



Poland

Minimum Income Schemes

A Study of National Policies

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1. Executive Summary

The minimum income scheme for working age population is the core social assistance programmes of last resort for the poorest households. This is made up mostly of means-tested periodical benefits, which can be obtained by persons and families living under social assistance poverty line. The benefits are nonobligatory as far as providing such support and its duration. The most important reforms of the scheme were linked with Poland's accession to EU. It went in the direction of reducing the discretionary margin in establishing the amount of benefits, and of strengthening the tools leading to promoting active stances of assistance beneficiaries.

The reforms were not successful in establishing the effective system of social and employment integration of persons furthest from the labour market. We can observe the process of growing restrictions and conditionality in the access to social benefits and services. However, it is not accompanied by the adequate development of the positive integration measures.

The reform of social assistance from 2004 substantially improved the income support (amount and take-up of benefits) of the minimum income scheme. However, the coverage of the minimum income scheme is still rather limited as a result of the low level of the social assistance poverty line. Assessing the minimum income scheme in Poland one should consider the low take-up, which could be connected both with the optional nature of benefits and also with resigning from benefits due to lack of information or fear of being stigmatized. Objections continue to be valid regarding the amount of benefits under the minimum income scheme, which is insufficient, especially for persons living in extreme poverty.

Even though various studies indicate that the social benefits in Poland impact on redistribution of income from the rich to the poor, yet the effectiveness of social assistance transfers on poverty reduction is very low. The minimum income scheme has marginal role in average income of households with incomes below the social assistance poverty line. This situation could have improved somewhat since 2003 as a result of the social assistance reform from 2004. At that one should note that even though the numbers of people living below the social assistance poverty line dropped between 2004 and 2007 from 19.2% to 14.6%, but the decline largely resulted from improvement of the labour market situation, with sweeping falls in unemployment.

Notwithstanding the reform efforts aimed at bolstering the activation policy and the intensification of the labour market programmes due to changes in law and ESF support, the people furthest from the labour market have still very limited chances of returning to labour market. This is due to the fact that the programmes for those people are not effective in ensuring employment. Programmes to encourage transition are, as a rule, poorly designed to meet the needs of such people. On top of that, negative selection, often reflecting negative biases, compounds the difficulties with access to effective labour market tools addressing needs of long-term unemployed people and people with low skills. Pro-transition services basing on a holistic approach to the excluded people are offered only by very few narrowly specialized social and employment integration institutions.

The access of persons living in poverty to the basic quality services and free health care and decent housing is limited. The access to the health care for persons who are furthest from the labour market is partial and conditional. The possibility of ensuring decent housing conditions for the homeless and people living in extreme difficult situation is very limited. The immense shortage of social housing causes that the waiting list often implies a wait of many years. The existing social housing often do not provide even a minimum standard (such as on premises bathroom and toilet) and fail to meet safety standards. The programme of social housing construction launched in 2006 is advancing definitely too slowly.

2. Introduction

Even though traditions of social assistance in Poland go back to the nineteen twenties¹, the social assistance system itself had to wait for modernization until 1990, following an extended period when it was marginalized in the days of communist rule. The Social Assistance Act adopted in 1991 provided for access to various cash benefits and aid in kind as well as to social services. Two criteria had to be met for entitlement to social assistance cash benefits: household income at a level lower than the income criterion set for social assistance purposes, plus presence of one of the 10 dysfunctions specified in the Act preventing attainment of the necessary income level.

Cash benefits were introduced, addressed to working age people in poverty- periodical benefits.² These benefits were of discretionary nature, both as far as their award, duration and amount. The extensive margin of discretion in awarding such benefits was conceived as a tool serving social workers in setting individual strategies for attaining economic self-sufficiency by beneficiaries. The way to achieve this was through social work, which was at the core of the Social Assistance Act. In this concept, cash support, next to social services, was to become one of the major tools of social work with the social assistance „client” and his/her family.

Nonetheless, the concept of social assistance for working age people encountered serious problems in the process of practical application. First of all, the practice of social assistance in the nineteen nineties came under the shadow of insufficient public funds for social assistance allowances. The extensive discretionary margin in awarding, duration and amount of benefits was often used by social workers as a means for adjusting spending on benefits to the limited financial capacities. What is more, the social assistance services suffered from qualified staff shortages. Irrespective of the consistently expanded training system, the evolution of these services into professional organisations was too slow due to high personnel turnover. All this combined into insufficient focus on social work in operations of social services. Another problem was the weakness of employment services and lack of cooperation between social assistance institutions and employment services. In effect, the people covered by social assistance had very limited access to active employment stimulation programmes.

During the accession period, in the years 2003-2004 numerous changes were introduced to the social system in Poland, relating to OMC. In 2004, the state has introduced a reform of the means-tested benefits.³ The reform has created consistency and simplified the previously extensive system of benefits and diversified revenue qualification criteria. As a result of this reform, two separate systems of means-tested cash benefits have been established. The first, a system of family benefits, which became a universal benefit, based on a single income criterion (versus the broad and diverse range of criteria in a set of different regulations) with one entry to the system. The second, a system of social assistance benefits, the diversification of which has been radically limited.

The social assistance reform of 2004 went in the direction of reducing the discretionary margin in establishing the right to benefits, and of strengthening the tools leading to promoting active stances of assistance beneficiaries. Among other elements, guarantees were introduced of minimum periodical benefit amounts for persons in working age, and financing of the guaranteed

¹ Polish Parliament adopted the Act on Social Assistance in 1923.

² The Act specified only the maximum and the minimum amount of periodical benefits.

³ This reform has been introduced by the Social Assistance and Family Benefits Acts. (Act of March 12, 2004 on Social Assistance – Official Journal No 2004/64/593; Act of November, 28 2003 on Family Benefits – Official Journal No 2003/228/2225).

portion of these benefits was passed to the state budget. There was also a change in the way the income criteria applied for social assistance was set and indexed. In 2005 legal sanction was given to the social contract and to the possibility of suspending payment of allowances in situations where a social assistance charge failed to honour the pledged obligations relating to his/her social and employment integration. Successive changes of regulations were connected with introduction of new employment activity promotion tools.

3. Institutional design of minimum income schemes

3.1 The minimum income schemes for working-age population

The minimum income scheme for working age population is the core social assistance programmes of last resort for the poorest households. This is made up mostly of social assistance periodical benefits, but also other social assistance benefits, such as permanent benefits for post-working age and disabled persons, as well as targeted benefits for supplementing incomes of this population group. Social assistance allowances are a means-tested supplementary benefit awarded under the means test which takes into account all other taxed and untaxed incomes of the person and his/her family. The purpose is to supplement household income in situations where other sources of income, including income from other social benefits, fall below the social assistance poverty line.

Periodical benefit

The basic social assistance allowance addressed to working age people is the periodical benefit⁴. This is a benefit of non-obligatory character, except situations when the poverty is caused by long-lasting diseases, disability or unemployment or the person is waiting for benefits other than social assistance. In other situations the periodical benefit is non-obligatory in terms of entitlement and duration of award⁵. The list of dysfunctions (causes) for which periodical benefits can be awarded is of open character. The vast majority of periodical benefits are paid out due to joblessness (Table 1).

