

Poland

Trends, Recent Developments, Active Inclusion and Minimum Resources

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1. Introduction

The Poland's accession to the EU had a considerable impact on the programming and shape of social policy. Within the framework of the Open Method of Co-ordination an obligation was imposed on Poland to work out strategic and operational documents relating to social inclusion. Participation in the process of information exchange and mutual learning accelerated the process of transfer and adaptation to Polish conditions of positive experience of other EU members. The possibility to obtain a support of the European Social Fund launched also the process of adaptive changes to legislation in the social area.

In 2003 Poland joined the implementation of the social inclusion strategy under Open Method of Coordination, elaborating in co-operation with the European Commission a Joint Inclusion Memorandum. In 2004 the Polish government adopted *The National Strategy of Social Integration until 2010*, worked out by the Task Force for Social Integration, comprising representatives of governmental and local governments, as well as representatives of NGOs and independent experts. This strategic document became a basis for the *NAP Inclusion 2004-2006*, submitted to the Commission in September 2004. In September 2005, the former government, following broad consultations with social partners, adopted the document: *The social policy strategy for 2007-2013*. The document envisages focusing the social policy action on measures conducive to social inclusion: family and children support, realisation of an active social policy, rehabilitation and activation of the disabled, creating conditions conducive to social integration in an ageing population, activation and mobilisation of local partners, development of social services, as well as social and vocational integration of immigrants. At present the government has launched work on elaboration of the *National Report on Strategies for Social Protection and Social Inclusion 2006-2008*. In April 2006 the Ministry of Labour and Social Policy, in the framework of consultations with social partners, presented a conception of three priorities in the area of social integration to be included in the document: family and children, integration through activation, mobilisation and partnership. The work on this document is co-ordinated with programming the use of the resources of the European Social Fund in 2007-2013.

2. Key trends and recent developments

2.1. Labour market situation and trends

Poland has an exceptionally low employment rate for both men (57.2% in 2004) and women (46.2% in 2004) as compared to the EU-25 average (70.9% versus 55.7%). Also it has the highest among the EU-25 unemployment rates both for males and females. The most characteristic features of the labour market situation are extremely high unemployment rates among young persons less than 25 years old and high economic inactivity among persons in the immobile productive age.

A high unemployment level in Poland has maintained since 1999, when after a drop in the unemployment rate in 1994-1998 a rapid increase was noted. Economic recovery, which occurred since 2003, has not made a significant improvement on the labour market. In the last three years only a small growth of employment rate¹ was noted and a insignificant drop in the unemployment rate as compared to the rather high economic growth in the same period (3.8% in 2003 5.3% in 2004 and 3.2% in 2005).

¹ The total employment rate amounted to 51.2 in 2003, and 51.7 in 2004 (Eurostat).

Table 1. Unemployment rates in Poland

	1997	1998	2001	2002	2003	2004	2005
Total							
Total	10.9	10.2	18.5	19.8	19.2	18.8	17.9
Males	9.1	8.5	17.1	19	18.6	18	16.8
Females	13	12.2	20.2	20.7	20	19.8	19.1
Less than 25 years old							
Total	23.2	22.5	39.8	41.8	41.2	40	36.7
Males	20.4	20.2	38.4	40.9	39.9	38.8	35.5
Females	26.6	25.1	41.4	42.9	42.8	41.6	38.3
25 years old and more							
Total	9.3	8.6	15.2	16.4	16	15.8	15.1
Males	7.6	6.9	13.7	15.6	15.3	15	13.8
Females	11.2	10.5	16.9	17.4	16.8	16.7	16.6

Source: Eurostat.

Persistent or even growing has been unemployment of poorly qualified people², as well as long-term unemployment, especially among females. Also the situation of the disabled worsened. Positive trends have been observed as regards the unemployment level among young people, where a drop of the unemployment rate exceeds the average, both among men and women.

The maintaining high unemployment remains under the influence of structural factors (c.f. Rutkowski, Scarpetta 2005). So far Poland has not managed to carry out the necessary micro and macro economic reforms, and the reforms of the labour market institutions are insufficient to achieve a significant improvement on the labour market.

The factors, which differentiate the situation of individuals on the labour market, are age and education. The unemployment rate clearly decreases with age. The highest unemployment rate concerns people up to 24 years old and it is almost three times higher than in the case of persons over 44 years old. The most difficult situation is that of persons with primary or incomplete primary education. The high unemployment risk concerns also persons with secondary and primary vocational education. The factors of the unemployment risk differ slightly depending on gender. The higher education diminish the risk of unemployment stronger among men than among women. The chance of finding job for women in particular in the age 30-40 years old is significant lower than for men.

Despite the fact that the highest unemployment risk concerns young people, it is a relatively short-term unemployment. It also exhibits the highest flexibility against changes of the pace of economic development. In the last two years the unemployment drop rate among persons less than 25 years old largely exceeded the average. The structural, long-term unemployment concerns mainly poorly educated persons, including older ones in particular.

Poland exhibits a very high long-term unemployment. The percentage of long-term unemployed (12 months and more) in 2004 amounted for males to 9.6% of active population and for females – 11%, compared to EU-25 (3.6% and 4,7% respectively), a very long-term unemployed (24 months and more): 4.7% for males and 5.5% for females of active population (compared to EU-25 – 2.0 and 2.7 respectively)³. A worker with primary education is more than four times more likely to become unemployed than a worker with tertiary

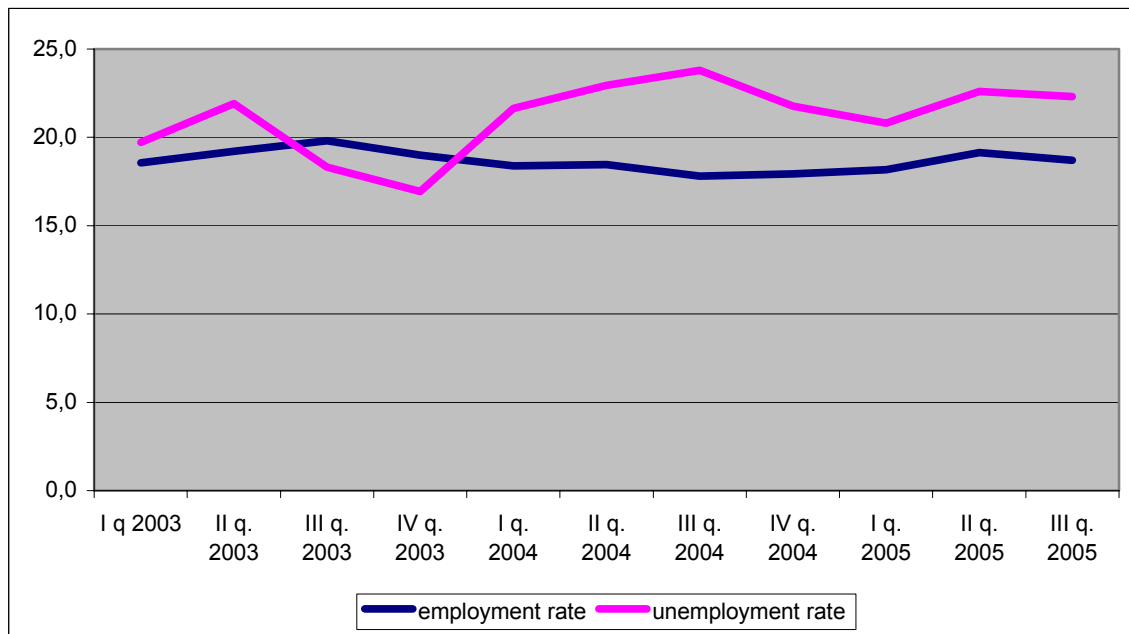
² According to the Central Statistical Office of Poland, the unemployment rate among people with primary and incomplete primary education was higher in the fourth quarter of 2005 as compared with the fourth quarter of 2004 by 0.3% (CSO data,
http://www.stat.gov.pl/dane_spol-gosp/praca_ludnosc/kwart_inf_ryn_pracy/2005/IV/montab.pdf)

³ All data according to Eurostat.

education. Despite a small drop of unemployment, which occurred in 2004-2005, the percentage of those unemployed for more than 12 months maintains and recently even slightly grows⁴. What is specific, is that the growth of long-term unemployment and extension of the period of job search, relates more to females than to males.

The disabled persons are still in a difficult situation on the labour market (over 4 million people). In the period 2004-2005 the unemployment rate increased and low employment level maintained of the handicapped at productive age. The largest number of disabled persons find employment in the sheltered workshops⁵. An increase was noted in employment of the disabled on the 'open labour market', which has been an effect of imposition, as from January 2004, of a support to employment of these people at the 'open labour market'⁶.

Graph 1. Employment and unemployment of the disabled persons at the productive age



Source: Ministry of Labour and Social Policy, based on LFS, <http://www.mpips.gov.pl/index.php?gid=702>

2.2. Trends in poverty and its profiles

As indicated by trend in the medium term, economic growth in Poland had an insignificant influence on the scale of poverty, arising from the increase in income differentiation⁷ and persistent difficult situation on the labour market. The range of relative and absolute poverty (extreme poverty), demonstrated an increasing

⁴ The long-term unemployed in the total number of the unemployed accounted for 50.4% in the fourth quarter of 2002, 50.3% in the fourth quarter of 2003 and respectively 48.9% and 52.4% in 2004 and 2005 (data from LFS of the Central Statistical Office), http://www.stat.gov.pl/dane_spol-gosp/praca_ludnosc/index.htm

⁵ In 2004 employment of the disabled in sheltered workshops amounted to over 200 thousand and in 2005 to about 180 thousand.

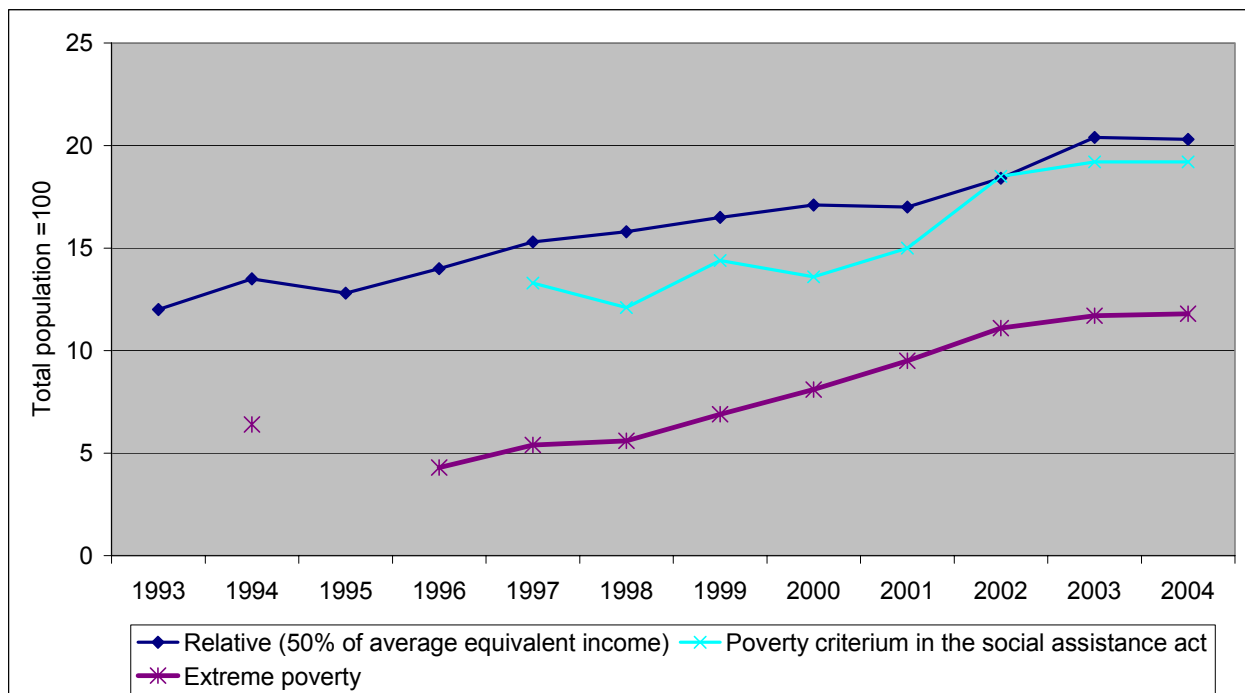
⁶ The support for employment of disabled on the 'open labour market' were introduced by the Act from 20 of December, 2002 on amendment of the Act on the occupational and social rehabilitation and employment of the disabled and amendments of other acts. (Official Journal 2003/7/79). In the framework of the supported employment on the 'open labour market', in January 2004 employment amounted to about 15 thousand people. This number doubled in 2005 (data of Ministry of Labour and Social Policy, <http://www.mpips.gov.pl/index.php?gid=702>)

⁷ Gini coefficient amounted to 31 for Poland in 2003 compared with 29 for the EU-25 (Eurostat).

trend over almost the entire period between 1993 and 2004. The exception was the first few years of the economic growth acceleration (1994-1995)⁸.

