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Key Challenges and Opportunities for Support

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Executive Summary

Poland has seen strong economic growth over the last 25 years, which has translated into significant welfare gains, although less or even much less in some regions at the bottom of the distribution. However, per capita income growth for the bottom 40 percent has fallen behind the growth rate for the entire population. Moreover, in recent years, Poland has witnessed a moderate increase in the extreme poverty rate, which reached 7 percent in 2014.

Poverty and social exclusion inhibits certain groups from sharing in the dividends of economic growth. These individuals are faced with barriers that prevent them from taking advantage of opportunities to improve their well-being and dignity (World Bank 2013b). Social exclusion undermines their ability and opportunity for individuals to access markets, services, and spaces and is costly to individuals and to society at large. If unaddressed, social exclusion can have long-term consequences for human and social capital and social cohesion.

This policy note analyzes the main drivers of social exclusion in Poland and the programs that are currently in place to address it. It combines the evidence of different analytical activities conducted by the World Bank in recent years, including both quantitative studies based on national household surveys and a new qualitative data collection. The latter employed focus group discussions and interviews with beneficiaries and service and government representatives in eight *gminas*—five rural and three mixed urban-rural—to assess the bottlenecks and constraints that impinge upon the efficient delivery of social inclusion and activation systems.

Poverty and social exclusion in Poland are primarily associated with the lack of stable employment and high number of dependents in the household. There is a mutually reinforcing relationship between job security and social cohesion: jobs of a minimum quality are a key aspect of socialization and a route to civic participation. In Poland, increases in employment rates have been the main drivers of income of the bottom 40 percent (World Bank 2014b). By the same token, poverty rates have remained particularly high for households with disabled members, single-parent households, and families with more than three children, as well as for those that depend on farm income. In most cases, these are households with few members engaged in work, rather than households with low-wage workers.

There are also strong demographic and geographic dimension to social exclusion in Poland. One of forecast scenario assumes that Poland will be a rapidly aging society, with the median age set to increase to 40 years in 2040. This implies significant aging-related challenges, including that of maintaining labor force participation for older workers and preventing old-age poverty and exclusion. Social exclusion in Poland also has a strong territorial imprint

connected with disparities between regions and local communities. Five of Poland's 16 regions, located in the eastern part of the country, remain among the 20 poorest regions of the European Union (EU) (World Bank 2015d). Disparities within each region have been increasing (typically with large cities faring relatively better) and now rank among the highest in the EU. Poverty rates in rural areas are more than one and a half times the national average. In small towns, the better educated are likely to have migrated to cities or abroad, and those who remain are typically employed in the public sector, working in low productivity agriculture or unemployed and dependent on social transfers. While accelerating internal mobility could speed up poverty reduction, for rural *gminas*, depopulation, including international migration, represents a key challenge to improving living standards. Over the last decade, approximately 2.3 million Poles have emigrated in search of better employment prospects.

The principal causes for social exclusion relate to barriers to entering the labor force. This includes the cost of and access to transportation to better paying jobs and, for women, the difficulty in reconciling duties for childcare or care of the elderly with work in a context where many employers discriminate against mothers (WISE 2015a). A widespread involuntary withdrawal from the labor force in Poland is a manifestation of these barriers. According to a recent Bank study, almost half of the 7 million Poles who are able to work but jobless are fully inactive (World Bank 2015b). Roughly 12 percent of those out of work live in a household that receives social assistance transfers. The vast majority of the unemployed reside in rural areas, where access to off-farm jobs is more difficult.

Other dimensions of social exclusion, besides joblessness, relate to identity and social isolation. Consultations in poor areas of Poland consistently identified the following groups as those at the highest risk of social exclusion: youth living in remote isolated localities, the isolated elderly without families, the disabled, the uneducated, alcoholics, and homeless people. Joblessness is higher among all of these groups but often masks more complex issues. According to social workers' opinions (WISE 2015b), social exclusion converges on individuals with overlapping constraints. What may appear on the surface as an unemployment issue may conceal complex challenges such as mental health issues or addictions. For these social groups, discrimination or stigma is a recurrent concern.

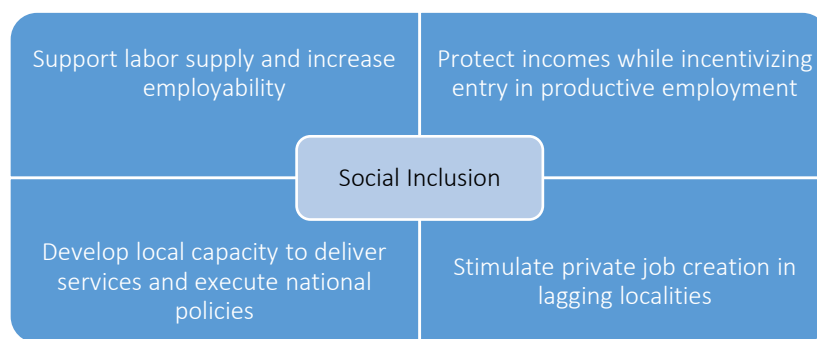
Many vulnerable individuals face limited job protection and ominous prospects for stable employment. Almost half of the workers in the bottom 20 percent have temporary contracts—double the EU average—while workers from wealthier income quintiles tend to enjoy more stable employment. Temporary contracts, particularly civil law contracts that offer (until recently) limited protection against dismissal or in case of sickness, are particularly widespread among young people and those who are less educated. Qualitative

studies with socially vulnerable workers and the unemployed have highlighted these contracts as a singular source of abuse and of a feeling of being second-class workers (WISE 2015a). Under these constraints, informal work is often preferred, as it sustains eligibility status for benefits, including health insurance (when combined with an employment office registration) and social assistance. Farmers are another vulnerable group in the labor market and are overrepresented among the in-work poor (Lewandowski 2013). Those with more than 2 ha of land can neither register as unemployed nor benefit from active labor market measures.