The benefit is paid out either to a person (if it is a one person household), or to a family (if it is a household of several persons). In the latter case, the benefit amount is adjusted for the number of persons making up the household.

Permanent benefit

Permanent benefit from social assistance is an obligatory benefit accruing to a person absolutely incapable of working due to age⁶ or disability. The eligibility condition for such a benefit is that such a person (or household) must have income of less than the social assistance poverty line. This is a benefit set individually, in an amount equal to the gap between the beneficiary's income

⁴ Such benefits may also be awarded to persons of post-working age, for instance to bridge the period until the old age annuity or disability pension comes on stream.

⁵ This is the official interpretation of MoLSP, while the regulation is unclear in this point. See also: Staręga-Piasek 2009.

⁶ 60 years for women, 65 years for men.

and the social assistance poverty line. Unlike periodical benefits, the permanent benefits are meant to supplement incomes of household members and not of households as such⁷.

Targeted benefit

A targeted benefit from social assistance is a one-time optional benefit, having as its aim to cover the cost of „indispensable existential needs” (costs of food, medicines and treatment, fuel for heating, rudimentary household utensils, minor house repairs, and also cost of funeral). Such a benefit may also be awarded as support of efforts to attain self-sufficiency (cost of commuting, school textbooks and other learning aids). It takes the form of a cash benefit, though in specific situations it may be awarded in kind. In some circumstances a periodical and targeted benefit may be awarded to a person and family with income higher than the social assistance poverty line.

3.2 Eligibility conditions

Social assistance benefits are available to Polish citizens and, on certain conditions, to nationals of other states. Polish citizens can obtain the benefits provided they have their residence in Poland and are actually present in Poland. This implies that a Polish citizen immediately surrenders eligibility when going abroad, even for a short time. On return, the citizen may apply for reinstatement of benefits.

Social assistance is also available to foreign nationals who hold citizenship of European Union member states and of European Economic Area countries, provided they are staying in Poland and have permanent residence permits⁸. Other foreign nationals may earn the right to social assistance, when they meet the condition of residence and stay on Polish territory.⁹

The right to social assistance benefits accrues to one person households („persons”) multi-member households („families”). Households may include both related and unrelated persons, of any age, provided there is a true bond between them and they live and manage the household jointly. Also classified as household members may be persons temporarily staying outside the place of their regular residence (such as school pupils in boarding school or in hospital). In practice, determining the composition of a household is a task for the social worker involved (Staręga-Piasek 2009).

⁷ Unfortunately, no data is available on permanent benefits paid to persons of post-working age.

⁸ The regulation concerning required permanent residence permit is of transitional nature, because under Directive 2004/38/EC of the European Parliament and Council, dated April 29, 2004, on the right of Union citizens and their families to freely move and stay on territory of Member States (EU Official Journal L 158 of April 30, 2004, page 77)) such persons by law have the right to stay in Poland. See: Staręga-Piasek 2009.

⁹ Additionally: (1) permission for settlement; (2) permit for long-term stay of a resident within the boundaries of the European Union; (3) permission to reside for a specified term granted in connection with holding a permit for long-term stay of a resident within EU boundaries, granted by another European Union member state; (4) consent for tolerated stay; or (5) refugee status granted in the Republic of Poland.

3.3 Income criteria

Poverty which constitutes the grounds for extending financial assistance is understood in the social assistance system as absence of current income or income below the social assistance poverty line entitling to financial aid. Nonetheless, a social worker may refuse assistance when she or he ascertains a gross disproportion between the declared current income and the wealth status of the client. On the other hand, in extraordinary situations cash assistance (in the form of a periodical benefit or a special targeted benefit) may be awarded even in a situation when household income exceeds the social assistance poverty line.

In determining the right to social assistance benefits, account is taken of household income, taken together with social benefits other than those coming from social assistance, and after deducting taxes and social security charges¹⁰. Targeted social benefits in cash, the value of benefits in kind or the benefits obtained by an unemployed person from carrying out socially useful work are discounted from income. Assistance is provided on the basis of income during the month proceeding the month in which the application is filed, and paid out for the period from the time of filing the application.

The methodology for determining the social assistance poverty line was changed several times. In 1990 the social assistance poverty line was set at the level of the minimum old age pension, something that ensured its regular adjustment under circumstances of high inflation which had place at the time. Starting with 1996, social assistance poverty line was defined in an absolute amount, and the amount is adjusted annually in relation to CPI.

The manner of setting the poverty line for social assistance purposes was subject to much questioning and criticism, resulting in adoption of solutions aimed at turning this into an objective category. On the other hand, the slow down of the inflation and the need to limit the state budget deficit influenced the reform of indexation of the social assistance poverty line. Since 2004 the social assistance poverty line is based on results of research, but still the interplay of political and expert perspectives gives rise to doubts and discussions about the level of that line. It is being set once every three years based on a basket of goods and services in low-income households (Social Intervention Threshold), separately for one person household and separately for persons living in multi-member households. Social Intervention Threshold (SIT) surveys are carried out by the Institute of Labour and Social Studies¹¹. The final decision about the level of social assistance poverty line is up to the Tripartite Commission for Socio-Economic Issues of government, trade unions and employers organisations. In a situation when the three parties are unable to arrive at a common position, the decision is taken by the government on its own.

SIT is a model of low-level consumption, determined using the normative basket method. The SIT basket covers rudimentary needs (food and charges connected with the house and its use), without the cost of medicines, fuel and electric energy¹², plus the needs of children. The food basket was defined with a view to minimum, medically determined nutrition norms. For children, account is taken only of the expenditures classified as unavoidable, connected with the obligatory character of schooling. The above-basic needs of adults were reduced to the bare minimum (on the assumption that one grown-up person works doing occasional jobs). There is also the

¹⁰ Specific solutions are applied in determining income from business activities, from farming, in treatment of one-time income, income due for a given period and income in foreign currency.

¹¹ <http://www.ipiss.com.pl/>

¹² It was assumed that expenditures on such items are covered by targeted benefits from social assistance. Yet, it should be noted that such benefits are absolutely discretionary.

assumption that households are characterized by rational consumption behaviour, and that they incur no costs linked to dysfunctions, illnesses and disabilities. The normative basket is subject to verification against information from surveys of living conditions experienced by households with limited means, with consumption spending of households from the bottom quintile taken as benchmark¹³.

The method of defining the social assistance poverty level relying on SIT is subject to much controversy and raises multiple problems. These involve both questions relating to the methodology (delays in publishing data on household expenditures and their limited representativeness with respect to the bottom quintile) and to political aspects (contents of the basket and amount of public spending inferred by the adopted income criterion)¹⁴. A particular problem is the failure to take account of regional disparities in cost of living (this particularly concerns the immense cost of living spread between large cities and rural areas). Another issue is the failure to account for the specific needs related to disabilities and illness and to different household structures, in particular connected with the age of children raised in these households.

The level of the social assistance poverty line is low in comparison with other applied in Poland poverty lines. It is also lower than consumption expenditure in the bottom quintile of households with more than one person (Table 1).