The impact of the recent economic recovery on the poverty reduction is not visible. As compared to 2003, the year 2004 resulted in a minor worsening of the range of poverty indicators. According to the data of the Central Statistical Office (GUS), 11.8% of the population (over 4.5 million people) lived in extreme poverty in 2004, compared to 10.9% in 2003.⁹ For extreme poverty line, the indicator of average poverty gap amounted in 2004 to 21% compared to 20% in 2003. The worsening of the situation is a result in the first place, of deterioration of the situation on the labour market of people endangered with poverty, such as poorly qualified persons.

Graph 2. Poverty in Poland, 1993-2004



Note: **Relative poverty** line – 50% of mean of equalised expenditure;

Extreme poverty -“market basket” of goods, which includes those needs, whose satisfaction cannot be postponed in time and consumption lower than defined by this level leads to biological deterioration.

Data from 2003-2004 are not fully comparable with the previous years due to changes in the methodology.

Source: GUS 2003a, 2006.

According to the Eurostat data, poverty rate in Poland amounted to 17% in 2003 and was higher than the EU average by 2 percentage points. However, the depth of poverty is not high. According to Eurostat relative poverty gap amounted to 23% in 2003¹⁰.

The results of the Households Budget Survey, carried out by the Central Statistical Office (GUS) in 2004 confirm the long-term trends relating to poverty determinants. The demographic factors increasing the poverty risk include: the size of a family and the age of the head of the family. The probability of falling into

⁸ As reported by the World Bank, the range of poverty (calculated using the World Bank methodology) demonstrated a decreasing trend in the period of economic recovery and growth. However, also in this case, the rate of poverty decrease was slower than the pace of economic growth (World Bank, 2004). In any case, reasons for the relatively low impact of economic growth on the limits of poverty can be sought in the increasing income differentiation of the population.

⁹ Extreme poverty line is defined as a basket of goods, which includes those needs, whose satisfaction cannot be postponed in time and consumption lower than defined by this level leads to biological deterioration. The 2003 data cannot be compared with the data from previous reports due to a change in the CSO methodology.

¹⁰ Eurostat data for relative poverty line equal 60% of median equalised income after social transfers.

the poverty increases with the size of the household. Families with three children or more have the poverty risk above the average. Whereas, the poverty risk of single parents is only slightly higher than the average. The specific feature of Polish poverty is the fact that it affects younger households much more than it does the older ones. In 2004, only the households with family heads aged under 54 were much more exposed to poverty than average. The greatest poverty risk concerned the households with family head aged 35-44. The fact that older households are better protected against poverty results from much lower unemployment among older population and social policy of the state, protecting retired households against poverty.

The most aggravate social problem is poverty of children. The threat of poverty decreases with age. According to 2003 Eurostat data the poverty rate among children and young people less than 16 years old amounted to 23% in 2003 thus exceeding the average by 6 percentage points. Polish statistics, based on the first OECD equivalence scale, more adequate to such countries as Poland, point out to a still more danger of poverty among children (see: Table 2). According to the Central Statistical Office data, in 2004 the situation of children and young people did not change¹¹.

Table 2. Percentage of persons with equivalent incomes below 60% of the median, as per age, 1997-2003

Age	1997	1998	1999	2000	2001	2002	2003
0 – 15	23.1	23.4	23.6	24.7	24.2	25.1	25.4
16 – 24	16.8	18.2	17.9	20.1	20.6	21.5	21.6
25 – 49	15.0	15.2	15.8	16.6	16.6	17.5	17.6
50 – 65	7.9	8.5	8.6	9.9	9.3	10.2	10.7
Over 65	6.1	6.5	6.6	6.5	5.9	6.0	5.7
Total	15.4	15.8	16.2	16.9	16.5	17.2	17.3

Note: Due to a different equivalence scale (OECD, the depicted results may differ from those of Eurostat.

Source: National monitoring system of equal status of males and females.

http://www.monitoring.rownystatus.gov.pl/rskim/index/chapter_0003.html

A crucial factor of poverty is disability. The risk of extreme poverty in the households where the head of the family is the handicapped, is higher by 40% from the average. In families with a child below 16 years of age, with testified disability, by 60%.

All surveys also confirm regional differentiation of the poverty risk. Poverty higher than the average occurs in rural areas. In urban areas the poverty risk decreases according to the size of urban settlements¹². Clear differences in poverty rates also exist between traditionally poor and rich regions of the country. The poverty risk in regions increases as the GDP decreases. A characteristic feature is that regional differentiation of poverty does not correspond to regional differentiation of unemployment. This is due to the fact that traditionally poor regions of Poland (eastern regions) exhibit a large share of agriculture, and do not generate high GDP but (unlike in Western Europe) are able to absorb or hide open unemployment (see: Förster, Jesuit and Smeeding, 2002).

¹¹ In 2004 the extreme poverty index among persons below 19 years of age amounted to 18%. Children and young people accounted for about 40% of the population living in extreme poverty. In 2004 the extreme poverty threatened 21% of families with 3 children and 40% of families with 4 children or more, as compared to 18% and 42% in 2003 respectively.

¹² However we have to note that the living costs differs substantially between rural and urban areas and small and big towns. World Bank study proves that the regional differentiation in the poverty rates decreases taking into account the differentiations in the living costs but still exists (World Bank 2004).

In 2004, as compared with 2003, there was no significant improvement of the risk poverty rate in any of the major socio-demographic groups. However, a certain decrease of the poverty risk can be noted in the group of families with four or more children (Table 3).

Table 3. Poverty risk (related to average) as per demographic factors in 2003 and 2004

	Extreme poverty ^a	Relative poverty ^b	Extreme poverty ^a	Relative poverty ^b
Year	2003		2004	
Total	10.9	20.4	11.8	20.3
Poverty risk in relation to the average				
Place of residence				
Towns, total	0.6	0.4	0.7	0.7
Number of inhabitants				
500 thousand and more	0.3	0.7	0.3	0.4
200-500 thousand	0.5	0.3	0.6	0.6
100-200 thousand	0.7	0.5	0.7	0.7
20-100 thousand	0.7	0.7	0.7	0.7
20 thousand and less	0.9	0.8	1	0.9
The country	1.6	1.6	1.6	1.5
Married couples				
with no children supported	0.2	0.3	0.2	0.3
with 1 child	0.5	0.6	0.5	0.6
with 2 children	0.9	0.9	0.8	0.9
with 3 children	1.7	1.7	1.8	1.8
with 4 children or more supported	3.8	2.9	3.4	2.8
single parents	1.1	1.2	1.3	1.2
other families and households	1.0	1.0	0.9	1.0
Age of the family head				
34 years and less	1.1	1.1	1.1	1.1
35-44	1.2	1.2	1.2	1.2
45-54	1.0	1.0	1.1	1.0
55-64	0.8	0.8	0.8	0.8
65 and more	0.7	0.7	0.6	0.7

Note:

a - **extreme poverty line** - the extreme poverty is defined by the basket of goods and services, which covers only basic needs, whose satisfaction cannot be delayed.

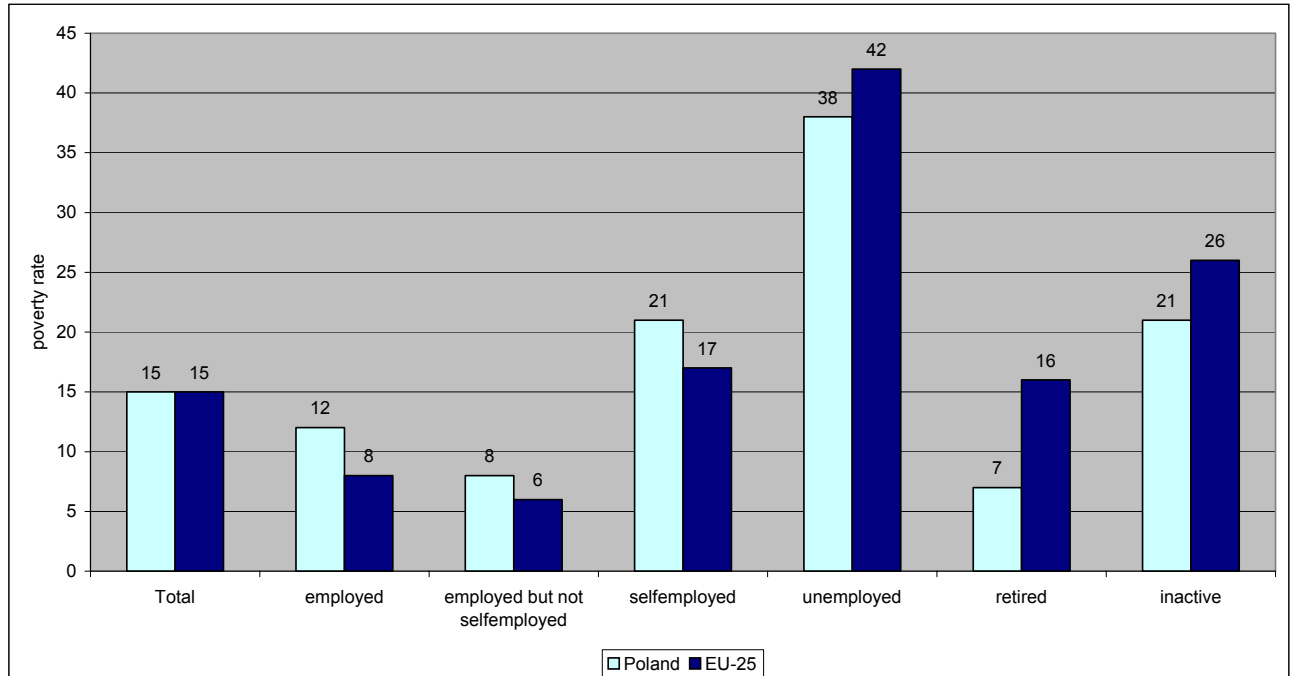
b - **relative poverty line** equal 50% of mean equalised expenditure

Source: Own calculations based on the publication (GUS 2006), Table 105 and 106.

The dominant socio-economic factors impacting the dimension of poverty in Poland have been, and still are the status at the labour market. Unemployment became the main factor, which increases the poverty risk. The poverty risk for the households, where the main earner is unemployed increases four-fold (World Bank, 2004). The high poverty risk for households with unemployed persons is also confirmed by the CSO research. In 2004, the rate of extreme poverty in households with at least one unemployed person reached 26%, whereas in households with no unemployed it was only app. 7% (see: GUS, 2006). However, as compared with the EU-25 average, attention is drawn by a slightly weaker relation between unemployment and poverty risk. At the same time, employment is a protection against poverty to a slightly lesser degree than on average in the EU-25. In Poland, as compared to the EU-25 average, the „working poor” phenomenon occurs more frequently, whereas the old-age pensioners are less frequently at the risk of poverty (see: Graph 3).