Social workers report a widespread sense of passivity and ‘helplessness’ among their clients, leading to ‘chronic’ benefit dependency. Passivity in lagging localities is evident in the area of entrepreneurship and civic engagement—the ways in which citizens participate in the life of a community to improve living standards and future prospects that help shape the community's future. The qualitative research has exposed widespread risk aversion and a perception that markets and opportunities are severely limited (WISE 2015a).

Current Public Policies to Address Social Exclusion and Poverty

Addressing poverty and social exclusion is both a societal and individual responsibility that can be facilitated and activated by policy interventions, implemented at multiple levels of public administration. . Thus, this policy note includes recommendations for a social inclusion strategy across several domains of public intervention.



Poland has a range of public policies intended to address short-term poverty and rehabilitate the poorest individuals and households to become self-sufficient. These are delivered through Centers for Social Work (CSW) with a system of targeted cash benefits and social work as well as labor offices and other institutions. Although these services function according to national legislation specific to each service, implementation is decentralized at the *gmina* and *powiat* levels. Critical service delivery gaps are a result of weaknesses in the design of employment services, social services, and benefits; limited or overstretched human capacity;

and constraints related to horizontal institutional coordination and vertical accountability arrangements.

An overburdened social assistance system with limited impact on poverty reduction

The social assistance system to assist the poor is largely cash based. Cash-based social benefits, at 0.7 percent of gross domestic product (GDP) in 2013, are low in comparison to average EU spending (at 1.2 percent of GDP according to Eurostat). This also translates to low generosity of benefit amount per beneficiary relative to the EU average. CSW are in charge of managing the five core social assistance benefits and roughly 30 additional supplements that aim to mitigate risks such as child poverty, temporary indigence, and incapacity to work. Household survey data suggest that the system suffers from significant coverage gaps: half of the households with children and consumption below the legal threshold receive family benefits¹; less than 20 percent of households living in extreme poverty access social assistance (World Bank 2015c). Qualitative analysis suggests that some of the most vulnerable individuals find the process of obtaining social assistance or housing benefits humiliating. Low take-up may also relate to the fact that benefits are less generous in Poland than in other EU countries.

Low take-up and low generosity explain why the poverty mitigation effect of noncontributory transfers in Poland is limited. Simulations suggest that without the principal social assistance benefits, the relative poverty rate would be only 3 percentage points higher (World Bank 2015c). One of the consequences is that, in spite of the existence of a dedicated means-tested child allowance and a child tax credit, children continue to face a higher risk of poverty (22 percent) than the general national average (17 percent) (Eurostat 2013).

The risk of work disincentives resulting from social benefit receipt is low but benefits can become a rational survival strategy for many families. Minimum-wage jobs tend to pay better than social assistance. However, the possibility of combining several benefits together, coupled with the cost of obtaining childcare or the availability of informal jobs can make reliance on benefits a rational livelihood strategy.

Counselling and outreach by social workers to vulnerable families and individuals is a critical element of a systematic social inclusion policy, but it remains underdeveloped in Poland. Social workers and labor office staff in Poland report that administrative duties occupy a majority of their time, at the expense of client-facing work. Each social benefit and service functions according to its own centrally determined regulation (Rymsza 2014). Harmonizing

¹ This note was completed before the introduction of the "Family plus 500" and does not take into account its impact on the number of households receiving benefits, the poverty level, and other parameters analyzed further

administrative procedures across programs, while consolidating the number of benefits, may be a first approach to free up caseworkers' time so that they can focus on priority tasks, such as proactive outreach to identify and enroll vulnerable households.

Services for integration in the labor market of vulnerable groups

The Labor Offices have revamped their operational tools and procedures, following the 2014 amendment of the Employment Law: this law introduced a new profiling system to segment customers in three profile categories: (I) who the labor market ready; (II) those ready to participate in traditional active labor market programs (ALMP) , and (III) those in need of alternative integration approaches². The new legislation has increased the range of ALMPs that can be offered to profile II clients: the menu is sufficiently broad to help the unemployed address the typical barriers to entering employment (vocational training, telework mobility and housing subsidies, wage subsidies for uncompetitive groups such as youth and those aged 50 years and above, childcare subsidies, and higher education incentives).

Expenditure analysis suggests that the per-beneficiary spending on labor measures is extremely low compared to other EU countries. Funding for labor office operation was even lower in comparative terms (World Bank, 2015c). Low administrative expenditures result in limited capacity to manage high customer flows, cater to employers' needs, and administer more complex programs. The substance of programs however is heavily skewed toward wage subsidies and programs for people with disability, with little provision for training and skills development and almost no expenditure on services to support labor supply, such as childcare vouchers.

Views by social assistance recipients reflected in the qualitative assessment echo such concerns. A frequent complaint is the high level of mismatch between the content of training programs offered by the labor office and the labor market reality. Often, individuals receive training in vocations that simply are not demanded in the local market, or, alternatively, for training that they do not have sufficient skills to pursue. Labor market councils at the regional and provincial level are responsible for defining relevant training priorities, and further assessment is required to understand what inhibits them from providing better training provision guidance.