Table 1. Monthly value of poverty lines applied in Poland and of expenditures by households of the two lowest quintiles in PLN per capita

TYPES OF HOUSEHOLDS	ONE PERSON	TWO PERSONS	THREE PERSONS	FOUR PERSONS
Social assistance poverty line ^a	477	351		
Subsistence minimum ^b	413.2	345.3	332.9 363.9	350.5
Social minimum ^c	865.1	714.6	713.7	685.4
60% of median equivalised disposable income ^d	682.3			358.2
I quintile household consumption expenditures ^d	388.9			
II quintile household consumption expenditures ^d	525.0			

- a) Applicable since September 2006.
- b) Employee households in 2008. Subsistence minimum (extreme poverty line) determine the level of satisfying needs, below which there would be biological threat to life and mental-physical development of man and family (Deniszczuk 2007). For a younger child (4-6 years) and older child (13-15 years)...
- c) Employee households in 2008. Social minimum– consumption pattern ensuring regeneration of vital powers, having and raising offspring and maintaining social bonds (Deniszczuk 2007).
- d) In 2007; four persons household means household consisting of 2 adult persons and 2 children aged 13 and less.

Source: Institute of Labour and Social Affairs, 2008a; Institute of Labour and Social Affairs, 2008b; Deniszczuk 2007; CSO and Eurostat.

¹³ See: Deniszczuk 2007.

¹⁴ See: Deniszczuk, *ibid.*

3.4 Amount of benefits

Until 2004 the amount of a periodical benefit was completely discretionary up to the decision of the awarding entity (social assistance centre). Reform of the social assistance system from 2004 resulted in introducing a floor amount for such benefits equal to 50 percent of the difference between income of a household and the social assistance poverty line. This reform was gradually phased in, increasing the minimum amount of periodical benefit from 15% of the difference between income of a household and the social assistance poverty line (20% for one person households) in 2005 to 50% of that difference in 2008. At the same, a guarantee was provided for funding the minimum amount of the benefit by the state budget. Local authorities have the possibility of increasing the amount of periodical benefits out of own budgets. The 2004 reform of the way in which periodical benefits are determined and financed resulted in increasing the amounts of these benefits in 2005-2008. Furthermore, in compliance with the new law, in 2006 the poverty line threshold entitling to cash benefits from social assistance was verified¹⁵, leading to increases in average amounts of periodical and permanent benefits (Table 2).

The amount of a permanent benefit equals the difference between the social assistance per capita poverty line and the per capita income in a family, but is not to exceed PLN 444. It is financed entirely with state budget funds. The amount of a targeted benefit is determined by a social worker depending on the situation of a household and the purpose for which assistance is being provided. It is financed out of the local government budgets.

Table 2. Average amounts of permanent and periodical benefits, 2004-2008

YEAR	PERMANENT BENEFITS		PERIODICAL BENEFITS			
	Average monthly amount of benefit		Average monthly amount of total benefit		Average monthly amount of guaranteed portion of benefit	
	PLN	as percentage of the poverty line ^{a)} in s.a	PLN	as percentage of the poverty line ^{a)} in s.a.	PLN	as percentage of the poverty line ^{a)} in s.a.
2004	313	68%	116	25%	98	21%
2005	312	68%	149	32%	126	27%
2006	318	67%	164	34%	143	30%
2007	376	79%	174	36%	153	32%
2008 ^{b)}	340	71%	266	56%	252	53%

a) Poverty line for one person household

b) Preliminary data

Source: Calculations by author on basis of administrative MoLSP statistics

By ensuring stable sources of financing the reform increased also the access to periodical benefits. In 2005 there was a marked increase in the number of households entitled to periodical benefits; the ensuing decline in the number of entitled households in 2006-2008 is to be attributed to radical shrinking of unemployment, and by the same token a drop in the number of households applying for assistance (Table 3).

¹⁵ This level was increased from PLN 461 to PLN 477 for one person households and from PLN 316 to PLN 361 per person in multi-person households.

Table 3. Persons drawing permanent and temporary benefits from social assistance, 2004-2008

YEARS		PERIODICAL BENEFIT.			PERMANENT BENEFIT		TARGETED BENEFIT	
		Households total	of which for reason of joblessness	Number of covered persons in households	Persons drawing benefit	Number of persons in households	Households total	Number of persons in households
2004	in '000	541	457	1899	162	315	960	3219
	as percentage of total population			5.0%	0.4%	0.8%		8.4%
2005	in '000.	651	546	2205	171	312	978	3046
	as percentage of total population			5.8%	0.4%	0.8%		8.0%
2006	in '000	629	498	2062	182	323	1030	3098
	as percentage of total population			5.4%	0.4%	0.8%		8.1%
2007	in '000	536	420	1726	184	310	897	2648
	as percentage of total population			4.5%	0.5%	0.8%		6.9%
2008 ^{a)}	in '000	435	323	1353	183	288	805	2285
	as percentage of total population			3.5%	0,5%	0.6%		6.0%

a) Preliminary data

Source: Calculations by author on the basis of administrative data of MoLSP and CSO data.

3.5 Links with other social benefits¹⁶

Social assistance benefits are of supplemental character to other income, including income from other social security schemes. For that reason, even though social assistance beneficiaries are also recipients of other social benefits, the cumulative effect of incomes from different social security systems exerts a limited impact on the amount of income after transfers from social assistance. The manner of determining the guaranteed amount of periodical benefits (50% of the difference between household income and social assistance poverty line) causes that the amount of social benefits and income other than social assistance benefits increases the final income of these families by half (see example in Table 4). There is no cumulative effect whatsoever of income from benefits other than those from social assistance in situations, where the periodical benefit is set by the local authorities on the level of 100% difference between household income and social assistance poverty line.

Table 4. Hypothetical monthly income (household of a non-working person, singly raising two children aged 4 and 10)

	INCOME FROM SOCIAL SECURITY BENEFITS	HYPOTHETICAL INCOME WITHOUT ENTITLEMENT TO BENEFITS FROM SOURCES OTHER THAN SOCIAL ASSISTANCE
Family allowance	112	0
Allowance for raising children as single parent	170	0
Total income from social security benefits other than from social assistance	282	0
Periodical benefit from social assistance (50% of income gap)	385.5	526.5
Total final income	667.5	526.5

Source: Calculation by author on the basis of existing statutory regulations.

Unemployment benefits

Social assistance benefits are of critical importance for the long-term unemployed, as unemployed benefits have time limitation. Restrictive regulations concerning eligibility criteria for unemployment benefits cause that less than 15% of those registered in labour offices as unemployed have the right to such a benefit. The remaining people out of work, provided they meet the below poverty level income criteria, are charges of social assistance.

Benefits from social assistance can also be received by persons entitled to unemployment benefits, if they meet the social assistance income criteria (after the amount of unemployment benefit is counted as income). Since the amount of unemployment allowances is higher than the

¹⁶ Description of changes in the regulations governing cash social benefits until 2007 is available in: Pietka 2008. Description of current regulations is available in Starega-Piasek 2009 and on MoLSP website: www.mpips.gov.pl.

social assistance poverty line, single persons drawing the unemployment allowance have no entitlement to social assistance.

