of better co-operation between these entities, the government initiated several measures. The reform of higher education implemented from 2013 assumes the development of process-oriented learning curricula, which include more attention paid to the development of practical skills in co-operation with representatives of the business sector. Development of such co-operation is autonomous and organised independently by each higher education institution.

### 2.3.4 Social services

Provision of (typical) social services is assigned to social assistance in Poland<sup>51</sup>. Contrary to cash benefits, eligibility for social services is not income-tested. Services take the form of (i) care/nursing or (ii) social work with the vulnerable individuals/families (advising, monitoring, etc.) that should lead to their social integration. The latter often involves concluding a social contract with the beneficiary. Such a contract is treated as an activation instrument. It turns out, however, not to be very effective and needs improvements<sup>52</sup>.

Provision of the SA services is financed by local budgets (some exceptions) and organized by the local social assistance centres, with a visible involvement of social partners/NGOs. It should respect standards set by the Ministry of Labour and Social Policy (regarding procedures, diplomas of social workers and alike). Elaboration of proper standards of social work has been recently supported by ESF, within a large project of the Human Capital Operational Programme.<sup>53</sup>

Although providing social services is seen as an important task of the SA, granting cash and in-kind benefits prevails. In 2013, SA expenditure on cash benefits was almost six times higher than the expenditure on care/nursing services (PLN 2,651 million versus 446 million). The number of cash benefit recipients amounted to 1.7 million, while services were granted to less than 100,000 individuals<sup>54</sup>.

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<sup>51</sup> See the Act on Social Welfare of 2004, as amended <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20040640593> For LTC, services of family assistants or activation of the unemployed - see previous sections of this report. Specific social inclusion services provided at social integration clubs or centres (Polish acronyms are KIS and CIS) and some others are not discussed.

<sup>52</sup> Report of November 2013 by the Supreme Audit Office <http://www.nik.gov.pl/plik/id,5611,vp,7265.pdf>

<sup>53</sup> Task 1.8 of HCOP implemented by the NGO "WRZOS" in 2011-2014 - see <http://www.wrzos.org.pl/projekt1.18/?id=1&m=1>

<sup>54</sup> GUS(2014), *Pomoc społeczna i opieka nad dzieckiem w 2013r.*