There is room for improvement in the profiling system used in labor offices. Interviews of labor office clients suggest that computer application based arbitrary assignment often undermines the profiling system. Being a woman with young children was reported by clients to be sufficient to be classified as 'hard to serve' (profile III). Importantly, profiling has far-reaching consequences on the level of access to services for clients. Group III clients are

² Currently, Government is working on improving the system of profiling or eliminate it completely

outsourced to newly introduced Activation and Integration Programs (AIPs) and in the meantime, cannot access the active labor market measures that the labor office has at its disposal. Alternatively, this group can be delegated to social cooperatives, for sheltered employment. Clients have become more strategic in the way they answer interview questions, to avoid being profiled in the third group, which is perceived to open fewer opportunities.

A year after their legal introduction, AIPs have only been partially implemented, leading to a temporary vacuum of services for those most in need. Even once AIPs are in place, the period devoted to train clients (2 months) appears to be short, and there is concern that individuals will not be immediately ready to enter private employment and have scarce recourse to useful stepping stones to the formal labor market. Second, poviats labor offices fund private entities or nongovernmental organizations (NGOs) to deliver AIPs if CSW is not ready to participate in the program, which does not incentivize a direct coordination with the CSWs or adherence to the original social contracts. In this context, only those CSW that are more entrepreneurial and have the ability to apply for European funds can obtain funding to offer tailored activation programs. It remains to be seen if the NGOs or private sector will be able to introduce sufficient innovations.

Alternative institutions that are found to be more promising to activate the most vulnerable population are Centers for Social Integration (CSIs). These combine employment activation with social integration activities and organize training together with counselling for participants. These centers appear to be better equipped to treat the problems of the very poor, compared to employment services in general. Importantly, the CSIs can then directly integrate members through social enterprises. Activities range from serving meals to cultivating food on public land or organizing a repair shop for agricultural machinery.

Coordination across services: An unrealized potential

International experience underscores the importance of coordination across services to make social interventions more effective, yet **coordination is probably one of the most critical challenges for service delivery in Poland.** Framework legislation, institutions, and levels of implementation (*gmina* versus *powiats*) remain very distinct, and there are no clear accountability lines between levels of government.

The IT platform made available to local governments (*Samorządowa Elektroniczna Platforma Informacyjna* [SEPI]) was considered by many officials a promising starting point for coordination, though its use, which is not mandatory, remains uneven across agencies. Information sharing about clients continues to be discouraged by concerns with data protection legislation.

The qualitative study has also revealed that incentives for beneficiaries to enter the labor market are weak. There is a theoretical possibility of suspending payment of the temporary social assistance benefit if beneficiaries do not follow up on their personal action plan (social contract), but it appears that the social contract is not always prepared and sanctions are rarely used. As a result, cash benefits remain an entitlement, while it appears that labor offices lack a sufficient quality vacancies to enforce work obligations.

Limited development of program monitoring, evaluation, and accountability

Program inputs are overregulated while there is no focus or data to trace outcomes of social policy. Currently the CSW need to adhere to rigid rules for service execution, with low flexibility to decide how best to reach certain outcomes. Cost sharing or aggregation of services between *gminas* is not rewarded and funds are not fungible across sectors within *gminas'* budgets. Instead of being monitored and evaluated on results, local executing offices work within narrow implementation margins of centrally funded programs. This stifles innovation and increases attention on procedures and away from outcomes. Program evaluation is virtually absent, and in some areas, even basic reporting of inputs and outputs to the superior administrative level is lacking. There is a lack of key monitoring indicators that can shed light on the impact of services provided. For instance, there is currently no central data on results of psychosocial support offered in CSW—the programs given in CSIs—on care institutions.

In the case of labor offices, progress has been made in developing a common monitoring and evaluation (M&E) system to measure gross effectiveness of labor market measures three months after their completion. A new ranking methodology put in place by the Ministry of Labor and Social Policy (MoLSP) now provides additional financial resources to labor offices that score highest on placement rates of their measures and that offer more counselors. This is an important step forward. **However, the current system could offer adverse incentives to shy away from offering labor market measures to the vulnerable unemployed**, in fear that these clients may affect negatively the average placement rates of their office. Moreover, the incentive mechanism associated with these indicators remains weak, especially for lower capacity areas: labor offices, which cannot hope to attain the bonus reserved for top-performers, receive the same allocation every year.

The role of the third sector

NGOs and church institutions network are important complementary providers of in-kind social assistance and services in Poland and the sector has grown in size and professionalization in the last decade. Key challenges that NGOs face include lack of meaningful inclusion at the planning stage by local authorities and an underdeveloped set of

standards for the provision of services. Many NGOs can bring clear assets, including robust experience in outreach and communication with clients, innovations in service delivery for specific groups, ability to adapt to different social priorities, and cost-effectiveness owing to their ability to include community resources and volunteers.

Social cooperatives represent a nascent resource for labor market integration process of the poor, as they operate on the local product market but with the focus on employing vulnerable workers. Social cooperatives are characterized by their objective of providing socially useful goods or services at the local level on a cost-recovery basis while employing disadvantaged people as a share of their members. Much institutional support has been given to their development through the European Social Fund (ESF) and through the creation of a Social Economy Support Centers by the MoLSP. To date there are approximately 450 social cooperatives operating in Poland, mainly active in the service sector. The main source of seed financing comes from local labor offices (in the form of start-up grants and subsidy to social security contributions for 12 months). Beneficiaries and local authorities recognize social cooperatives as one of the most-effective social inclusion initiatives but cite two main challenges: obtaining start-up capital is effectively available only through EU funds (not commercially) but procedures are complex and some minimum income requirements remain a barrier for the poor. A second challenge is soliciting membership—many of the unemployed would simply like to work as wage employees.