Entitled to unemployment allowances are working age people who during the 18 months preceding the day of registering have been employed or have work, in total for at least 365 days. Unemployment allowance is not a means-tested benefit, so persons entitled to that benefit can at the same time draw other benefits, including those from social assistance, housing allowances and family benefits, provided they meet the income criteria entitling to such benefits.

The unemployment benefits are fairly flat. The basic allowance amount is PLN 502 per month¹⁷; unemployed with less than 5 years employment record receive an allowance equal to 80% of the basic rate; while people with 20 years or more employment records receive allowances equal to 120% of the basic rate. Since January 2009 unemployment allowances are paid for six months to one year¹⁸, depending on the situation of the local labour market, age and family situation of the jobless person.

Family benefits

Means-tested family benefits play a significant role in the system of social security for poor families. This scheme includes family allowances payable for each child less than 18 years old (or 24 years in the case of continuing education), upon fulfilling the income criterion (income per capita in a family), which is higher than the social assistance poverty line criterion (currently it is PLN 504 per month and PLN 583 if the child is disabled).

All families with children encompassed by social assistance have at the same time the right to family benefits. The income criteria entitling to family benefits are higher than the social assistance poverty line, and social assistance allowances as well as housing allowances are not counted in the means test for family benefits eligibility. Nonetheless, family benefits are counted as part of income for the purpose of calculating the income which can give title to claiming cash benefits from social assistance.

The amount of allowance depends on the child's age, additionally, allowance is paid for each third and next child in the family. Upon fulfilling other criteria extra allowances are paid, such as: child up-rising benefits, allowance for disabled child, allowances for parents caring for disabled child, and single parents benefits, etc. In addition means-tested benefits from alimony fund are available in the situation when alimonies are not paid by one of the parents. All these benefits are financed from the state budget and provided to beneficiaries by local social assistance centres.

Housing allowances

Housing allowances are benefits in kind, which are provided for persons and families meeting specified income criteria¹⁹, to cover part of the housing costs, provided the floor surface of the

¹⁷ Since January 1, 2010 unemployment allowance for the first three months will amount to PLN 717 (PPP) per month, and after that PLN 563 (PPP) per month – see: Act dated December 19, 2008, changing the Act on promotion of employment and labour market institutions and amendment of several other Acts (Official Journal of 2009, № 6, item 33).

¹⁸ Earlier 6 to 18 months. Regulation changed by Act dated December 19, 2008, changing the Act on promotion of employment and labour market institutions.

¹⁹ Average monthly income per household member during the 3 months preceding the date of filing the application for a housing allowance cannot exceed 175% of the lowest old-age pension for a one person household and 125% of that amount in a multi-person household [Act of June 21, 2001 on Housing Allowances] – Official Journal of 2001, № 71 item 734].

housing in question does not exceed the established limit. Persons entitled to periodical benefits from social assistance may be encompassed by the housing allowance provisions provided their amount of floor space falls within the specified limit. The income limit entitling to such an allowance is higher than the social assistance poverty line, and the periodical and targeted social assistance benefits are not counted as income for the purpose of establishing housing allowance eligibility. The benefits amount to the difference between the actual housing costs per standard area and 10-15% of family income (depending on per capita income of the family). As from 2005, these benefits are financed and paid by local governments.

Table 5. Number of benefits and spending on selected social benefits 2004-2007.

BENEFITS	2004		2005		2006		2007	
	Average number of benefits in thous.	Expenditure (in % GDP)	Average number of benefits in thous.	Expenditure (in % GDP)	Average number of benefits in thous.	Expenditure (in % GDP)	Average number of benefits in thous.	Expenditure (in % GDP)
Unemployment allowances	535	0.3	4356	0.2	331	0.2	264	0.1
Family allowances ^{a)}	5547	0.6	5193	0.8	4595	0.5	4268	0.5
Housing allowances	-	-	766	0.1	706	0.1	590	0.1

a) Number of benefits – family allowances only, excluding supplements

Sources: Calculation by author on the basis of CSO Rocznik Statystyczny [Statistical Yearbooks] 2005-2008; Housing Economy 2005-2007 CSO. www.stat.gov.pl

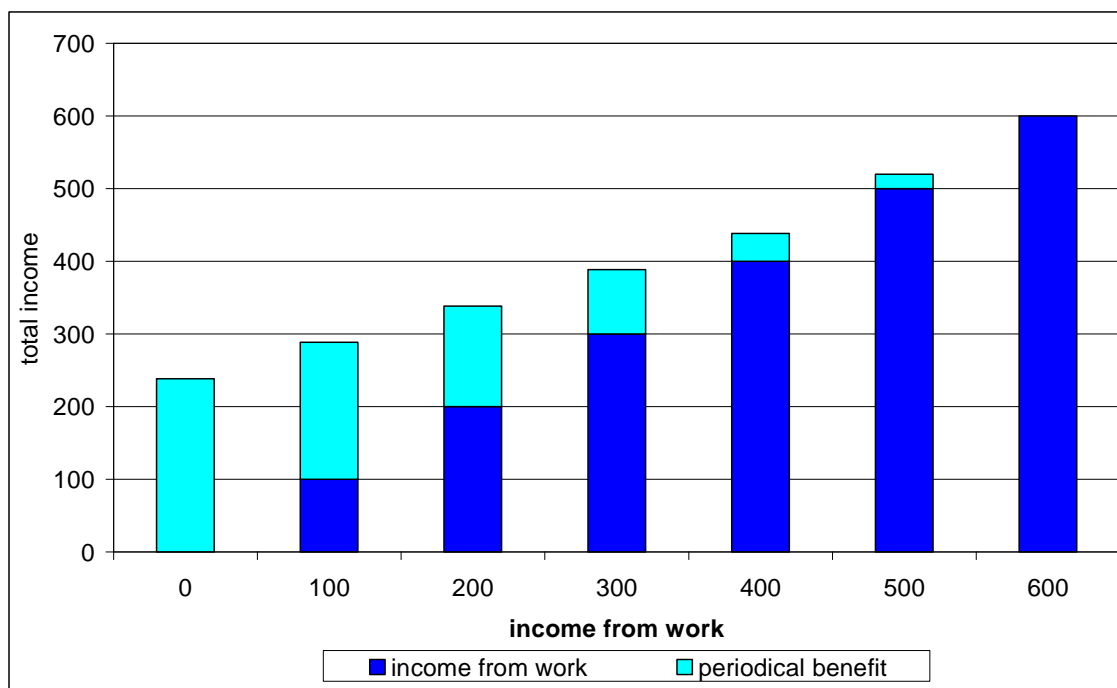
3.6 Transition into employment

Social contract is the means for transition into employment of persons encompassed by social assistance. Social contract was introduced in 2004 as a formal tool. Its objective is to define the way of working jointly to address the problems faced by a person or family which fell into difficult life situation. A social worker can conclude a social contract with such a person or family to bolster an active stance and self reliance in life, in work career or to counter social exclusion. A social contract concluded with an unemployed person can require that the said person, among other efforts, take part in transition-oriented programmes offered by labour offices or in other transition-oriented programmes. Until 2004 the use of social contracts was not formalized, still families and persons encompassed by social assistance were required to strive jointly with the social worker in addressing social problems (an informal social contract).