High unemployment causes a large number of persons living in jobless households (16.6% females and 14% males, aged 18-59 in 2005). Gender makes no significant differentiation of the impact of the status on the labour market on poverty risk¹³.

Graph 3. The poverty rate and the status at the labour market in Poland and EU-25 (2003)



Note: For population 16 years old and more,
Poverty line – 60% of median equalised income after social transfers.
 Source: own calculations based on Eurostat data.

The economically inactive population in Poland consists of three different groups, representing various poverty risks. The poverty risk of persons in the households living mainly on an old-age pension is low (5.6% of persons living in extreme poverty versus 11.8% on average in 2004). Among persons in the households living mainly on a disability pension or survivor’s pension, the poverty risk is higher than the average (16.8% of persons living in extreme poverty versus 11.8% on average in 2004). The poverty risk of persons in the households living mainly on other benefits than an old-age, survivor’s or disability pension, i.e. in the first place on social assistance allowances, family benefits and unemployment benefits, is the highest (33.6% of persons living in extreme poverty versus 11.8% on average in 2004)¹⁴.

¹³ The Eurostat data indicate that on average, females are exposed to a slightly less poverty risk than males. Only the situation of female old-age pensioners is worse – but only insignificantly – from that of male old-age pensioners.

¹⁴ The CSO data, (GUS 2006).

Table 4. Poverty risk related to the average as per socio-economic factors (2003- 2004)

	Extreme poverty ^a	Relative poverty ^b	Extreme poverty ^a	Relative poverty ^b
	2003		2004	
Total	10.9	20.4	11.8	20.3
Poverty risk related to the average				
Education of the family head				
Tertiary	0.1	0.1	0.1	0.1
Secondary	0.4	0.5	0.4	0.5
Primary vocational	1.4	1.4	1.4	1.4
Primary or none	1.8	1.6	1.7	1.6
Status on the labour market				
Households with no unemployed persons	n.d.	n.d.	0.6	n.d.
Households with at least one unemployed person	n.d.	n.d.	2.2	n.d.
Households of old-age pensioners	0.5	0.5	0.6	0.5
Households of disability pensioners	1.4	1.3	1.4	1.3
Households of persons living on social benefits other than pensions	3.2	2.5	2.8	2.5

Note:

a – **extreme poverty line** – the extreme poverty is defined by the basket of goods and services, which covers only basic needs, whose satisfaction cannot be delayed.

b – **relative poverty line** equal 50% of mean equalised expenditure

Source: Own calculations based on GUS, 2006. p. 101 and 195, table103 and 104.

The qualitative and quantitative researches point out that poverty becomes a persistent feature (Tarkowska 2005; Topińska 2005). It is a new phenomenon as compared to the beginning of 90¹⁵. The panel data of Households Budgets Survey in 2002 and 2003 show that almost every second person living in extreme poverty in 2001 lived in the extreme poverty also in 2002¹⁶. The research of Topińska shows that the factors contributing the most to permanent nature of poverty in Poland are first and foremost unemployment and the size of a household (number of children less than 14 years old)¹⁷. Topińska also expressed the opinion that persistence of poverty is gender-specific. The households with female head of the family are exposed to a greater permanent poverty risk than those headed by males. Also the place of residence differentiates the risk of permanent poverty to the disadvantage of those living in rural areas. A research conducted by Domański points out to occurrence of an advanced phenomenon of poverty inheriting in Poland¹⁸.

¹⁵ The World Bank study conducted in Poland in the first half of the nineties pointed out to an impermanent nature of poverty. (World Bank 1995).

¹⁶ The studies of households budgets in Poland are not panel ones, so only fragmented data regarding permanence of poverty are available.

¹⁷ Topińska concludes that "...the household size is one of the most important determinants of the poverty dynamics. The basis for such a conclusion is constituted by very low "probabilities" of staying in poverty for persons, who live in small households, and relatively high for those who live in large ones." (Topińska 2005,p. 82-83).

¹⁸ Based on representative research conducted in 2000 in Bulgaria, Poland, Russia, Romania Slovakia and Hungary, (Domański 2002, pp. 85-100).

2.3. Other aspects of social exclusion

2.3.1 Access to flats and their equipment

The most recent studies relating to multidimensional factors of exclusion have shown that a simultaneous occurrence of factors of poverty and non-monetary deprivation defined as a standard of flats is not widespread and it had decreased in 1997-2003 (Szulc 2005)¹⁹.

This may coincide with the observable trends relating to standard of flats. The household equipment with basic commodities (running water, toilet, bathroom, hot water, central heating, network gas) is significantly better in 2002 than it was in 1988²⁰. The traditional neglects of the period before the socio-economic and political system transformation were significantly made up for afterwards, both in the urban and rural areas, and the differences between living standards in rural areas and towns were largely reduced. A conclusion, which can be drawn on the basis of the most recent, representative research, Social Diagnosis, is that a further progress in this area can be observed, which was made in the years 2003-2005 (see: Table 5).

Table 5. Percentage of households without selected equipment and installations in 2000, 2003 and 2005

	2000	2003	2005
Hot running water	28	25.9	22.33
A water-supply system	5.56	4.29	3.52
Bathroom with shower or bathtub	12.84	9.97	8.94
A flushable toilet using running water	10.04	8.86	7.87

Source: Social Diagnosis 2000,2003,2005; <http://www.diagnoza.com/>

From the same research it appears that the percentage of households, which did not have an independent flat, decreased only insignificantly in 2000-2005 (to almost 3.4% of the surveyed households in February 2005). Most frequently such households appeared in 2005 in the group of households making their living on social benefits others than pensions and employees (almost 7% and over 4% of the households respectively).

The households with unemployed persons are on average in worse housing conditions as than rest of households. More often than the average, they do not have an independent flat, they exhibit a higher than the average, density of flat inhabitants and worse equipment as regards basic media. These households more frequently have overdue payments for the flat and repayment of housing credits (cf. Social Diagnosis 2005).

¹⁹ Poverty line is defined by Szulc as monetary income and expenditure lines for 70% of equalised median. Deprivation poverty line is defined in terms of household basic facilities, namely as lacking of at least one of the following: bath or shower, inside toilet, running hot water, adequate heating (for instance not with a fire basket).

²⁰ This appears from the data of the National Census 1988 and 2002:

Specification	Total	Including households equipped with:					
		Running water	Toilet	Bathroom	Running hot water	Central heating	Network gas supply
	1988=100						
Urban	113	117.6	125.9	126.6	125.3	130.8	119.4
Rural	103.6	144.8	168	155.2	147.3	168.2	326.1

Source: Final Report of the National Census, CSO (GUS), Warsaw 2003.

2.3.2 Access to education and life-long learning

A significant advance in the population's education has taken place in Poland since 1990, reflected in a significant improvement of the structure of education. According to the recent studies, access to education does not make differences between inhabitants of the rural areas and towns up to 19 years old and the enrolment rate of people in age 16-19 has increased in recent years, exceeding 90%. The differentiations between rural and urban area substantially diminished compared with the situation in 2000 and 2003 and almost disappeared in 2005. The regional differentiations in access to education still persists with regard to older population. The percentage of inhabitants in the rural areas aged 20-24 learning at schools and in other forms of education amounted to 51% in 2005 (39% in 2003). In towns this percentage varies from 54% to 70% depending on their size (in 2003 from 46% to 61%). Such a significant growth of persons aged 20-24 making use of educational services is a proof of the persisting and even growing understanding of the role of education in finding and keeping a job. On the other hand it shows persistent differentiations in access to higher education between inhabitants of rural and urban areas. Still at the fore are the largest and large towns, where about 67%-70% of people use educational services. A characteristic feature the differences in educational activities between men and women still maintain, to the advantage of women (cf. Social Diagnosis 2005).

In Poland an unfavourable differentiation in the access to life-long learning persists, both in terms of education and education level. The results of the Social Diagnosis 2005 research confirm, which was also established in other researches²¹, high selectiveness of educational activity of adults according to education. Almost 60% of people aged over 18 using educational services other than schools had a university education and almost 22% – secondary and post-secondary education (cf. Social Diagnosis 2005).

The Polish educational system is characterised by a low and a very significant diversification of the education quality. Comparison of results of the OECD PISA study from 2003 and 2000 indicates a general improvement in the quality of education in Poland. It also shows a simultaneous decrease in the differentiation in quality of education between schools and higher diversification within schools themselves. This could be the effect of the educational system reform, introduced in 1999²².

The PISA study shows that differences in test results persist, depending on the social and economic status of the parents. As compared to other OECD countries, the differences observed in Poland keep on to be relatively high²³. The family status translates into the opportunity of frequenting a "better" school. This situation is most certainly affected by a variety of factors, such as: higher ambitions of the parents having a better social and economic standing, but also their financial abilities (costs of driving children to more distant schools, additional non obligatory payments to schools, etc.).

2.4. Social policy response

2.4.1 Social transfers

The social transfers amount to app. 17.4% of GDP in 2004 (and 17.6% in 2003) and have a significant impact on poverty reduction. Poland has the highest poverty rate prior to social transfers among all the EU-25 (49% in 2003). As a result of social transfers the poverty rate decreases to the level close to the EU-25

²¹ Cf. GUS 2003b; Matysiak 2003.

²² The reform, has among other things, extended the period of mandatory education by one year (up to 15 years old).

²³ Compare with the results of the PISA study [Wyniki badania PISA 2003], www.ifispan.waw.pl.

average (17% in 2003). Social transfers, including pensions reduce the poverty rate almost three-fold, and transfers excluding pensions almost two-fold.

Poland exhibits a high efficiency of social transfers in reducing poverty. A reduction of the poverty rate by 1 percentage point consumes in Poland about 0.6% of GDP, as compared with the EU-25 average of 1.8% of GDP²⁴. However, a more comprehensive analysis points out to the fact that an impact of social transfers on reduction of the poverty risk is much differentiated in terms of age.

The strongest effect of redistribution on poverty reduction is noted obviously in the age group over 64 years. Within this group the poverty rate after social transfers decreases by 80 percentage points to the very low level of 7%. The major role in such a significant poverty reduction among older people is that of pension transfers. The poverty rate of people at the productive age (16-64), as a result of social transfers, decreases by 29 percentage points to the level of 15%. In this case the importance of pension benefits (old-age, disability and survivor's) for poverty reduction is much smaller, although still significant and not much smaller than the effect of other social benefits. To the smallest extent social transfers reduce the poverty of children (aged up to 15 years). In this group they reduce poverty by 21 percentage points to the level of 23%²⁵. The major effect on reduction of poverty of children is that of social benefits other than pensions. The effect of social transfers on poverty reduction is not differentiated in terms of gender (cf. Table 6).

Table 6. At risk poverty rate before and after social transfers by age and sex (2003)

Age	At risk poverty rate before social transfers (pensions included in the social transfers)			At risk poverty rate before social transfers (pensions excluded from the social transfers)			At risk poverty rate after social transfers		
	Total	Males	Females	Total	Males	Females	Total	Males	Females
Total	49	48	51	31	32	31	17	17	16
0-15	44	:	:	37	:	:	23	:	:
16-64	45	44	46	32	32	31	16	17	16
65 and more	86	88	85	18	15	19	6	4	7

Source: Eurostat.

High poverty rate among children and a relatively poor effect of social transfers on its reduction points out to the major problem of the Polish social protection system, which provides insufficient protection of younger families with children against poverty.

The differentiated effect of social transfers on reduction of poverty of various age groups is attributed to the nature of social expenditures. The social expenditure in Poland has very unfavourable structure. Poland is the EU leader in terms of pensions share (including old-age, disability and survivors' pensions) in the social expenditure. However, the level of expenditures on benefits supporting families living in poverty is low. The outlays for pensions account for about 60% of social expenditures, whereas the outlays for income support for poor families (such as social assistance benefits, family allowances and housing benefits) – to about 6%. Despite efforts made for many years in Poland, no significant improvement of this structure has been achieved²⁶.