Growing with Inclusion: A Multisectoral Policy Agenda

I. Strengthening support to promote labor market participation

In the most successful antipoverty social programs, coordinated support materializes in various forms, including finance, care and health services, counselling, and housing. Their goal is to address basic needs and enable potentially transformative actions, including building capacity and skills and stimulating the search for employment. Successful outcomes are contingent on an articulation of services at the local level, steered according to an individual or family plan ('social contract'), for a prolonged period.

The existing monitoring system could be further improved to make labor offices focus more on the most vulnerable unemployed. For instance, impact indicators of labor market measures could focus on employment rates at 6 and 12 months from completion of the intervention and also monitor wage levels; these factors would enhance the cost-benefit analysis of measures. Second, labor market insertion rates of participants should be compared with appropriate counterfactual groups of clients having similar levels of labor market vulnerability that did not receive the same measure. This would incentivize a focus on those who really need measures to improve employability.

Developing the care sector is a strategic investment for job creation and labor market participation. In more than one *gmina* the Bank qualitative study suggests that in spite of low employment rates, social cooperatives and some firms cannot find workers available to work. With increased aging in rural areas, professional care would be an important source for employment, and it would free up people's time to work. This will require the development of standards for home-based childcare services or home-based services for the elderly and start-up capital; the key will be to strike a balance between quality and ease of entry of new actors.

II. Stronger functional integration of social assistance and labor offices

Social assistance benefits could be consolidated further, and innovative approaches to strengthen work incentives could be piloted. Simplification of the multiplicity of benefits could reduce transaction costs and free up social worker's time to undertake more client-focused activities, including an active outreach exercise to improve the coverage level of the programs. Designing and implementing an in-work benefit (as in other OECD countries) to top-up formal wages could be a potential way to incentivize social assistance beneficiaries to take formal jobs, even if at minimum wage, without losing some of the benefits. The benefits could potentially also include a transportation voucher conditional on working.

Some countries with high levels of benefit non-take-up have invested in active outreach campaigns to identify and enroll eligible beneficiaries. This requires communication tools to clarify rules and services to which individuals have access. It is also often very important to 'rebrand' both employment offices and social centers and train officials in successful communication approaches.

Many European countries have embarked on functional reorganization (up to full integration) of employment and social services to achieve stronger coordination, instill a 'work first' culture, and reduce the bottlenecks faced by clients when dealing with separate institutions. Examples range from a full merger of different agencies (Ireland) to strong functional integration (United Kingdom) or maintenance of separate entities but with clearly defined processes for joint work on individual cases (Denmark, Sweden, Germany). The 2014 reform did not resolve many of the practical arrangements that are necessary to reach effective cooperation between labor and social welfare offices.

Speeding up the adoption of the common IT system to profile clients and conduct case management could avoid duplication of information collection across offices, potential gaming of the system by clients, and favor joint strategies by different institutions (health, social workers, and labor offices). In addition, efforts could be directed at institutionalizing regular face-to-face coordination meetings at the local level to discuss individual cases, which

remains an ad hoc voluntary practice. The new AIPs for the ‘group III’ clients of labor offices represent a first attempt to seek this coordination, but in its current design it appears to bypass the role of the CSW rather than trying to leverage or improve their capacity.

These changes do not need to impose an excessive burden on public finances but suggest a different logic of spending. Many of the functional improvements proposed in this note require significant up-front technical work but ultimately will translate in better deployment and organization of existing resources and institutions. In the medium term, the administrative budgets of social offices and labor offices should increase, bringing them closer to the EU average. These resources could be invested in building capacity of staff and developing platforms for improved coordination. In part, they could be recouped through larger absorption of EU funds, especially in low-capacity *gminas*. Ideally, this would be complemented by a more explicit pact between central and local governments on the delivery of well-defined outputs and social policy outcomes. Reducing the coverage gap of benefits for the very poor in the short run also calls for a significant increase in expenditure on social assistance. Based on the figures of the recent analysis (World Bank 2015c), quadrupling the number of beneficiaries of last resort social assistance to reach at least 80 percent of the extreme poor (assuming constant targeting precision) would cost an additional 0.33 percent of GDP. This alone would still maintain Polish spending (current 0.7% plus this additional 0.33 makes 1.03%) below the EU average (1.2 percent of GDP).

III. Strengthening capacity for local and participatory development planning

The mobilization of community resources is also a key ingredient to combat social exclusion and isolation. An example is provided by the Social Inclusion Program (SIP) implemented as part of the Bank-funded Post Accession Rural Support Project between 2006 and 2011. The SIP established a strong foothold in social inclusion strategic and operational work through socially inclusive participatory planning, local civil society mobilization, and innovations in service delivery. Over the duration of the project, 806 new civil society organizations were formally registered and 1,069 informal social groups established in over 370 *gminas*. The program delivered assistance to rural communities and vulnerable groups—especially youth, the elderly, and disabled families—to directly tackle their isolation. In addition, the program strengthened the ability of low-capacity areas to design and manage projects funded by the ESF, with increased absorption rates. Another sign of local social development were the partnerships that developed between local governments, NGOs, companies, and individuals in the provision of social services.