Taking up employment does not curtail the right to benefits from social assistance, provided it does not lead to generating an income exceeding the social assistance poverty line. Furthermore, the income considered for social assistance purposes does not include money earned in doing socially useful jobs (see paragraph 4.1). Revenues from labour (same way as income from benefits- see paragraph 2.5) are taxed in 50% of net income, until a household attains incomes equal to 110% of social assistance poverty line (Graph 1). Taking into account the relatively high

proportion of income to be taxed by taking employment, it could discourage beneficiaries to seek additional sources of income.

Graph 1. Hypothetical amount of net income *per capita* after social assistance transfers (guaranteed part of periodical benefit) depending on level of household incomes before the transfers.



Source: Authors' estimations

3.7 Conditionality rules and sanctions

We can observe process of growing restrictions and conditionality in the access to social benefits and services (health care) in the last decade. However, it is not accompanied by the adequate development of the positive integration measures (see: paragraph 5.1-5.2). In 2004 formalized social contract was introduced as a measure to activate social assistance beneficiaries. Refusal to sign a social contract, failure to keep its provisions, unjustified refusal to take up employment or other gainful work or unjustified refusal to submit to detoxication treatment by an addicted person may constitute grounds to refuse benefits, reverse an earlier decision awarding benefits or stop cash payments from social assistance. This also concerns the restrictions in the access to health care services introduced recently²⁰.

Other grounds for refusal or suspension of benefit payments from social assistance can include wasting the awarded allowances, their wilful damaging or use in a manner inconsistent with their purpose, or squandering own financial resources.

²⁰ Act on promotion of employment and institutions of labour market, *ibid.*

3.8 Governance arrangements

Social assistance is the basic programme addressed to people and families living in poverty (including the unemployed). It includes the means-tested cash benefits and services (social work, home and stationary services for the elderly and disabled, family counselling, etc.). Management of the social assistance (depending on the programme) is performed on all levels of the state administration, but the principal role in benefit and service delivery is performed at the local level by *gminas* (commune administration). Social assistance cash benefits are financed by the state budget (earmarked grants) and with the *gmina* resources. Services are financed by *gminas*, *poviats* (district administration) and beneficiaries' co-payments. Services are provided by public institutions. Furthermore, many NGOs function in the area of social assistance, where they implement the tasks financed either with public or with private funds.

Most benefits for poor households are paid out through local social assistance centres (one stop shop), with the exception of unemployment allowances, which are paid by local labour offices.

4. Assessment of Minimum Income Scheme

4.1 Coverage and adequacy of benefits

Coverage of the social assistance benefits is not very extensive. Periodical benefits cover about 3.5%-5.8% of the population; permanent benefits are paid to 0.4%-0.5% of the population, and taken together with household members of the people drawing such benefits, to about 0.8% of the population. The largest coverage is with targeted benefits – more than 6%- 8.4% of the population lives in households which receive such benefits. Nonetheless, one should not lose sight of the fact that these are one-time benefits. Total spending on these benefits is very low, less than 0.2% of GDP (Table 6).

Table 6. Permanent and temporary benefits expenditure as percentage of GDP (%).

YEARS	PERIODICAL BENEFITS	PERMANENT BENEFITS	TARGETED BENEFITS	TOTAL
2004	0.03	0.05	0.05	0.13
2005	0.06	0.05	0.06	0.17
2006	0.06	0.05	0.06	0.17
2007	0.05	0.06	0.07	0.18
2008 ^{a)}	0.06	0.06	0.06	0.18

a) Preliminary data

Source: Calculations by author on the basis of administrative statistics of MoLSP and CSO data.

The coverage of the minimum income scheme is rather limited as a result of the low level of the social assistance poverty line. As we can see in table 1, poverty line in social assistance is currently somewhat lower than the average expenditures on consumption of bottom quintile households. It is almost equal to the subsistence minimum, which is characterised as an extreme poverty line. Objections raises the insufficiently frequent verification of that level, resulting in weaker income support for the poor in situations of rapidly increasing food prices and cost of housing, something that has place since 2008.

Also, in light of the wide differentiations in cost of living between regions, the rationale of defining a single poverty line amount applicable to the entire country can be questioned. The differences are particularly marked in large cities, which have considerably higher costs of living than rural areas. (see: Deniszczuk 2007). What is more, doubts are raised by failure to reflect in poverty line (and following that, in benefit amounts) the differences in cost of living depending on household structure, to mention but households with disabled family members or with children of different ages. As a result, the needs of those specific groups of beneficiaries are partially neglected by establishing the amount of the income support as well as by coverage.

Assessing adequacy of the social assistance periodical benefits one should take account of the fact that income after social transfers of the most social assistance beneficiaries do not achieve levels equalling the social assistance poverty line. This is connected with the manner of determining periodical allowances from social assistance. Since the guaranteed amount of such benefits equals 50% of the individual gap between family income and the social assistance poverty line, in most cases the aid provided is not sufficient to extricate the persons and families from poverty. One should remember that the optional raising of periodical benefit amounts by local administrations raises their average amount only to a very limited degree (see Table 2).

4.2 Take-up

Studies complain that the take-up of the social assistance benefits is low. While the coverage of social protection is high in Poland, this is driven largely by pensions. In contrast, the coverage of benefits targeted to low income households is small.

The share of population receiving social assistance programmes is less than 5% of the population of the bottom quintile²¹ (World Bank 2007). As shown by analyses carried out of HBS 2003 results, no fewer than 13 percent of the people with incomes below the poverty line in social assistance do not receive any social benefits (Piętka 2009). The result is supported by the recent analysis of EUROMOD on the HBS 2005, according to which the permanent benefits are received by 76% of the population living below social assistance poverty line and periodical benefits are received by 43%. (European Commission 2009).

²¹ Data based on HBS 2004.

Table 7. Receipt of social benefits by persons having incomes below the poverty line in social assistance (%)

		Receipt of social transfers (other than social security insurance based) ^{a)}		
		NO	YES	TOTAL
Receipt of benefits from social security insurance institutions	NO	13.2	46.7	59.9
	YES	13.2	26.9	40.1
	TOTAL	26.4	73.6	100.0

a) List of social benefits from sources other than social security insurance institutions – see Table 6.

Source: Pietka 2009, calculations based on HBS 2003, original OECD equivalent scale.

These results are confirmed by comparison of administrative data with the estimated size of population living below the poverty line in social assistance. As shown by the comparison, financial assistance in the form of periodical and permanent benefits from social assistance is received by just over one third of people living below the poverty line in social assistance (Table 8).

Table 8. Persons in households receiving social assistance benefits and number of people living below the social assistance poverty line as percentage of total population (%).