²⁴ Author's own calculations based on Eurostat data (2003).

²⁵ Eurostat data.

²⁶ Poland spends on social benefits replacing income from labour of people at immobile productive age about 4.6% of GDP (the highest rate among member states). It is a result of generous early retirement schemes. A consensus achieved in 1998 which was aimed at a radical limitation of the right for early retirement until 2007, is still contested by the Trade Unions and the majority political parties represented in the parliament.

2.4.2 Recent changes in the social legislation

The accession to EU had a visible impact on the reforms of the social policy. In 2003-2004 many reforms were imposed affecting poverty reduction and inclusion. They dealt with changes in the social protection schemes (social assistance and family benefits), introduction of the social activation measures (social employment, social co-operatives and social contracts), stipend system for school children and university students as well as changes in the employment policy (new regulations in employment including rehabilitation and employment of the disabled persons). The process was continued in 2005 when most of the legislative activities in the social policy area were concentrated, first, on improvements and amendments of the existing regulations. It seems that after the parliamentary elections in September 2005, the legislative activity in the social policy area slowed down. However, we can note some changes and new proposals related in particular to the family policy.

In 2005 the reforms of social protection concentrated on the changes of the system of the income support of the poor: social assistance and family benefits²⁷. They were aimed at “avoiding unjustified accumulation of benefits covering similar functions and at allowing monitoring of the revenue-dependent benefits system as a whole”²⁸. They have created consistency and simplified the previously extensive system of benefits and diversified revenue qualification criteria. As a result, two separate systems of cash benefits have been established. They are means-tested social assistance benefits (whose diversification has been radically limited) and a system of family benefits, introducing 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 new system of family benefits includes the basic system of family benefits paid for every child living in a family (taking into account income criterion) and extra benefits such as: child up-rising benefits, allowance for rehabilitation and education of a disabled child, single parents benefits, etc.

Without any doubt a success of the reform of the social assistance has been an increase of average amount of social assistance benefits. The amount of these benefits before reform, due to a lack of budgetary resources for its financing, remained at a strikingly low level. The reform reduced the discretionary way of establishing the level of allowances for social assistance beneficiaries, which often had led to minimising these allowances as a result of lack of social assistance financial sustainability. It also introduced temporary state budget subsidies to the social assistance benefits (*temporary benefits*) financed by the local governments. As appears from the statistics, as well as information gathered from certain regions of Poland, the new regulation significantly improved the social assistance financial standing. As a result the amount of financial assistance for the family increased, along with an extension of the period in which the assistance is paid on average²⁹.

More problems caused the reform of the family benefits. It changed the income related criteria of eligibility for basic family benefits and some extra benefits, thus reducing the coverage of some of them. Also other certain elements of this reform were strongly criticised. First and foremost it concerned the provisions on income support to persons bringing up a child alone and to multi-children families. During 2005, as a result of the political debate these provisions were largely amended. New regulations restrict assistance to single parents and increased allowances for multi-children families (three or more). In 2006 further amendments to regulations were imposed concerning these allowances. They increased coverage of social assistance benefits among farmers and imposed a one-off allowance due to giving birth to a child.

²⁷ Ustawa z dnia 12 marca 2004r. o pomocy społecznej [Act of March 12, 2004 on Social Assistance] – Official Journal No 2004/64/593; Ustawa z dnia 28 listopada 2003r. o świadczeniach rodzinnych [Act of November 28, 2003 on Family Benefits] – Official Journal No 2003/228/2225.

²⁸ See the justification of the Act on Family Benefits, proceedings of the Parliament, Vol.1555.

²⁹ The average amount of social assistance allowance for persons and families temporarily in a difficult situation (in the first place long-term unemployed) increased in 2005 almost two-fold, in comparison to 2003.

Limitation of rights for assistance to parents bringing up children alone³⁰. The changes adopted in April 2005 definitively restricted the right to family allowances for parents bringing up children alone. Before that, as a result of the 2004 family benefits reform, the alimony allowances for single parents who were unable to collect alimonies awarded by the court (from other parent of their child) were liquidated. In return, all persons bringing up children alone, if only they satisfied the income criteria acquired the right for special family allowances due to bringing up a child alone. This principle was totally reversed in the most recent amendment from 2005 to the regulations above. Now the right for all family allowances (along with family benefits and allowances for bringing children alone) has been granted only to those single parents who will prove that due to objective circumstances they are not able to collect awarded alimonies from the other parent of the child. Otherwise they are devoid of all rights relative to family benefits.

The law was aimed at counteracting the abuse of the right for allowances arising from previous provisions. Before amendments many people conducting jointly a household and bringing up children together decided not to formalise the marriage or even to divorce – as it brought additional benefits. The right-wing parties criticized this provisions as measures ‘against family’. The present changes in turn lead to another type of behaviour. Single parents willingly register a child and give no information about the other parent (declaring that parent is unknown), thus proving the impossibility to get alimony³¹.

The recent changes did not solve the basic problems connected with frequent evasion of payment of alimonies. As a result, so far the collection of awarded by the court alimonies from the persons obliged for such payments has not improved. An unfavourable phenomenon is largely decreased coverage and reduced amount of family benefits for parents bringing children alone. Considering the fact that the vindication procedures of alimony from parents who are not inclined to pay themselves, are difficult and long lasting, the new provisions lead to a worsening of the situation of many single parents and their children, depriving them of their right for family benefits. In the first half of the year under the new provisions, the number of single parents entitled for family benefit for single parents decreased by 33%, as compared with the number of people entitled to the alimony benefit before reform on family benefits from 2004. Also the average amount of benefits decreased – by 15%³².

Increasing family benefits for multi-children families³³. In April 2005 legislative changes were made as regards support for large families. With respect to the high risk of poverty affecting the multi-children families, the need to improve social protection for those families became a priority. Before this reform, the amount of the family benefits depended only on age of children. This issue was taken into consideration while amending the Act on family benefits of 2005, which imposed supplements to family benefits for every third and successive child in a family.

³⁰ Ustawa z dnia 22 kwietnia 2005 r. o postępowaniu wobec dłużników alimentacyjnych oraz zaliczce alimentacyjnej [Act on proceedings against the maintenance debtors and maintenance advance payment]– Official Journal No 2005/86/732.

³¹ The changes made in the solutions relating to benefits for single people raising children were accompanied by wide protests and a public debate. People who prior to the reform of the family benefits system enjoyed the right for maintenance, made claims, because in many cases they had lost the right for maintenance in the case of a new marriage or if they did not legalise disintegration of their matrimony. Many of those people received lower benefits than before. During the debate it was pointed out that the State, imposing new solutions, renounces its responsibility for poor effectiveness of its bodies in enforcing the maintenance due and that the function of the new benefit changed, from compensation of the lost maintenance to income support benefit. New regulations, being a response to severe criticism, are still contested by people who do not receive the maintenance due. These circles submitted to the Parliament a citizen bill restoring the maintenance. Recently the Ombudsman addressed the Minister of Labour pointing out to legal defects of the law, which devoid those concerned of the maintenance rights.

³² The amount of collected maintenance accounted for 0.14% of the amount of the allowances paid for single parents. (cf. Information on the Enforcement of the Act on Proceedings Against the Maintenance Debtors and Maintenance Advance Payment in 2005), Ministry of Labour and Social Policy, Warsaw, March 2006, <http://www.mpips.gov.pl/userfiles/File/Departament%20Swiadczen%20Rodzinnych/informacjaali.doc>

³³ Ustawa o postępowaniu wobec dłużników... [Act on proceedings against the maintenance debtors...].

In the light of the statistical data, which show that every fifth family with three children and 40% of families with four children and more live below the extreme poverty line, such a change does not give a rise for controversies. It may contribute to reducing the scale and depth of poverty among large families.

At present the government, considering the poor situation of multi-children families announces imposition of tax allowances for every third and successive child. While assessing this proposal one has to take into account the fact that many multi-children families living in poverty will not be covered by such aid, as they do not pay taxes (this relates to farmers and people living on other than pensions social allowances).

Increasing the coverage of farmers' population in social assistance³⁴. This change consisted in a reduction of the estimated agricultural income, which is considered while establishing the income of the beneficiaries for the purposes of social assistance. As the result, the number of people with income from agriculture and entitled for social assistance increase.

This replacement is connected with difficulties encountered by the social policy while determining the incomes of people in agriculture, in order to establish the eligibility for means-tested benefits. As farmers do not have the obligation to keep an account book and they do not pay the income tax, the volume of income from agriculture for the social policy purposes, is estimated on the basis of the size of a farm and adjusted with the ground classification (the so-called conversion hectare). In the social legislation different levels on income are determined, attributed to the calculation unit, being the conversion hectare. In practice, each such figure is arbitrary and does not reflect the real needs.

Imposition the birth allowance for all³⁵. This regulation implemented in 2006 was introduced by the right-wing parties after the election in September 2005. It relates to the intention of the right political wing to constitute a family policy addressing low fertility rate in Poland. The existing regulations granted the right for a one-off allowance due to a child birth only to persons meeting the income criteria in family benefits. Now the allowance for those people is higher as the previous one and it will also be received (to the lower amount) by all others who have income higher than eligibility criterion for family benefits. The change has no substantial effect on the income situation of families with children.

Act on counteracting violence in a family³⁶ passed in mid-2005 is an attempt of the first comprehensive response to pathologies in the family. The Act, while establishing the legal commitments to counteract violence in families on every level of governmental and local administrations, can provide a valuable support to efforts made so far to counteract violence at home. Although so far many programmes to counteract violence at home were carried out, there was a general lack of a more comprehensive reply to the weaknesses and inadequate response of public institutions to pathologies developing in a family³⁷. However the proper implementation of the new regulation depends on the situation of the social assistance institutions which are obliged by the new law to establish the system of counteracting violence in families at the local level. As we argue later in the report, the social assistance institutions are lacking qualified staff (see: paragraph 2.4.3). Other reservation to the new regulations is related to the location of the units responsible for counteracting violence in family. According to this law, those units are located at the lowest level of the local administration (*gminas*), nearest to the place of residence of beneficiaries. This can result in the effective mobilisation of different institutions responsible for the counteracting pathology in family.

³⁴ Act on amendments of the Act on Family Benefits

³⁵ Ustawa z dnia 29 grudnia 2005 o zmianie ustawy o świadczeniach rodzinnych [The Act from December 29, 2005 on amendments of the Act on family benefits] – Official Journal 2005/267/2260 and 2006/12/67.

³⁶ Ustawa z dnia 29 lipca 2005 o przeciwdziałaniu przemocy w rodzinie. [The Act from July 29, 2005 on counteracting violence in a family] - Official Journal 2005/180/1493.

³⁷ The weakness and lack of operational co-ordination of those institutions are confirmed in the media reports of neglects leading to drastically criminal and pathological situations.

However, it can, on the other hand, prevent victims of violence from asking for assistance due to the fear of stigmatisation in the local milieu.

Financial support for school children and students. Since 2004 the new financial support system for students originating from poor families was implemented. It is based on several programmes:

- Assistance to primary and secondary school students in the form of scholarships and allowances,
- Assistance to tertiary students in the form of scholarships,
- Assistance to secondary school students from rural areas and support for tertiary students originating from marginalization-threatened areas, including rural and industrial restructuring areas, financed from the *European Social Fund*.

The new stipend system creates completely new quality in terms of the assistance. Before that the assistance to school' and university' students was very limited. Taking into account the fact that educational differences depend on the social and economic status of the parents, the financial support for school children and higher education students, even though it is not the only necessary instrument, may to some extent improve the equality of opportunities of the youth in the educational process.