IV. Growing with inclusion

Even the best social activation and assistance systems cannot secure inclusive growth by themselves. Structural policies that matter for social inclusion also include the macroeconomic environment and on fostering local conditions for job creation. The latter is particularly important in lagging economic areas. A strategy for job creation for socially excluded groups at the local level could focus on three areas: (a) further analysis of social economy approaches and tackling the bottlenecks to its expansion, including through greater access to financing, technical assistance (TA), and incentives to forge partnerships between social enterprises and private companies; (b) improving the services available for employers in the Public Employment Services (PES) and vacancy collection rates; these are important to capture additional vacancies in the market and redistribute them toward the poor and to favor mobility; and (c) piloting direct approaches to expand linkages between poor localities and value chains of regional and national interest (growth poles).

Fiscal policy is similarly critical. Compared to other EU countries, there is scope for making personal income tax more progressive. Taxes could be redesigned to incentivize the participation in the labor force of second earners, whose role is critical for poverty reduction (more than increasing minimum wages of those who are already employed).

I. Introduction

1. The objective of this policy note is to develop a set of actionable recommendations for tackling poverty and social exclusion in Poland based on evidence. Social inclusion captures both material and social dimensions of human deprivation (see Box 1). Socially excluded groups and individuals are faced with barriers that prevent them from taking advantage of opportunities to improve their well-being and dignity and find their ability and opportunity to access markets, services, and spaces undermined. If unaddressed, social exclusion can have long-term consequences for human and social capital and social cohesion.

2. In recent years, the World Bank has deepened its engagement in Poland around issues of social inclusion, through work on effective labor market and activation policies, social assistance benefits, and investment financing for local social inclusion initiatives. This note purports to integrate the outputs of these activities and complement them with insights from the new analytical work to develop recommendations for the government of Poland for program choices to enhance the impact of inclusion programs and employment services. New analytical work included an analysis of the regulatory framework for social policy at the national level³ and a qualitative assessment and gap analysis of social assistance and employment service delivery at the municipal and provincial levels, conducted through a large sample of focus groups and expert interviews.⁴

3. This policy note is structured as follows: Section II provides a definition of social inclusion and describes the country context by key trends and key groups at risk of social exclusion. Section III provides an overview of the institutional set-up to deliver policies for social inclusion at the national and local level and presents an assessment of the achievements and challenges of key policy instruments (employment services, social benefits, social services, and the work of civil society). Section IV focuses on two recent operational experiences of relevance to a future operation: an assessment of the execution of the European Social Fund in Poland against the social and labor agendas and a presentation of the learning generated through the social inclusion component of the World Bank Post Accession Rural Support Project. Section V illustrates areas for potential intervention at the policy and operational level in Poland. Recognizing that social inclusion outcomes are the result of a complex set of factors on the demand and supply side,

³ This consisted of a de jure mapping of the institutional set-up, roles, stakeholders, and processes for labor market activation and social inclusion, as mandated by laws and regulations in Poland. See Odlak (2015).

⁴ This consisted of a qualitative assessment in eight municipalities on the availability or absence of relevant services and shortcomings in their delivery by service providers. In each *gmina*, a series of in-depth interviews were held with local authorities, together with focus groups with public employment offices, social service centers, and other government, NGO officials, and clients of these services. Background paper, WISE (2015a), is available upon request to the authors.

recommendations include macro-level institutional reforms and changes to local service delivery for inclusion of vulnerable groups, mobilization and capacity support, strategies for local employment generation, and monitoring and accountability support.

II. Key Trends and Aspects of Social Exclusion in Poland

4. **The concept of social inclusion captures both material and social dimensions of human deprivation.** The EU adopted a number of statistics to make this concept measurable through multidimensional indicators of material and social deprivation (described in Box 1).

Box 1. Definitions of Social Inclusion

Social Inclusion is a multidimensional concept that captures both material deprivation and restrictions in the participation in social and economic life. Two salient definitions for the current operation are the one currently adopted by the EU and the one distilled in a recent Bank flagship publication on inclusion. These illustrate the breadth of this concept and relevance for development, as well as the broad implications of pursuing social inclusion as a process and an outcome.

The EU measures At Risk of Poverty or Social Exclusion (AROPE) as one of its key poverty targets for EU countries. This measure captures the share of people *either at risk of poverty, severely materially deprived, or living in a household with a very low work intensity*.

At risk of poverty rates correspond to the share of people earning below 60 percent of the national median equalized disposable income, after social transfers. This measure captures an objective level of deprivation but is also sensitive to inequality. *The material deprivation rate* is collected in the EU statistics on income and living conditions (EU-SILC); it expresses the inability to afford some items considered by most people to be desirable or even necessary to lead an adequate life, such as affording housing, heating, nutritious meals, and owning basic household appliances. *Low work intensity households* are those where the sum of months worked by working-age members in a year is less than 20 percent of the potential number of months that they could have worked.