	2004	2005	2006	2007
Persons in households receiving permanent and periodical benefits from social assistance	5.8	6.6	6.3	5.3
Persons in households with incomes below the social assistance poverty line	19.2	18.1	15.1	14.6

Source: Authors' estimation based on administration data of MoLSP, estimates based on results of HBS; CSO, www.stat.gov.pl

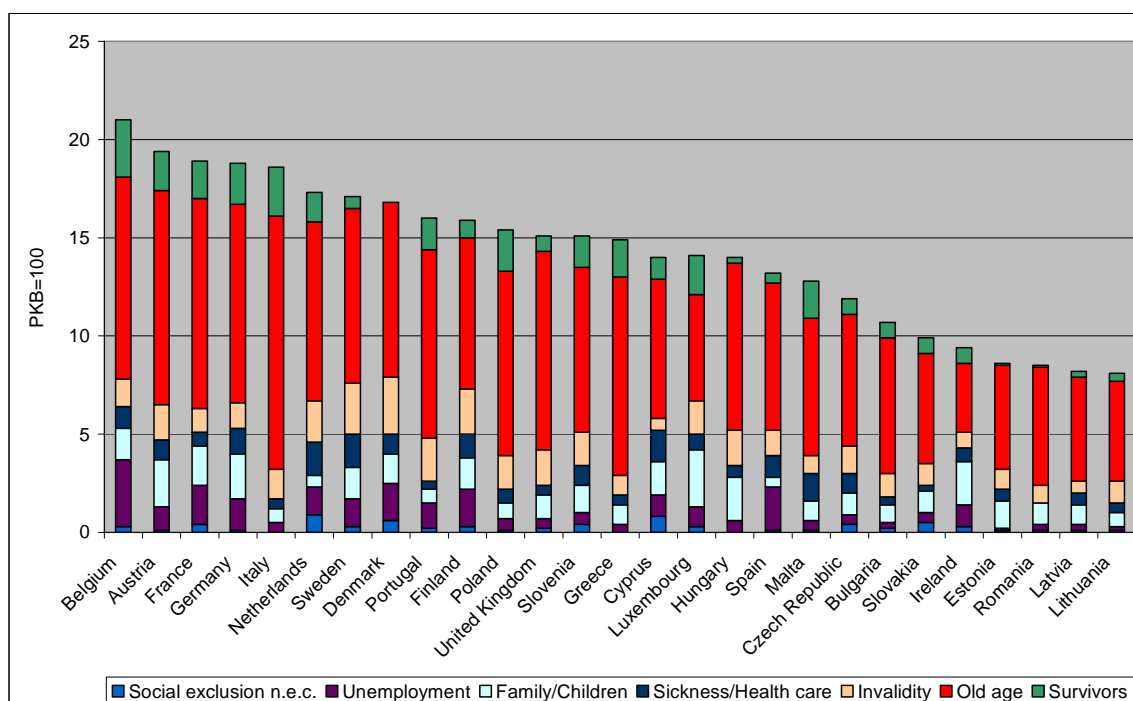
The low take-up may be partly ascribed to the methodology of research: mismatch of the periods for which income is documented for purposes of the survey and receipt of benefits (for instance, past income levels did not provide eligibility for social benefits, while present incomes would be grounds for eligibility). It could also reflect the fact that award of social assistance benefits (periodical and targeted) is up to discretionary decisions. Finally, the low take-up of social assistance benefits could also reflect lack of awareness about accruing rights, refusal to award benefits or resignation from benefits due to their stigmatizing character. This problem would call for further in-depth statistical analyzes and studies.

Similar problems are encountered also in the case of housing allowances. Surveys indicate that these benefits do not reach the households really incapable of paying rents and also the household with bad housing conditions. The 7% of household with lowest standards of housing receive only 4.8% of the total amount spent on housing allowances, while the under 47% of households living in adequate housing conditions consume no less than 47% of the sums allocated for housing allowances. (Kurowska 2008).

4.3 Effectiveness

Only a small portion of cash social expenditures is in Poland designed for income support of the poor families. These include: family/child benefits, social assistance benefits, housing allowances and unemployment benefits. According to the Esspros data, total expenditures on these benefits in Poland account for about 1.5% of GDP, of which for social assistance benefits 0.1% of GDP, family/child benefits 0.8% of GDP and unemployment benefits 0.6% of GDP. Little is spent also on housing allowance (0.1% of GDP), which according to Esspros methodology are classified as benefits in kind. Polish spending on cash social assistance benefits in relation to GDP are among the lowest in EU (see: graph 1). Poland is also one of EU countries spending a low share of GDP on unemployment benefits and on family benefits.

Graph 2. Cash social expenditure by functions as percentage of GDP (2006)



Source: Own calculations based on Esspros.

Social benefits other than insurance-based (including social assistance benefits) represent only 20% of the overall incomes of poorest households. Average income of the poorest people is made up in half of income from work, with another more than 40% supplemented by social benefits. Of the social benefits, the larger role is played by benefits from social insurance systems (old-age, disability and survivors' pensions, rehabilitation, sickness, maternity and funeral allowances). These on average represent 23% of income. Other social benefits (including such benefits as: social assistance benefits, unemployment benefits, family benefits and housing allowances)²² represent some one-fifths of income for the poorest people (see: table 9).

²² The list of these benefits is presented in table 10.

Table 9. Incomes structure of persons living in the poorest households (I quintile) in 2007

SOURCES OF INCOME	I QUINTILE	TOTAL
AVAILABLE INCOME	100%	100%
OF WHICH:		
Income from work (including income from agriculture)	51%	64%
Income from social insurance benefits	23%	26%
Income from other than social insurance social benefits	20%	5%
Other income	6%	5%

Source: Authors' calculation based on HBS 2007.

More detailed analysis of micro-data from HBS 2003 shows that the minimum income scheme allowances (periodical and permanent social assistance benefits) had a marginal role in average income of households with incomes below the social assistance poverty line (0.6% and 1.4% respectively). Taken together, income from social assistance, family benefits, housing allowances, and unemployment benefits in 2003 came only to 8.6% of average income for people living below the social assistance poverty line. (Table 10).

Table 10. Share of different types of social benefits received by people with incomes below the social assistance poverty line in their average aggregate income and in subgroups of transfers (%)

TOTAL INCOME	100,0	
INCOME FROM LABOR	50.2	100
SOCIAL INSURANCE BENEFITS^{a)}	23.2	100.0
OTHER SOCIAL BENEFITS	16.9	100.0
<i>of which:</i>		
Family benefits	4.3	25.4
Nursing benefits	0.5	2.7
Housing allowances	1.5	8.9
Permanent benefits from social assistance	1.4	8.3
Periodical benefits from social assistance	0.6	3.7
Benefits for pregnant women and persons raising children	0.1	0.6
Other social assistance benefits	0.9	5.1
Alimony Fund benefits	1.4	8.1
Assistance from ngo-s	0.1	0.3
Scholarships	0.1	0.7
Other social benefits	0.6	3.5
Unemployment benefits	2.8	16.5
Other benefits for unemployed	0.0	0.2
Other benefits from Labour Fund (early retirement benefits)	1.9	11.4
Parental leave benefits	0.7	4.4
OTHER INCOME	9.9	100

Notes: estimates using original OECD equivalent scale.

a) old age, disability, survivor's pensions plus maternity, childbirth, funeral, sickness, rehabilitation allowances.

Source: Pietka 2009, based on HBS 2003.