The implementation of the stipend programs met different difficulties such as insufficient financial resources, significant geographical differentiation of scope (different levels of the income threshold qualifying to assistance) and duration of scholarship periods, the complicated procedures of granting financial assistance to school students and the significant delays in performance of the assistance. In 2005 the Parliament adopted the new law on the Fund of the National Educational Commission³⁸. This regulation changed the sources of the financing of the stipend system. Before that the stipend system was financed out of the state budget. The new regulation made the financing more independent from the political decisions.³⁹ In 2005 the procedures of granting financial assistance have been simplified and from 2006 the scope of the financial sources has been substantially increased⁴⁰.

Social activation. The development of the measures of social activation of people furthest from the labour market started in 2003 by introduction of changes in the employment and social assistance regulations and new forms of social employment. The regulations are described in paragraph 3.3.

2.4.3 Gender issue

As arises from paragraphs 2.1-2.2, situation of women on the labour market, despite their better education than those of men, is poorer than the situation of men. But no important gender specific differences appear as regards the poverty risk. Much more differences occur in the situation of men and women appear if we consider persistence of unemployment and poverty. Women are in a much worse situation in this respect than men. Without any doubt this aspect should be considered in a policy.

As we have shown in paragraph 2.4.2 there is no difference as regards effectiveness of social transfers in reducing poverty in relation to gender. Thus one can suppose that the main aspect of gender inequality in the context of persistence of poverty is connected with women status on the labour market: long-term unemployment or economic inactivity. The status of women on the labour market is connected with the fact that women perform the majority of protective functions relating both to children and other members of a family who need a permanent care. In Poland the conflict between professional activity and performance of care functions has a strong structural character. It is aggravated, amongst others, by the fact that there is

³⁸ Ustawa z dnia 29 sierpnia o Funduszu im. Komisji Edukacji Narodowej [Act from 29 August, 2005 on the Fund of the National Education Commission – Official Journal 2005/167/1400.

³⁹ The financing sources of the Fund of the National Education Commission are: revenues from the privatisation of the state-owned companies and PIT.

⁴⁰ The state budget allocated approx. 346 mln PLN in 2005 and 550 mln in 2006.

almost a lack of social services in Poland, which could help women in the reconciling work with family responsibilities (nurseries, kindergartens, care services for adults).

The problem of increasing an access to different forms of care for children and adults who need care was addressed in NAP/Inclusion 2004-2006. But the actions are insufficient. The recently implemented projects relating to establishment of pre-school centres in rural areas undoubtedly are very useful, but the scale of this action is completely inadequate to the needs⁴¹. We can not note any progress in the development of the care services for adults.

Another problem, which needs to be addressed is related to the difficulties encountered by women re-entering the labour market after a period of break to take care of children. Recently we can observe the development of these activities, implemented by ngo-s and supported by the European Social Fund. However, the scope of these activities is also far from the desired one.

The issues of the situation of women on the labour market in the context of the declining fertility, have been a topic of a public debate⁴². In general we can observe two main streams: the first one pointing out to the need for imposing regulations to facilitate reconciliation of work and family responsibilities, and the second one, which stress role of woman's primarily as that relating to family life.

2.4.4 Administrative capacity and co-ordination of the social policy at the local level

Within the last several years Poland managed to improve the situation of employment services and social assistance only to a very small extent. Their institutional weakness of the social services constitutes a major barrier to counteract poverty and social exclusion. This relates first and foremost to insufficient number of the personnel, its poor qualifications and weaknesses of the management and co-ordination systems.

Social assistance The number of social assistance employees in the entire Poland does not comply with the standard established in the regulation.⁴³ The amount of problems in many regions of the country, especially those with high unemployment, is so large that social workers have very limited possibilities to conduct social work on individual basis. In 2003-2005, despite extension of the social assistance tasks, in connection with servicing the family benefits system and adoption of the act on counteracting violence in the family, the number of social workers employed on the lowest local administration level increased very little (by about 150 people)⁴⁴.

Despite a steady improvement of the professional level of social workers, their education and training system still needs improvement and development. In 2005 tertiary education for social workers was launched, integrated with the university education system⁴⁵. The Social Policy Strategy for 2007-2013 envisages implementation of a new, integrated education system for social workers, employment services workers and personnel dealing with assistance to the disabled, on the tertiary vocational education level in State Colleges for Social Service Workers, as well as in the joint system of permanent education of social

⁴¹ Projekt stworzenia takich ośrodków realizuje Fundacja Rozwoju Dzieci im. Jana Amosa Komeńskiego.

⁴² Cf. e.g. A conference organised by The Institute of Market Economics and Polish Lisbon Strategy Forum in December 2005 „The chances for birth ratio growth – what kind of a family policy ?”

⁴³ The Social Assistance Act stipulates that there shall be no more than 2000 inhabitants per 1 social worker. Now there are about 2500 inhabitants per 1 social worker.

⁴⁴ Social workers are employed by local governments. However, to strengthen social assistance services and their activity, an interim (till the end of 2006) financing from the central government budget was provided for increasing wages of those social workers who are visiting persons under their care in their homes. Paradoxically, this instrument will not strengthen these services as much as it will show their weaknesses.

⁴⁵ So far education of social workers ended in post-secondary schools without a possibility of continuation at university level.

services workers. (Ministry of Labour and Social Policy, 2005a). Unfortunately, the development of the training potential of the social workers does not always make use of the existing possibilities. It seems that social assistance does not make adequate use of the European Social Fund potential. Till the end of 2005 only 8 contracts were signed for realisation of projects aimed at improvement of the quality of these services (training and evaluation)⁴⁶.

Labour market institutions Public employment services malfunction, as well as a narrow scope and poor effectiveness of active labour market policies, combined with lack of adequate monitoring and evaluation of actual effectiveness of the undertaken actions, lead to the quality of service, which is far away from expectations. Both the number and education level of employees of Polish public employment services (less than 50% with university education) place a barrier to manage the scope and quality of the necessary labour market services⁴⁷. Since the transfer of labour offices to local administration in 1999, significant shortages in the financing of these institutions are noted, with employment of the staff being subject to constant fluctuations. The Labour Fund resources, which are used amongst others for the ALMP financing, prove insufficient and the effects of the activities are valued as very poor.

In 2003-2005 there was a certain, but entirely insufficient, improvement in the institutional service to the labour market in Poland:

- Employment in labour offices was increasing. Till the end of 2005 in the *voivodship* and *poviat* labour offices there were over 2000 employees more than year before, but still their number, and especially that regarding vocational counsellors, is dramatically insufficient;
- In 2004-2005 there was a growth of the Labour Fund expenditures for ALMP to the level of about 40%, but still they remained very low (accounting for about 0.2% of GDP);
- There was a large increase in the number of non-public labour market institutions (mainly temporary job agencies and training centres);
- Access of the unemployed from the so-called risk groups to certain labour market instruments increased (such as subsidised work, vocational counselling). A crucial role in improving this access was performed by the European Social Fund⁴⁸. However, still access of people from the risk groups to employment services remains too poor. It is estimated that vocational counselling is used by only 16% of long-term unemployed and vocational training is primarily designed for the unemployed with the best chances for resuming employment (it can be assumed that such persons would get a job also without attending the vocational training courses).

Still there is a lack of a complex system of education and vocational training of employment services workers. The monitoring and evaluation systems are underdeveloped⁴⁹. (cf. Ministry of Labour and Social Policy (2006a); Employment in Poland 2005; CASE (2004).)

⁴⁶ The data relate to point 1.5.a of the Sectoral Operational Programme Human Resources 2004-2007. Data of Ministry of Labour and Social Policy (<http://www.dwfefs.gov.pl/Konkursy/>)

⁴⁷ As at the end of 2004 there were on average about 1850 unemployed per 1 employment officer. According to the statistics in other EU Member States this proportion amounts to on average about 300 unemployed per 1 employment officer.

⁴⁸ In 2005, within the task (long-term unemployed), 368 projects co-financed by ESF were realised, including vocational counselling, training courses, vocational education, facilitating intervention works and public works, grants for setting up business. As appears from the reports of voivodship Labour Offices these activities also contributed to reducing the negative psychological effects of long-term unemployment, as well as to increasing motivation to continue job search by people remaining jobless for more than 12 months.

⁴⁹ The issues of strengthening the institutional servicing of the labour market are addressed in the National Employment Strategy for 2007-2013, adopted by the Council of Ministers on 6 September 2005; (Ministry of Labour and Social Policy, 2005b).

Mainstreaming and coordination of the social policy at the regional and local level

It seems that one of the significant institutional weaknesses of the implementation of social inclusions programs in Poland is lack of the coordination and cooperation of the institutions responsible for the social policy. Poland is a country of de-centralized administration, most of the tasks related to social integration activities such as social assistance, labour market services, social and professional re-integration of the disabled, prevention and treatment of addictions or education are all located at different levels of the local and regional autonomous self government administration⁵⁰. This situation causes many problems with the coordination of the social policy. It is one of the important barriers of the implementation of the active inclusion policy which needs a good vertical and horizontal coordination and cooperation between social administration institutions, in particular between social assistance and labour market institutions. In NAP Inclusion 2004-2006 the problem was identified and during the next two years the new regulations were implemented in order to achieve better coordination.

According to the new Act from April 2004 on Social Assistance regional and local self-governments have to develop and implement the local and regional strategies on social problems. Until now most of the local and regional governments have approved the strategies on social problems, however the impact of the strategies on better coordination is difficult to estimate. The strategies often lack on proper diagnosis, schedule of activities, they rarely presented a system for performance monitoring of the strategy and reporting.

Mainstreaming of social inclusion problems into different sectoral policies is insufficient. There is a particularly discernible lack of institutional collaboration between social assistance institutions and employment offices at different levels of administration. The regional and local strategies are rather presenting the perspective of social assistance institutions and their clients, whereas many of the social inclusion issues related to social exclusion and resulting challenges go beyond the perspective of social assistance area (i.e. education, health, employment, etc.).

In order to ensure better coordination of the social policy on the local and regional level new procedures of collaboration between social assistance centres and labour offices were adopted in the field of social activation. This concerns such activities as establishment of the Integration Centres and Clubs or social utility works (see paragraph 3.2.1 and 3.2. 4). Some social workers hope that the new regulations could improve the collaboration between social assistance centres and labour offices in the field of the social and economic activation of the people furthest from the labour market. However, the regulations have pure bureaucratic character and there lack real incentive to mobilize the institution for better cooperation.

2.4.5 Cooperation between public sector and NGOs

An important element, affecting the ability to perform activities supporting social inclusion is the strength of the NGO's and the status and principles of collaboration between the non-governmental sector and local administration institutions. There are more than 40,000 registered associations and foundations in Poland, most of them operate in the area of provision of social assistance, support to the disabled and labor and education markets. There are app. 2 million voluntaries working for the NGO organizations. Usually these are small organizations, concentrated in large municipalities, based on voluntary (non-remunerated) work of their active members.

⁵⁰ The public administration reforms from 1990 and 1999 have introduced a multi-level self-government administration system, based on the principle of subsidiarity: 16 self-government regions [*voivodships*], almost 400 self-government districts [*poviats*] and over 2,500 communities [*gminas*].

In 2003, an act was passed on the public utility and voluntary activity⁵¹. It provides comprehensive legislative regulation of the collaboration between state administration and NGO, providing a basis for the subsidiarity principle, defines the term and rights of the voluntary social worker and regulates the rules of taxation and financing of NGO activities. It has also established an institutional framework for dialogue and collaboration between NGO's and the state administration.

In spite of the fact that the law has streamlined co-operation between NGOs and public administration, in practice it is still ineffective. A survey of implementation of new regulations reveals that contrary to NGOs expectations the law did not make a revolution in the actual co-operation between NGOs and local governments. The former ones frequently perceive NGOs as competitors and not as partners. Good co-operation develops only in places where it continued before. The local governments which did not co-operate with NGOs before entry into force of the new law, still remain reluctant. Also inconsistencies and derogations from the general regulation are indicated. Another problem is an informal and contrary to the law, privileged position in contracts of those NGOs, which enjoy the status of organisations of public benefit. Also a dominant position of large organisation in the acquisition of funds for task implementation and marginalisation of smaller one is observed. (The Institute for Public Affairs, 2005).