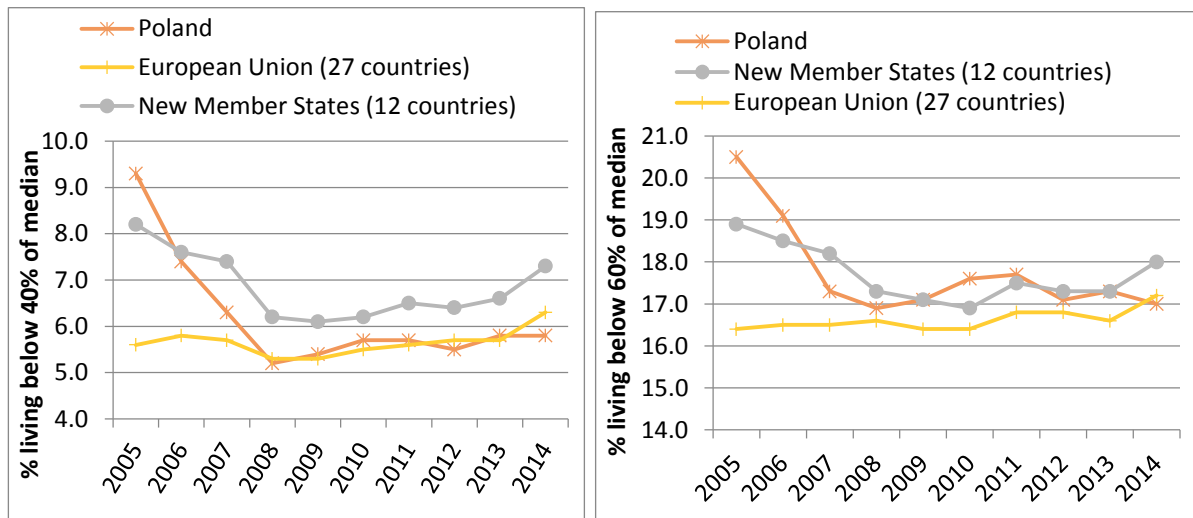
A broader definition adopted in World Bank (2015a) defines social exclusion as a process that reduces ability and opportunity for individuals to markets, services, and spaces due to their identity. These three domains represent both barriers to, and opportunities for greater inclusion of excluded groups. In this case, the definition stresses the importance of understanding the causes that lead to exclusion outcomes and singles out identity as one of the key factors that produce them.

Source: Eurostat and World Bank (2013b).

5. **Poland has seen strong economic growth over the last 25 years, which has translated into significant welfare gains across the income distribution. However, the country has also been struggling with making progress in reducing poverty and social exclusion since the 2008–09 global financial crisis.** The global financial crisis brought an economic slowdown to Poland, which also resulted in a slowdown in poverty reduction. Relative poverty (60% of median

income) increased in 2010–2011 and then reverted to 17 percent, the pre-crisis level, by 2014;⁵ this rate matched the EU-27 average and was well below the mean poverty rate in new member states. During the same period, however, extreme poverty levels⁶ in Poland grew and remain today slightly above the 2008 level (Figure 1). In 2014, just below 6 percent of the Polish population lived below the extreme poverty line (40% of median income). Hence, the crisis had a negative impact on per capita income growth for the bottom 40 percent. Before the crisis, income growth of this group outpaced the growth rate for the total population. Since 2009, per capita income growth for the bottom 40 percent has fallen behind the growth rate for the entire population and in 2011, turned negative. The average per capita income of the bottom 40 stands at 49.6 percent of the overall average for the entire population (Figure 1, World Bank 2013a).

Figure 1. Relative Poverty Rates in Poland and EU States (40 and 60 percent of median income)



Source: EUROSTAT 2015, based on national EU-SILC data.

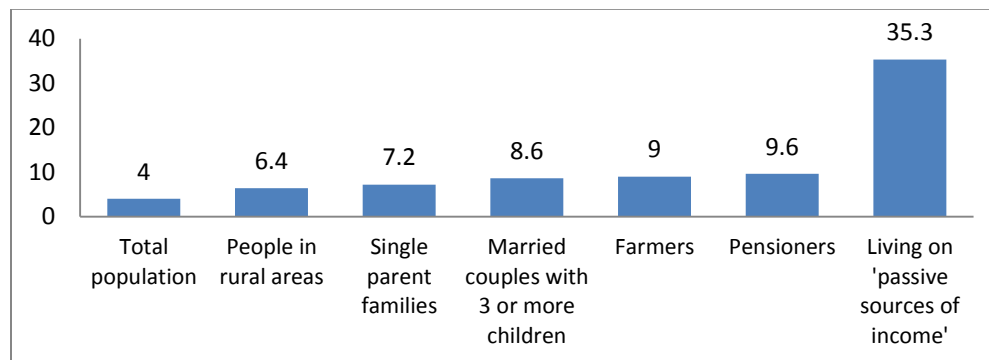
6. **Poverty rates are considerably above average for a number of population groups in Poland.** People without paid work and people living off pensions or disability benefits are at the highest risk of social exclusion. In 2011, the relative poverty rate for people without paid work, pensions, or disability benefits was very high at 35 percent. Poverty was also significantly higher among single-parent families, relatively larger families (with more than 3 children), and farmers and pensioners (Figure 2). One of the forecast shows, that Poland will be a rapidly aging society, with the median age set to increase from 38.1 years in 2010 to 40.0 years in 2040. While recent reforms, including a significant increase in the retirement

⁵ An individual is defined as being at risk of monetary poverty if her/his income is less than 60 percent of the median income in the country.

⁶ Extreme relative poverty line intended as 40 percent of the median income.

age have strengthened the sustainability of the pension system, there remain significant aging-related challenges, including labor force participation for workers aged 55–64 years and old age poverty or exclusion (World Bank 2013a).

Figure 2. Proportion of Households Living Below the National Poverty Line* in 2011, by Population Group (%)



Source: Czapinski and Panek 2012; Social Diagnosis 2011.