Even though various studies indicate that social benefits in Poland impact on redistribution of income from the rich to the poor (Word Bank 2007, Aksman 2008, Kurowska 2008), yet the effectiveness of social transfers on poverty reduction is relatively low. The OECD study shows that public cash transfers in Poland are among OECD countries at least targeted. The poorest 20% receive less than 10% of total transfers (OECD 2008). Analysis of HBS 2003 results shows that transfers from social assistance (permanent and periodical benefits) contribute to reducing poverty by only 0.9 percentage points, and taken together all the non-insurance benefits by 8 percentage points²³. Compared with that, insurance-based benefits contribute to reducing poverty by 25 percentage points. Greatest contribution to reduction of poverty by benefits from social assistance is achieved for families with children under 14 and the poorest households (0.11 percentage points (Piętka 2009)). This situation could have improved somewhat since 2003, the year of the Household Budgets Survey which served as the basis for the cited estimates, as a result of the social assistance reform launched in 2004. However, almost 15 percent of the population still lives below the social assistance poverty line. At that one should note that even though the numbers of people living below the social assistance poverty line dropped between 2004 and 2007 from 19.2% to 14.6%, but the decline largely resulted from improvement of the labour market situation, with sweeping falls in unemployment.

4.4 Incentives to work

According to studies there is no detrimental effect of social assistance benefits on the incentives to work (cf. see: Chłoń-Domińczak et al 2004). This is above all due to the very low level of benefits from social assistance.

The specific problems concerning the balancing of both: the adequate income provided by the social protection schemes and the incentives to work in Poland are presented in the Table 11. The table show the total incomes from employment and cash benefits of the families (including social assistance allowances, unemployment benefits, housing and family benefits) with differing status in the labour market (working or not working) and different size of the family. They show also the replacement rates by transition from unemployment to employment. We assumed that the amount of the periodical social assistance benefit is equal to the guaranteed minimum. We also assume that the unemployed can enjoy the right to unemployment benefits (if their unemployment period does not exceed 6 month on average) or that their entitlement expired due to a longer unemployment period. All simulations are in terms of 2008. The simulation results are depicted in Table 11.

The analyses show that upon assuming employment, the increase in income is the lowest among the unemployed with an active right to benefits. This is due to the fact that unemployment benefits are relatively high in comparison with the social assistance benefits and family benefits. However, there is evidence that the unemployed with an active right to benefits resume employment much more frequently than economically inactive persons, this fact reflecting the short duration of unemployment²⁴.

An analysis of the replacement rates of incomes by transition from inactivity into employment by persons who do not draw unemployment benefits, in the case of four theoretical situations of the

²³ Poverty line at the level of the social assistance income criterion. The original OECD equivalent scale.

²⁴ Benefits for longer that 6 months are paid only in regions with unemployment rate exceeding 125% of the national average, see: The Act of April 20, 2004 on promotion of employment and labour market institutions(consolidated amended text in: Official Journal of 2008, № 69, item 415).

family, indicates that under the legal regulations presently in force, the risk of an inactivity trap is relatively small. In each situation, taking up employment amounts to nearly doubling the level of income. This results mainly from the fact that assuming employment itself does not lead to the loss of the rights for such social benefits as housing allowance, social assistance benefits or family allowances.

Table 11. Hypothetical replacement rates of income in household with non-working adult members following take-up of employment at minimum wage by one household member

Single person household U → E		Single person bringing up a child U → E		Four member family (two children) 1: U → E 2: U → U		Five member family (three children) 1: U → E 2: U → U	
With unemploy- ment benefit	Without unemploy- ment benefit	With unemploy- ment benefit	Without unemploy- ment benefit	With unemploy- ment benefit	Without unemploy- ment benefit	With unemploy- ment benefit	Without unemploy- ment benefit
1.7	3.7	1.7	2.7	1.1	1.7	1.0	1.5

Notes: First child aged 0-5, second child aged 6-18, third child aged 18-24 in education

U → E means transition from inactivity (unemployment) to employment, U → U staying inactive (unemployed). In families with two and three children the symbols relate to each adult member individually. Calculations based on the data and regulations in the first half of 2009.

Source: authors' calculations.

5. Minimum Income Scheme and other pillars of active inclusion strategy

5.1 Employment and training programmes

Notwithstanding the reform efforts aimed, among other elements, at bolstering the policy of inducing transition to employment for the people furthest from the labour market, the person excluded from the labour market have very limited chances of returning to employment. This is due to the fact that programmes to encourage transition are, as a rule, poor designed to meet the needs of such people. Pro-transition services basing on a holistic approach to the excluded people are offered only by very few narrowly specialized social and employment integration institutions. On top of that, negative selection, often reflecting negative biases, compounds the difficulties with access to effective labour market tools addressing needs of long-term unemployed people and people with low skills (Golinowska 2007).

Starting with 2004, tools have been gradually added to ensure closer bonding of working age social security clients with programmes of transition to employment run by labour market institutions. The 2004 labour market policy reform²⁵ introduced a definition of persons disadvantaged on the labour market covering long-term unemployed, disabled unemployed, and

²⁵ See: Act of April 20, 2004, on promotion of employment and institutions of the labour market, *ibid.*

persons with a low educational status, single parents, youth and older workers as well as ex convicts. It defined a set of ALMP accessible to persons in these categories, such as subsidized jobs, and vocational training at the work place. At the same time labour offices were required to present the persons drawing benefits from social assistance, within 6 months from their registration as unemployed (changed in 2007 to the expiration date of their entitlement to an unemployment allowance), an offer of a job or trial employment, or on site vocational training in a place of work, or employment in intervention or public works schemes. A new labour market programme was introduced in 2005, addressing persons drawing social assistance benefits – so-called socially useful work. Successive changes were introduced in 2009. These regulations allow the labour offices, same as until then social assistance institutions, to direct the persons encompassed by social assistance to take part in a social contract, individually dedicated programme to achieve self-reliance, or join an individual programme of social employment. At the same time, thanks to positive developments on the labour market situation as well as to ESF support, since 2005 the funding available for active measures increased significantly. This resulted in improved access to ALMP also for the long-term unemployed.

Such positive changes notwithstanding, the access of most disadvantaged persons to employment is still very limited. Active labour market policy is not focused on assisting excluded persons (Golinowska 2007). As evident from research carried out by Gdansk Institute for Market Economics, labour offices are still incapable of serving the “difficult customers” with multiple dysfunctions which present additional barriers to labour market access (GIME 2007).

Persons experiencing long-term unemployment, something that is accepted as determinant of exclusion from the labour market, are usually encompassed by programmes characterized by low effectiveness in leading to permanent employment (public works, socially useful work). Among labour office personnel prevails the conviction that “persons classified as excluded from the labour market are mostly also ‘excluded’ from participation in the relatively more effective forms of promoting transition to employment. This often reflects the assumption that mastering more advanced skills (such as working the fiscal cash registers, learning to work with a computer software) requires a certain background of general education, while long-term unemployed people and low skilled people require different sort of help.” (Golinowska, 2007: p. 76) Also the access of unemployed with low qualifications and long-term unemployed to the vocational training is very low. (Sztanderska 2004, Golinowska 2007, Liwiński 2005):

Along with reforms of the labour market programmes, in 2004 a programme has been launched to address the issue of people furthest from the labour market, living in poverty and socially excluded, with dysfunctions such as homelessness, alcohol or drug addiction, recovering following therapy, mental illnesses, ex-convicts, refugees and disabled people. The legal framework for this programme was set by the 2004 Act on Social Employment. It enables communes and non-government organisations to establish centres for social inclusion (CSI) and social integration clubs. In addition, a legal framework has been created for establishment of so-called social co-operatives, dedicated to social and vocational integration of their members by employment in the business activities carried out by the given co-operative.