2.4.6 The role of the European Social Fund

Owing to large support of the ESF there has been a substantial growth of the possibility for financing the active measures on the labour market resulted in the improvement of accessibility of these measures for the unemployed and organisational strengthening of public labour services (see: paragraph 2.4.3). Under the Priority 1 of the Sectoral Programme for Human Resources Development (active labour market policy and professional and social integration) the ESF financial assistance covered 340 thousand people, including 95% of unemployed. Among them 55% of young people and 27% of long-term unemployed.

ESF performs a vital role in implementation of the programmes designed for the groups excluded from the labour market. Under the Priority 1 of the Sectoral Programme for Human Resources Development, co financed by the ESF, the Measure 1.5 was separated „Promotion of an active social policy through supporting high risk groups”, aimed at reducing social exclusion through preparation of people endangered by social exclusion to entry on the labour market and integration with the market, maintaining employment and returning to active vocational life. This measure comprises such projects as training for people from the group endangered with social exclusion, support for Social Integration Centres and workshop for young people with bringing up problems. These project can cover long-term unemployed (over 24 months), alcohol and drug addicted, homeless, refugees with adaptation problems, people leaving penal institutions, young people living in care and tutorial institutions and foster families. Allocation for this measure amounts to 100 million € and 80% of its financing is provided by the ESF.

From the beginning of the programme till the end of 2006 the Measure 1.5 covered about 15 thousand people in the groups ascribed to the special risk group, of which 59% men and 49% women. Within the implemented projects as much as 94% completed activation measures⁵².

From the so far evaluation of the EFS financed programmes it turns out that implementation o Measure 1.5 is assessed as insufficient, both in terms of its progress and implementation method. First and foremost, a

⁵¹ Act of April 24, 2003 on public utility and voluntary activities, Official Journal No 2003/96/873,

⁵² Report on implementation of the Sectoral Programme for Human Resources Development, as at 31 December, www.efs.gov.pl

small number of innovative projects is pointed out to, as well as a tendency to offer to people in particularly difficult situation the services, which frequently are not suited to a specific situation of this group. (see also: Ministry of Regional Development, 2006).

3. Active inclusion and minimum resources

High unemployment persisting in Poland over a major part of the transition period has contributed to a gradual emergence of social groups being excluded from the labour market. The group of social assistance beneficiaries, mainly composed of individuals and families affected by persistent unemployment, accounts for more than half of over 3 million of the beneficiaries receiving social assistance support.⁵³ The factual role of social assistance was being reduced down to the delivery of cash benefits, often in very modest amounts. Its role in performance of activation tasks was limited due to many factors⁵⁴.

The insufficient income support to the long-term unemployed and their families and lack of activation measures resulted in the gradual deprivation of needs and persistent poverty. In 2003-2005 the process of reforming of the social policy oriented towards strengthening the income support for those furthest from the labour market took place combined with the implementation of the activation measures oriented towards specific groups excluded from the labour market. However, we have to remember that the process has its limitations resulting from the weak potential of the social services, high costs of the implemented measures, limitation connected with the functioning of the local labour markets and difficulties in finding the balance between the income support and preserving the incentives to work in the specific Polish circumstances.

3.1. Income support and access to services for people furthest from the labour market

The income support to the poor in the working age is rather weak in Poland and many families with unemployed persons are falling into extreme poverty. Only a small portion of cash social expenditures is in Poland designed for the poor. These include: family/children benefits, social assistance benefits, housing allowances, and unemployment benefits. Total expenditures for these benefits in Poland accounts for about 1.5% of GDP, of which for social assistance benefits 0.2% of GDP, housing allowances 0.2% of GDP, family/children benefits 0.9% of GDP and unemployment benefits 0.3% of GDP. Except for unemployment benefits, these allowances, are means-tested.

3.1.1 Description of the schemes

A person at the productive age, who is furthest from the labour market (long-term unemployed or economically inactive) can get the following assistance:

⁵³ According to the Polish law, unemployed persons are entitled to unemployment benefit paid for the period of 6 to 12 months depending on the unemployment rate in the region they live in. At present less than 13.5% of unemployed persons enjoy such an entitlement. The remaining ones are covered by social assistance schemes.

⁵⁴ The low efficiency of social assistance in performance of social activation was partially affected by legislative gaps and some other practical obstacles. The first ones include lack of adequate supervision of legal compliance of social assistance activities, which resulted in a lack of performance of the legislation, lack of standards for the specialized services or the lack of evaluation standards for the activation activities. In practice, the lack of activation initiatives did also result from the institutional weaknesses, the growing number of beneficiaries compared to the relatively low number of qualified staff, insufficient resources and lack of integrated activity of local administration: social and labor services, health care and education, both in assessment of the situation (diagnosis) and resolution of the identified problems (see: Staręga-Piasek 2003).

Temporary social assistance benefits. These benefits are vested in persons and families where the income in the family (per capita) is lower than the poverty line established in the Social Assistance Act, when one of 13 malfunctions occurs.⁵⁵ The temporary benefits are designed for persons at the productive age whose poverty reasons are not of a permanent nature, especially to long-term unemployed or due to other defined malfunctions vocationally inactive. They are supplied by social assistance centres, which are local government institutions upon prior inquiry at domicile. It is a periodical benefit, and it is temporarily (till 2008) co-financed from the central budget.⁵⁶ The amount of temporary benefit equals to the percentage of the individual poverty gap, and it can be raised upon the local government decision. The regulation envisages a gradual increase in the guaranteed amount of the benefit being considered as a gradual implementation of the minimum income guarantee. In 2004 and 2005 the guaranteed benefits filled the poverty gaps of the families to the very limited extend⁵⁷. This gap is expected to be diminished to the level of 50 percent in 2008. While the amount of the benefits is legally established, the legislation leaves the room for the social worker to decide in the discretionary way over the length of period during which the temporary benefit has to be paid.

The regulation on social assistance assumes that the amount of benefits and poverty line levels will be determined in a political process⁵⁸ once every three years, taking into account the so-called income support threshold for families, determined based on a standardised basket of goods for poor families.

The present formula of the benefit was established as a result of social assistance reform from 2003⁵⁹. Before the reform the temporary benefit, except for the minimum and maximum amount, was determined individually by a social worker, adequately to the needs of a beneficiary. Such an approach was related to a social assistance concept where cash benefits were intended as an instrument of individual social work with a beneficiary. In fact, this discretionary method of determining the amount of benefit was used as a means to balance the very tight social assistance budget, especially after decentralisation of public administration in 1999.

Family benefits. 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). 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 rehabilitation and education of a disabled child, single parents benefits, etc. These benefits are financed from the state budget and provided to beneficiaries by local social assistance centres.

Housing allowances. Housing allowances are in kind benefits, which are vested to persons and families fulfilling the income criteria, to cover part of the housing costs, if the area of the flat does not exceed the established limit. The benefits amount to the difference between the actual housing costs per standard area

⁵⁵ These malfunctions include: poverty, orphanhood, homelessness, unemployment, disability, long-term or serious disease, family violence, protection of maternity/numerous family, helplessness in childcare and educational matters and household management, lack of social adjustment of people in care of childcare and educational centre, refugee integration problems, adjustment problems of persons released from correctional institutions, alcoholism, drugs addiction, events of fate, critical situations, natural and ecological disasters.

⁵⁶ The minimum amount of the benefit is financed from the central budget earmarked grants. Originally the state budget grants were to cover these expenditures till the end of 2007, but in 2005 the period of grants payment was extended till the end of 2008 (cf. Ustawa z dnia 29 lipca 2005r. o zmianie ustawy o pomocy społecznej [the Act of 29 July, 2005 on amendments to the Social Assistance Act] -Official Journal 05/179/1487).

⁵⁷ In 2004 r. the minimum amount of the periodical benefit amounted to 15% of the difference between the income criteria and the family income (20% in the case of a single person), in 2005 – respectively: 20% and 30%, in 2006 and 2007 it will amount to respectively 25% and 35%, and as from 2008 – 50% of this difference (cf. the Act on Social Assistance...)

⁵⁸ The indexing scale is to be negotiated at the Tripartite Commission for the Socio-Economic Affairs, as a social dialogue institution at the country level.

⁵⁹ Act on Social Assistance...

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 governments⁶⁰.

3.1.2 Adequacy of the income support

From the analysis performed earlier we can conclude that the income support for the people furthest from the labour market is insufficient. However, assessing the adequacy of the income support we should not forget the effects of the income support on the work incentives (c.f. paragraph 3.2).

In paragraph 2.2 the analysis shows that the poverty risk of persons in the households living mainly on other benefits than an old-age, survivor's or disability pension, i.e. in the first place on social assistance allowances, family benefits, housing allowances and unemployment benefits, is the highest (33.6% of persons living in extreme poverty versus 11.8% on average in 2004). As occurs from the analyses in paragraph 2.4.1 effectiveness of social transfers changes depending on the age of people. The weakest impact of transfers is that on reducing poverty among children, a little more effective is that in the case of people at productive age. Both these conclusions refer directly to the adequacy of the income support for the people at productive age who are the furthest from the labour market.

While evaluating the situation of people who are far from the labour market, one should consider the fact that the benefits mentioned in paragraph 3.1.1, are the elements of the social safety net. The lowest level of this net is build by the social assistance benefits, thus it is the social assistance which decides about the effectiveness of the whole social safety net for people furthest from the labour market⁶¹.

Considering the issue of adequacy of *temporary social assistance benefits* four questions should be taken into account: the income criterion and the amount of benefits, incentive to work and durability of aid.

The level of income criterion in social assistance raises no objection. It is established once in three years, based on a basket of goods and services in low-income households and its present value exceeds the minimum of existence (poverty line for extreme poverty).

The present minimum level of *temporary benefit* ensures filling in up to 35% of individual poverty gap in the case of a lonely person and to 25 % of the poverty gap in the family. This means that the income of persons after receiving the benefits still remain much below the poverty line in social assistance. The new formula of the *temporary benefit*, implemented in 2004, will improve the income support for persons furthest from the labour market and their families by gradual increase of the *temporary benefit* until 2008. This increase has its limitations. Taking into consideration the existing legislation, in 2008 the amount of the benefits will reduce the individual poverty gap only by 50%. However, taking into account the existing circumstances, the greater increase of the *temporary benefit* could result in the growing unemployment and inactivity traps, not mentioning the problem connected with its financing at the local level (see: paragraph 3.2).

⁶⁰ Ustawa z dnia 21 czerwca 2001 o dodatkach mieszkaniowych [Act of June, 21 June, 2001 on Housing Allowances] – Official Journal No 2001/71/734.

⁶¹ All benefits mentioned in paragraph 3.1.1 are means-tested but the level of income eligibility criteria to these benefits and a definition of the income are different. The lowest income criterion is used in social assistance, a higher in the case of family benefits and a still higher in the case of housing allowance. In the case of examining the right for temporary social assistance benefits, the income of a person or a family includes both family benefits and housing allowances. Whereas an income, which entitles for family benefits and housing allowances does not include temporary social assistance benefits.

A vital problem in the assistance for people furthest from the labour market is stability of aid. As mentioned earlier, the period of payment of temporary benefits is subject to a discretionary decision of a social worker and until recently, it used to be relatively short on average. However, due to ensuring the financing of minimum *temporary benefits* from the state budget till 2008, the situation much improved (cf. paragraph 2.4.2. and the previous page).

The above considerations do not take into account specific activation programmes described in paragraph 3.3, which are connected with special benefits.