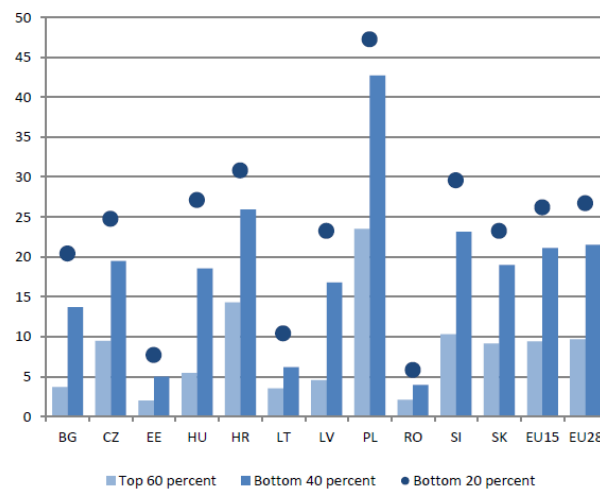
Note: * Range of PLN 395-501 (about US\$160) per month; lower level for a person in a two-person household, and the higher level for a single person household. Passive source of income includes social transfers.

7. **The ability of households to enter and remain in employment plays a particularly critical role in explaining poverty and social exclusion.** Poverty reduction has been primarily driven by increases in labor earnings and holding a job and the general growth in wages have been the main drivers of income of the bottom 40 percent. Conversely, 36 percent of the working-age population (20–64 years) in the bottom 20 percent were not in the labor force in 2010 (World Bank 2013a). Close to a quarter of the population who are below 59 years live in households with low work intensity (World Bank 2013a).⁷

8. **The quality of employment also matters.** Almost half of the employees in the bottom 20 have temporary contracts, which is more than in any other EU-11 country and double the EU-28 average while wealthier income quintiles tend to enjoy more stable employment (Figure 3). Temporary contracts, particularly civil law contracts that offer limited social protection rights and no protections against dismissal or sickness, are particularly widespread among young people and those who are less educated. During interviews with socially vulnerable workers and the unemployed, these contracts have been singled out as a source of abuse and creating a feeling of being second-class workers.

⁷ The Europe 2020 indicator for 'low work intensity' defines a household as having low work intensity if the total number of months its working-age members were employed is less than 20 percent of the months they could have been employed.

Figure 3. Share of Employees (ages 20–64 years) with Temporary Contracts



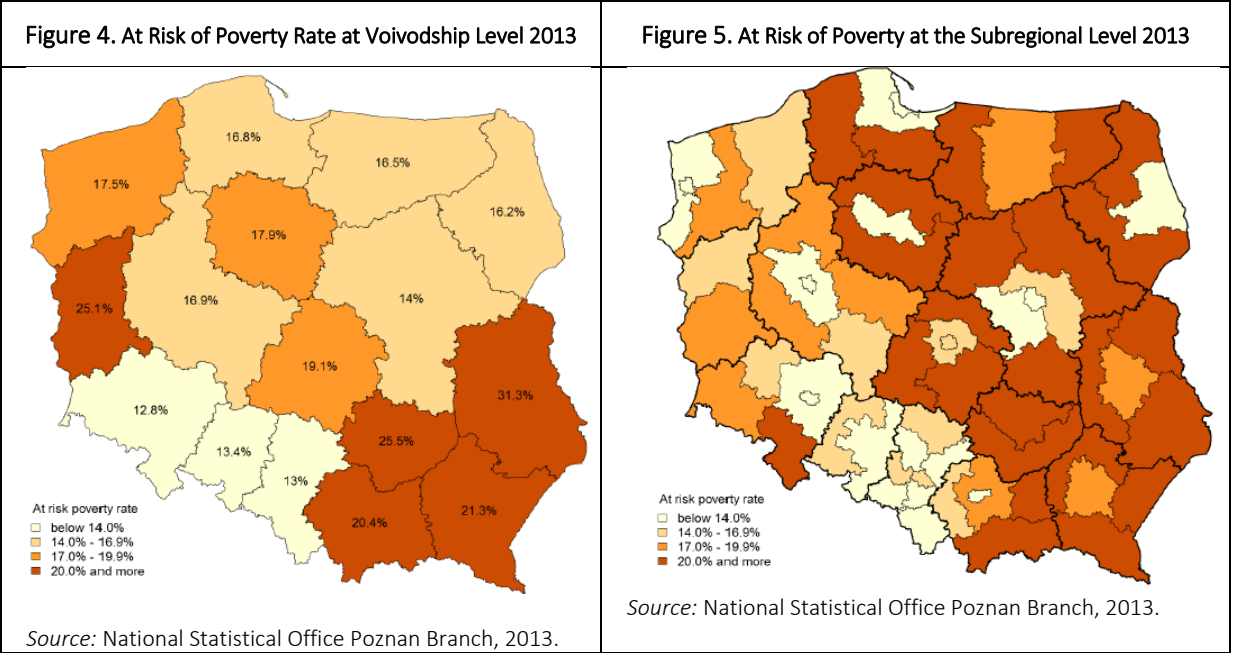
Source: World Bank (2013a), based on EU-SILC data.