It is the social assistance which refers people to the centres for social inclusion, and programme participants receive inclusion allowances equal to regular unemployment allowances and are provided with health insurance coverage²⁶. The centres for social inclusion carry out a comprehensive diagnosis of the people enrolled in their programmes, provide therapy and training in skills allowing for more effective functioning in the local community and self-reliance in meeting needs, training and upgrading vocational skills. The programme of therapy and training measures can be supplemented with on-the-job practice of vocational skills within the business

²⁶ See: Act dated June 13, 2003 on social employment (Official Journal of 2003, № 122, item 1143).

activities of the centre or with the employers cooperating with the centre. An individual programme is designed for each participant, lasting up to a maximum of 18 months, and the activities with participants last at least 6 hours each day. A less intensive and considerably less costly version of the programme is offered in the form of social integration clubs. For the persons referred to them, the clubs offer a variety of subsidized employment and coaching. Activation measures also cover subsidized employment on completion of at least 6 months integration programme, in social co-operatives or by private and public employers. Labour offices are required to provide the people completing such programmes with job offers, among these also in the form of subsidized employment. What is more, the people completing employment integration programmes, unemployed persons and disabled persons can set up social cooperatives.²⁷

Unfortunately, the reach-out of the earlier described forms of social employment is far too limited. In 2008 there were 55 centres for social inclusion and 300 social integration clubs functioning in Poland. On top of that, there are some 134 registered social co-operatives (MoLSP 2008). Unfortunately, we have no firm data on the number of participants in the programmes and the effects of these measures, but we estimate that such programmes encompass approximately 3000 persons each year. The programmes carried out by the centres and the clubs, their services, manner of selecting participants for the programmes vary significantly from facility to facility, so the experience of the centres and clubs with different approaches could provide an excellent foundation for assessing effectiveness of different strategies and programmes applied to different customers. Unfortunately, Ministry of Labour has no information which would allow for evaluating the effectiveness of social inclusion programmes and their costs. It is assumed that by 2013 there will be 100 Social Integration Centres, 600 Social Integration Clubs, 300 social cooperatives (7-10 thousand persons in 2013). Between them serving 7 500 – 10 000 people (NAP Inclusion 2008-2010).

Another programme to address transition into employment of the persons located at distance to the labour market „*socially useful work*”. The transition-oriented „*socially useful work*” programme was launched in 2005.²⁸ It was since amended in order to achieve a closer link between the programme and social assistance institutions and to eliminate commercial approaches. Socially useful work represents forms of temporary subsidized employment for 10 hours a week. Such work is open to unemployed people with who have agreed to social contracts and who no longer have a right to an unemployment allowance (that is about 85% of the entire unemployed population) or other people encompassed by transition-oriented social assistance programme, and who are directed to such projects by the social assistance institution. Socially useful work is organised by commune administrations in the organisational entities of social assistance, organisations and institutions dedicated to assistance as charities or helping local communities. People taking part in socially useful work receive remuneration of PLN 6 (about € 1.5) per hour of work²⁹. They are still provided with social assistance, since income from employment under a socially useful work programme is not counted for purposes of determining eligibility for social assistance benefits. Thanks to this provision, participation in the programme allows for improving the financial situation of a household. In 2008 there were 63 700 unemployed people directed for taking up socially useful work. This programme does not lead to permanent employment.

Assistance in attaining self-reliance. There are separate social assistance programmes for supporting the persons leaving institutional care institutions (foster families, homes raising children and youths without parents, homes for mothers with minor children and pregnant women, etc.). People going through transition to self reliance have the right to cash benefits (for setting up

²⁷ Act dated April 27, 2006, on social cooperatives (Official Journal of 2006, № 94, item 651)

²⁸ Act on promotion of employment and institution of the labour market, Ibid.

²⁹ See: Article 73a of the Act on promotion of employment and institutions of the labour market, ibid.

on their own and for continuing their education), benefits in kind (assistance in the form of social work, help in arranging appropriate housing, in getting a job, and the necessary utensils, etc. for setting up home on their own). Such assistance is provided when income of a person is less than double the amount of the social assistance poverty line.

5.2 Quality services

Health care.

Access to free health care for persons in working age who are furthest from the labour market is limited and conditional. Long-term unemployed persons and their families can easily, for reasons beyond their control, forfeit their right to free medical care. Such regulations have been introduced starting January 1, 2009.³⁰

Social assistance is to ensure access to free health care also for persons covered by the programme of transition from homelessness, individual programmes of social employment or social contracts. In effect, completing such a programme or failing to take part in it for other reason leads such persons and their families to exclusion from free health care provisions. In such circumstances, social assistance can provide one-time help by covering part or all the expenses of health treatment (targeted benefit – discretionary).

All persons registered as unemployed, are entitled for free health care. However, may be deprived of the status of an unemployed person (and by the same token, the right to free health care) by refusing without a justified reason to accept a job proposal, or by failing to carry out other obligations, for instance by dropping out of training, trial employment or socially useful work project. This regulation, enacted in 2006, is intended primarily as a measure for eliminating informal employment. There is a supposition that persons register as unemployed to get the right to free health care, and then take up illegal employment. Although illegal employment of the economy in Poland is extensive and this issue needs to be addressed, the imposed regulation aroused serious concerns on social ground.

Housing.

The housing situation of many Polish families is very bad. As revealed by the EU-SILC 2007 survey, more than 7% of households occupy substandard housing, damp or with leaking roof, which at the same time lacks such utilities as toilet, shower or bath, 3% of housing has no running water, 9% no toilet, 10% no bathroom with tub or shower, and a similar percentage no hot water.

The possibility of ensuring decent housing conditions for the people living in substandard housing is very limited. The immense shortage of social housing causes that the waiting list often implies a wait of many years³¹. The existing social housing often do not provide even a minimum standard (such as on premises bathroom and toilet) and fail to meet safety standards. The programme of social housing construction launched in 2006³² is advancing very slowly. In the years 2007-2008 a total of 5174 council housing units were commissioned, whereas the shortfall of social housing

³⁰ Act dated changing the act on promotion of employment

³¹ The wait for such housing in Poznań is four to five years; the situation is similar in the other large cities. There is shortage of housing both for people evicted and for the poorest inhabitants of communes.

³² Act dated December 8, 2006, on financial support for establishing social premises, protected housing, overnight lodging and homes for the homeless (Official Journal of 2005, № 251, item 1844).

units is estimated at 120 – 130 thousand units, and of places for overnight lodging of homeless at 20 thousand beds.(Zaniewska 2007).

The January 2009 changes in regulations governing state assistance in creation of social housing stipulates increasing the support provided to local administrations from the central budget to, so as to cover between 30% and 50% of project costs (earlier 20% to 40%) Still, this does not seem sufficient to ensure marked acceleration in provision of new social housing.

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