3.1.3 *Access to health services*

All persons registered as unemployed, are entitled for free health care. However, this right is lost by persons who refused to undertake the so-called social utility works (see paragraph 3.3.4). This regulation, imposed in 2006, is intended in the first, to eliminate the informal employment. There is a supposition that persons registered as the unemployed use the right for free health care to assume illegal employment. Although illegal employment of the economy in Poland is extensive and this issue needs to be addressed, the imposed regulation aroused a serious concern on the social ground.

The persons not registered as unemployed, if they are social assistance clients, can be included into the free health service upon the request of a social worker.

3.1.4 *Access to labour market services*

Pursuant to the Act on promotion of employment (...) job seekers and the unemployed have an access to free, public labour services like vocational counselling and information, assistance in active job search, and vocational activation. The unemployed can also attend free training courses designed for the unemployed and receive a training allowance at that period. The individual access to the training depends on the decisions of the labour office. Since the financial sources designed for the activation measures are insufficient, the real access to the training is very limited.

3.2. **Income support and work incentives**

The Communication about a consultation regarding the action at the EU level to promote the active inclusion of the people furthest from the labour market underlines the need to find a proper balance between the "challenging triangle" of increasing work incentives, alleviating poverty and avoiding unsustainable budgetary costs⁶².

The way of finding a balance between the need of adequate and universal protection schemes and the requirements to overcome the obstacles of employment has to be considered taking into account the specific situation of the country. In Poland the balancing of the objectives seems to be exceptionally difficult.

Various studies prove that there is no detrimental effect of social benefits on the incentives to work (cf. World Bank 2004, Wóycicka, Matysiak 2005). From other studies it appears that access to social benefits

⁶² COM(2006)44 final

increases the probability of permanent poverty⁶³ (Topińska 2005). Poland has also a relatively high unemployment trap in comparison with other members of the EU⁶⁴.

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 Tables 7. 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 a different status at the labour market (working or not working) and different size of the family. They show also the replacement rates⁶⁵. We assumed the three different levels of the minimum social assistance benefit. The first reflects the current situation – the amount of the minimum benefit fills in the individual poverty gap only to a small extent. The second shows the hypothetical situation in 2008, when the minimum social assistance benefit should fill in the individual poverty gap by half. In the third one we assume that the social assistance benefits will guarantee minimum income at the level of social assistance poverty line. We also assume that the unemployed can enjoy the right for the unemployment benefits (if their unemployment period does not exceed 6 month on average) or that they lost it due to a longer unemployment period. All simulation are in terms of 2005. The simulation results are depicted in Table 7.

The analyses show that upon assuming employment an income growth is the lowest among the unemployed with the right for benefits. This is due to the fact that the unemployment benefits are relatively high in comparison with the social assistance benefits. However, there is an evidence that the unemployed with the right for benefits resume employment much more frequently than economically inactive persons, this fact being a result of a short unemployment period⁶⁶.

An analysis of the replacement rates of income from social benefits by income earned upon assuming employment by persons who do not have unemployment benefits, in the case of four theoretical situations of the family, indicates that under the present legal regulations in force the risk of an inactivity trap is relatively small. In each situation assuming employment equals to an almost twofold growth of income. This results mainly from the fact that assuming employment itself does not lead to the loss of the right for such social benefits as housing allowance, social assistance benefits or family allowances.

However, the situation changes if, pursuant to the Act on Social Assistance, the minimum amount of the periodical benefit is increased. Increasing the amount of the periodical social assistance benefit evidently reduces the replacement rates thus increasing the risk of inactivity trap. As a result of filling the poverty gap by the social assistance allowance in 100% assuming employment would bring about very little gains and in certain cases even the income loss.

⁶³ The study was conducted based on the data from the Households Budget Survey for 1997-2000.

⁶⁴ In Poland it amounted to 83% in 2004 as compared with 77.72% on average in the EU-25 (Eurostat).

⁶⁵ The relation of the total income of the families with no working family members to the total income of families with the one family members working and the relation of the total income of the families with one working family members to the total income of families with the two family members working.

⁶⁶ A benefit for longer that 6 months is paid only in regions with unemployment rate exceeding 125% of the country average - the Act on promotion of employment....

Table 7. Hypothetical replacement rates of a household income in the case of economic inactivity of its adult members by an income upon assuming employment at a minimum wage or salary by one such member

Income gap replacement rate	Household of a single person 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 unemployment benefit	Without unemployment benefit	With Unemployment benefit	Without unemployment benefit	With Unemployment benefit	Without unemployment benefit	With Unemployment benefit	Without unemployment benefit
20% (30%)	1.3	2.3	1.3	2.1	1.2	1.7	1.4	2.0
50%	1.3	1.8	1.3	1.7	1.1	1.3	1.2	1.4
100%	1.3	1.2	1.3	1.3	1.0	0.9	1.0	0.9

Notes: U → E means transition from inactivity (unemployment) to employment, U → U staying inactive (unemployed). In the family with two and three children the symbols relate to each member individually. Calculations made based on the data and regulations in the second half of 2005.

Source: own calculations.

The simulations reflect the situation in Poland with the very low net wages of non- and poorly qualified persons. It is worth mentioning that in Poland the persons with the poor qualifications are more often inactive and unemployed than in other countries of the EU.

The Polish case suggests the need to consider the concept of a minimum income guarantee within a broader framework of policy dealing with low participation of non- and poorly-qualified persons in the labour market.

3.3 Activation measure for individuals furthest from the labour market

As we showed earlier income support for the individuals furthest from the labour market is insufficient even taking into account the gradual increase of the temporary social assistance benefits until 2008. However, the adequate increase in this respect would lead to incentives to work. It seems that the solution to this problem may be the development of the activation programs for specific groups of beneficiaries. The individual, tailor made activation measures connected with the strengthening of the income support, under the condition of the participation in the scheme, could help to avoid poverty traps. Poland has very limited experience with this kind of programs.⁶⁷ The situation started to change as from 2003 when while preparing for the accession to the EU and then within the framework of the first issue of the NAP/Inclusion many legislative changes were made to activate those people. Some of the new measures introduced new, more adequate forms of income support under the conditionality of taking part in the activations programs. The activation policy has gained a strong financial support from ESF and EQUAL Initiative.

⁶⁷ Since 2001 the programme of helping out of homelessness is implemented. It has provided positive experience in the field of social reintegration, which was used while drafting a new regulations on social activation. The individual programme of helping out of homelessness is aimed at supporting a homeless person towards social integration, in particular by means of paying health insurance contributions, assistance in getting due benefits, directing for addiction therapy and support in the course of therapy, assistance in getting a job, providing legal and psychological counselling, as well as assistance in solving family and dwelling problems. The programme is implemented under provisions of an agreement concluded between a homeless person and a social assistance centre (social contract).

3.3.1 Conditionality of the income support

Social assistance for long-term unemployed introduces open and discrete forms regarding the conditions of access to benefits, depending on a beneficiary activity:

- First, pursuant to the law, the right for social assistance cash benefits is exercised by people whose low income is caused by a definite dysfunction, including unemployment. Thus a person applying for the *temporary benefit* shall be registered as unemployed in a Labour Office. This in turn means that the readiness of this person to assume employment should be regularly verified by the Labour Office. In practice this is a purely formal requirement;
- Second, a social worker may decide on the duration of the granted aid based on the conditions agreed upon with a beneficiary (social contract – see: paragraph 3.3.2);
- Third, there are special activation programmes in which extraordinary benefits are paid on the condition of participating in such programmes as: Social Integration Centers, social utility works, public works, vocational preparation at the workplace (see: paragraph 3.3.2).

3.2.3 Activation Programs

Social Integration Centres and Clubs. Social Integration Centres were established pursuant to the Act on social employment from 2003⁶⁸. They are a new formula of combining social and occupational activation with adequate income support measures. Their objective is to carry out the assistance programmes adapted to the individual needs of the participants (beneficiaries) such as individual, family and group therapy, health education, participation in support and self-help groups, vocational counselling, acquisition of social skills, vocational education and labour. According to the law in Centres can participate persons with particular dysfunctions affected by social exclusion. Those group, include the homeless, alcohol and drug addicts, mentally ill, persistent unemployed (people having no work for more than 36 months), convicts released from penitentiary penalties and refugees. Participation in the Social Integration Centres is voluntary, but remains based on a social contract between the social worker and the beneficiary. The Centres beneficiaries receive integration benefits equal to 50% of unemployment benefit for the first month of the program and 80% of unemployment benefit for next 11 months (the payments can be prolonged for next 6 months), which substantially improve their material standing. After completing the course at the Centre, the participants may be designated by labour offices to take up the so-called supported employment or they may, under provisions of the regulation on the social co-operative, start up jointly economic activity.

The Social Integration Centres and Clubs can be established by the local governments or ngo-s⁶⁹ with the acceptance of the *voivod* (the representative of the central government at the regional level). The establishment and activities of the Centres can gain the financial support (start –up support) from local and regional administration and European Social Fund.

Whereas the Centres are expected to carry out social and vocational integration programmes by providing intense, daily, several month works, adapted to the needs of the beneficiary, the formula of the Social Integration Clubs is significantly looser. The clubs can be established by local government or ngo-s in order to provide the programs of temporary employment (in particular public works), self-support activities for solving social problems of beneficiaries and advisory. The participants don't have access to systematic social rehabilitation and they are not eligible for the integration benefits.

⁶⁸ Ustawa z dnia 13 czerwca 2003 o zatrudnieniu socjalnym [The Act from June 12, 2003 on Social Employment] – Official Journal 03/122/1143;

⁶⁹ In fact, these Centres are most frequently established by local government institutions (Social Assistance Centres).

In 2004-2005 a network of the Social Integration Clubs and Centres was created. In 2005 there were 35 Social Integration Centres and 40 Social Integration Clubs⁷⁰. Quick expansion of the social integration clubs and centres was possible thanks to the financial support provided by the Ministry of Labour and Social Policy and European Social Fund⁷¹.

No information is available about the effects of activities of Social Integration Centres nation-wide but information gathered from selected centres points out to high effectiveness of the activities⁷². The major part of beneficiaries note an improvement of their situation, including better material standing and better chances for finding a job. (Leś, Nałęcz 2005).

Although the experiences so far prove the high effectiveness of the Social Centres Clubs, they cannot be treated as one and the best solution for all. In particular the barriers of development of such establishment are connected with high costs of their activities⁷³. The experience so far indicates that the methods and goals of social integration institutions must be adjusted to the local conditions of the environment they are being implemented in. More particularly, it does not seem that the activation measures could be an efficient method of activation in rural areas. This is due to the fact of the distance to the local labour market and lack of mobility (transportation). Furthermore, we can assume, that the high effectiveness of the Social Integration Centres could be the result of the selection of candidates for the programme. It is easy to achieve high effectiveness of the programme when the selection takes into account motivation for re-socialisation and gaining economic self-sustenance of the future beneficiaries. The different situation can occur when the process of selection does not take into account the individual motivations of the future beneficiaries. We can observe the difficulties in the social integration process resulting from the lack of motivation of beneficiaries on the example of the Social Integration Centre in Bystrzyca Kłodzka which is presented as a good practise in paragraph 3.3.7.

Social co-operatives. Social co-operatives which started to be established based on new regulations from 2004 on social employment⁷⁴. The aim of these co-operatives is social and vocational integration of long-term unemployed, homeless people, alcohol and drug addicted, suffering mental diseases, released from penal institutions, refugees and the disabled. They are treated as a supplement to the activity of Social Integration Centres. The persons who are going to establish such cooperative can get the start –up subsidy from the labour administration and refinancing of the social contributions. At present in the Polish Parliament adopted new regulations on social co-operatives, aimed at strengthening the co-operatives activity in the area of social and vocational integration, as well as extending the assistance of the State⁷⁵. In 2005 registered were 39 social co-operatives. In 2005 the founders of social co-operatives could expect a support from the Minister of Labour and Social Policy. Activities were conducted by 5 Regional Social Economy Funds managing the finances designed for grants awarded on competitive basis to the founding groups.

⁷⁰ Data quoted after the Annual Report on realisation of tasks of the National Action Plan for Employment in 2005 (Ministry of Labour and Social Policy, 2006a).

⁷¹ However, the generalisation of social integration clubs may also result from the fact that following the new Act on Employment Promotion and Labour Market Institutions, the establishment of such institutions is the required condition for the community to obtain subsidies for the so-called public works. For many communities, public works became not only a form of subsidising work for persistently unemployed, but also (and mostly) a way to subsidise community investments.

⁷² For example, in 2005, in the Social Integration Centre in Olsztyn training was completed by 48 people, of which 33 gained an economic independence, including 18 who found jobs in employers receiving no support to social employment (report of the Social Integration Centre in Olsztyn on the activities and effects of vocational and social re-integration).

⁷³ The relation between the number of staff and beneficiaries in the Centers amounts 1 to 2.5 – 5. The monthly costs of the Centers activities (excluding costs of the integration benefits and investments) amounted approximately to 0.6 – 2.4 thousand PLN (Leś, Nałęcz 2005).

⁷⁴ The Act of 20 April 2004 on employment promotion ... and the Act on social employment

⁷⁵ Ustawa z dnia 27 kwietnia 2006r. o spółdzielniach socjalnych [The Act from April 27, 2006 on Social Co-operatives].

Social contract. Social contract between the person or family and the social worker is one of the methods of social work aiming at bringing people covered by the assistance to a recovery of their social functions, including economic independence. Until 2004, in some cases, the social contract has been used by social workers as a formula enhancing social work, without any legal regulations. In the new Social Assistance Act, the social contract has been legally regulated as “a written agreement, concluded with the person applying for assistance, defining the rights and obligations of the parties to the agreement, under the jointly undertaken actions and measures, aiming at overcoming the difficult life situation of the person or family”.⁷⁶ The financial support provided by the social assistance to those beneficiaries who signed the contract formally does not change. However, the social worker can on discretionary bases, upon his own decision, substantially stabilise and improve this situation by providing the social assistance allowance for the whole period of contract.

Realisation of the social contract caused some misunderstandings. In particular, in the opinion of social workers, there is a significant discrepancy between the understanding of the objective and methods of social contract performance. In the legislation, the social contract is treated as a tool, ensuring total resolution of the problems of people and families and leading to their financial independence (employment). On the other hand, as demonstrated by the experience of some of the social assistance centres⁷⁷, it is rather a tool of social integration applied selectively, to a specific group of beneficiaries, aiming at gradual improvement of their functioning and correction of drastic behavioural insufficiencies (lack of habits such as cleaning of the apartment, preparation of meals or resolution of children upbringing and education problems).

Social utility works. Social utility works are a new form of activation of the unemployed imposed by virtue of an amendment to the Act on employment promotion and labour market institutions, which entered into force on 1 November 2005. The term refers to works performed by the registered unemployed who are not entitled to unemployment benefits but receive other forms of assistance (social assistance benefits, housing allowances). The works are organised by local governments and cannot exceed 10 hours weekly. The salary is co-financed by the local government and the Labour Fund and amounts less than half of the unemployment benefit. A refusal to assume such work leads to a loss of the unemployed status and health insurance and causes restrictions as to the amount of other social assistance. The aim of imposition of social utility works was to “bring discipline among the unemployed and restrict their possibilities for work in the grey zone, as well as to provide the unemployed with a possibility for earning at least a minimum for their living and supporting the activities of local communities”. (Ministry of Labour and Social Policy 2006)⁷⁸. Since the new instrument is lacking any additional measures helping persons to gain the social and economic independence, its impact on social activation will be very limited. One can assume that the social utility works will be rather used as a tool for imposing discipline upon the long-term unemployed beneficiaries of the social assistance.

Vocational preparation at the workplace. Vocational preparation at the workplace is designed for persons experiencing particular obstacles on the labour market, long-term unemployed, unemployed unskilled workers, unemployed at the age over 50, single unemployed bringing up at least one child up to the 7 years old, and disabled unemployed. During vocational preparation these unemployed can receive a stipend equal to the amount of the unemployment benefit⁷⁹. As can be seen from the experience of other

⁷⁶ Social Assistance Act, art.6 p. 6.

⁷⁷ I.e. Radom and Przasnysz.

⁷⁸ The Labour Fund plan for 2006 envisages the total amount of PLN 57 million for the financing of employment of the unemployed in the social utility works, assuming that on average each day work be performed by about 30 thousand of the unemployed. Assuming on average the 3 months period of work performance under the social utility works programme, there will be about 120 thousand of the unemployed engaged in the programme in 2006.

⁷⁹ In 2005 the amount of PLN 794 million was spent by the Labour Fund for the financing of practices and vocational preparation at the workplace. On average, in each month about 100 thousand of the unemployed attended the practices or vocational preparation at the workplace. The Labour Fund plan for 2006 envisages the total amount of PLN 780 million

countries vocational preparation at the workplace can be an effective activation tool, especially for poorly skilled persons. It is a new activation measure implemented in 2006.

Public works. Public works constitute the oldest, dating from the start of the nineties, form of activation of the unemployed. These works can be organised by local governments or Ngo and last up to 6 months. The wages of the unemployed are co-financed by the organiser of the works and the Labour Fund. Public works are a form of the active labour market policy, which causes the greatest controversy, due to their low effectiveness in achieving permanent employment. These works were often designed for long-term unemployed, uneducated people, for which other forms of support prove unsuccessful. The income earned from participation in the works is a major source of maintenance. Despite high costs and low effectiveness Poland designates disproportionately large funds for this form of activation⁸⁰

3.3.3 *Good practice in the field of social activation of persons furthest from the labour market.*

Social Integration Centre and social co-operative in Bystrzyca Kłodzka

The Social Integration Centre in Bystrzyca Kłodzka, a small town (about 20 thousand inhabitants) in the Low Silesia region, was established in 2004 on the basis of the Act on social employment. The reintegration programme realised in the Centre is aimed at reconstruction and maintenance in the participant of the ability to take part in the life of a local community and to perform social roles at the place of work, residence or stay, as well as reconstruction of the ability to individually perform work on the labour market.

After an inquiry at domicile persons are directed to Centre through the labour office, social assistance centre or a court-appointed custodian. While directing to the Centre the material and living situation is taken into account, as well as type of dysfunction (drug addiction, unemployment, homelessness, release from a penitentiary institution, etc). The activities of the Centre are attended by persons at various age, both men and women, the major part being poorly educated persons. These people are afflicted by several dysfunctions at the same time, such as: long-term unemployment, alcoholism, release from a penitentiary institution, homelessness).

The Centre offers to its beneficiaries a programme, which consists in a simultaneous, long-term (over a year) impact on the excluded persons through a therapy (including addiction therapy) and psychological assistance, vocational counselling, vocational training and practical vocational education. The Centre runs, amongst others, a repair and construction workshop, tailor shop, park green vegetation, care over diseased and disabled persons. At present, in co-operation with a Dutch association, a paving shop is established. Participation in the workshops completes with an exam certifying the acquired skills. Upon completion of the programme, the Centre aims at offering to its beneficiaries a permanent job, maintains contacts with people who were assisted, their employers, and offers participation in support groups. Through the period of twelve months the Centre participants receive activation benefits from the Labour Fund and a meal. The Centre has acquired a support of the Ministry of Labour and Social Policy (by competition), local authorities and the European Social Fund.

for the financing of costs of practices or vocational preparation at the workplace Assuming on average the 6 months period of the practice or vocational preparation means that in 2006 there will be about 180 thousand of the unemployed attending practices and vocational preparation at the workplace.

⁸⁰ In 2005 the amount of PLN 294 million was spent by the Labour Fund for organisation of public works. On average, in each month about 18 thousand of the unemployed were engaged in public works. The Labour Fund plan for 2006 envisages the total amount of PLN 220 million for the financing of public works costs. Assuming on average the 6 months period of participation in public works means that in 2006 there will be about 25 thousand of the unemployed performing work under the public works programme.

As a result of the first two issues of the programme, completed in September 2005 and including in total about 50 persons, half of the participants found a job: five of them established a **social co-operative** and the rest found employment at private employers under the supported employment scheme.

The next issue of the programme is under way, however, in the opinion of the programme manager, the chances for finding a job by the present beneficiaries are poorer than in the case of the former issues of the programme. This is due to the fact that upon selection of candidates for the programme no account was taken of their motivation for re-socialisation and gaining economic self-sustenance, as was the case in the previous issues of the programme. In effect during the last issue of the programme it was attended by persons afflicted with several dysfunctions at the same time and exhibiting poor motivation to make use of the Centre offer. Now the Centre management are considering to start talks with a social assistance centre, so as during next selection personal motivation of the candidates to take part in the programme would be taken into consideration. Also strengthening therapeutical and psychological assistance to the Centre clients is being considered.

The **Social co-operative „Helpful Hand”** in Bystrzyca Kłodzka was established by five female participants of the programme of the Social Integration Centre in Bystrzyca Kłodzka in the second half of 2005. Under the programme realised by the Centre these persons completed a training workshop on home care over the diseased, disabled and older people, as well as received certificates confirming their qualifications. Through a competition the co-operative founders received financial assistance of the Ministry of Labour and Social Policy for which they bought professional equipment. Additionally, in compliance with regulations relating to social co-operatives they received star-up subsidies from the local labour office and now they have applied for refinancing of the social insurance contributions by the labour office. The local authorities rendered to the co-operative a space, free of charge, which was repaired by persons participating in repair-construction workshops of the Centre. The co-operative renders services mainly for the social assistance centre in Bystrzyca Kłodzka, with which it signed an agreement on care services. Additionally it found two clients for whom it provides services on the open market.

The list of important legal acts

Ustawa z dnia 12 marca 2004r. o pomocy społecznej z późniejszymi zmianami [Act of March 12, 2004 on Social Assistance with amendments] – Official Journal No 2004/64/593;

Ustawa z dnia 28 listopada o świadczeniach rodzinnych z późniejszymi zmianami [Act of November 28, 2003 on Family Benefits with amendments] – Official Journal No 2003/228/2225;

Ustawa z dnia 20 kwietnia 2004r. o promocji zatrudnienia i instytucjach rynku pracy z późniejszymi zmianami [Act from April 20, 2004 on Employment Promotion and Labour Market Institutions with amendments] – Official Journal No 2004/9/1001;

Ustawa z dnia 22 kwietnia 2005 r. o postępowaniu wobec dłużników alimentacyjnych oraz zaliczce alimentacyjnej [Act from April 22, 2005 on Proceedings Against the Maintenance Debtors and Maintenance Advance Payment]– Official Journal No 2005/86/732;

Ustawa z dnia 29 lipca 2005 o przeciwdziałaniu przemocy w rodzinie. [The Act from July 29, 2005 on Counteracting Violence in a Family] - Official Journal 2005/180/1493;

Ustawa z dnia 21 czerwca 2001 o dodatkach mieszkaniowych [Act of June, 21 June, 2001 on Housing Benefits] – Official Journal No 2001/71/734;

Ustawa z dnia 13 czerwca 2003 o zatrudnieniu socjalnym z późniejszymi zmianami [The Act from June 12, 2003 on Social Employment with amendments] – Official Journal 03/122/1143;

Ustawa z dnia 7 września 1991 r. o systemie oświaty z późniejszymi zmianami [The Act from September 7, 2001 on Educational System with amendments] – Official Journal 2004/256/2572;

Ustawa z dnia 12 grudnia 1997 o rehabilitacji zawodowej i społecznej oraz zatrudnianiu osób niepełnosprawnych z późniejszymi zmianami [The Act from December 12, 1997 on Occupational and Social Rehabilitation of Disabled and their Employment with amendments] – Official Journal 1997/160/1082;

Ustawa z dnia 27 kwietnia 2006r o spółdzielniach socjalnych [The Act from April 27, 2006 on Social Cooperatives] – not published yet.

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