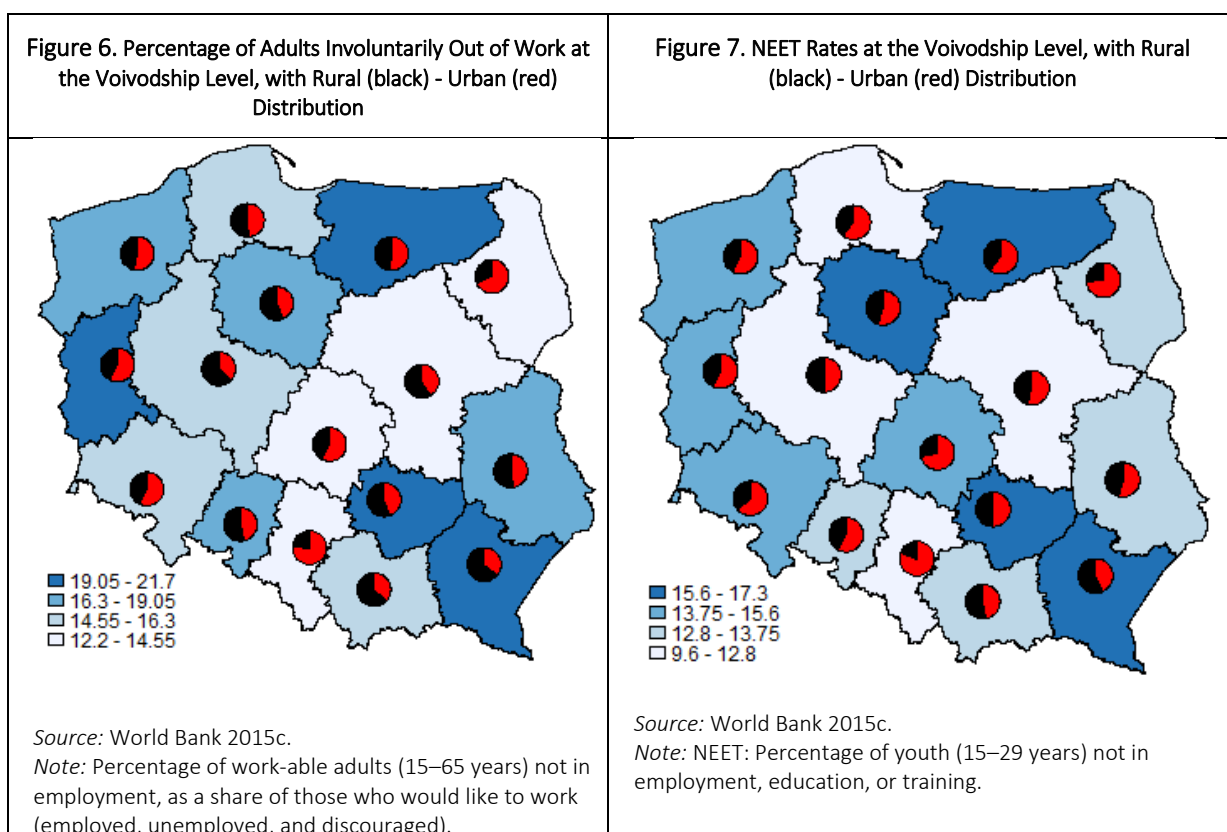
9. **The barriers faced by vulnerable individuals to entering into employment are important underlying drivers of social exclusion in Poland.** The principal causes for social exclusion cited in qualitative analyses relate to barriers to entering the labor force. These barriers could be grouped into three categories: (a) obstacles to entering the labor market, including in locations where jobs are available; (b) barriers to employment within the existing stock of jobs; and (c) lack of sufficient economic incentives and motivation.

10. **Access to affordable childcare as well as long-term care remains a key constraint to employment for women.** Employment rates of women remain significantly lower than the EU average. In 2014, female labor force participation was 61.1 percent against 74.6 percent for men (15–64 years). This gap was particularly large during childbearing years even though more women (43 percent) than men (29 percent) completed tertiary education. Recent analysis of the 2013 Labor Force Survey data (World Bank 2015c) suggests that early retirement (for those ages 50 years and above) and family and care responsibilities are the primary reasons people are not looking for a job. Access to affordable childcare as well as long-term care remains a key constraint to employment for women.

11. **A second major constraint relates to the spatial concentration of poverty, the distance from jobs, and limited internal mobility capacity.** Poverty and the risks of socioeconomic marginalization have a significant territorial dimension in Poland. Five of Poland's 16 regions remain among the 20 poorest regions of the EU-8 (World Bank 2015e). Disparities within each region have been on the rise, typically with large cities faring relatively well and rural areas and small towns falling behind. Poverty rates in rural areas are more than one-and-a-half times the national average. At the subregional level, an even stronger territorial variation

in poverty becomes visible, dividing Poland into two parts: Central and Eastern Poland, with the highest levels of risk of poverty, and Western Poland, which is characterized by a much lower percentage of poor people (Figure 4 and 5). Not surprisingly, spatial distribution of poverty is correlated with employment outcomes. As Figure 6 and 7 shows, most of those who are out of work are living in rural areas, with the exception of youth ages 15–29 years, whose NEET rates (‘not in employment, education, or training’) prevail in urban areas. While many of these regions also experienced international migration, it is also striking that Poland ranks as the second lowest with regard to internal mobility in the whole OECD.





12. Social assistance recipients do not face direct disincentives to enter into work from the small transfers that they receive, but they can still be disincentivized once other costs are accounted for, such as childcare or transportation. About 12 percent of those who are out of work live in a household that receives social assistance transfers (LFS 2013). The analysis of benefit incentives, according to OECD Tax Benefit modelling (World Bank 2015c), suggests that in the light of their limited generosity and their design, these benefits do not disincentive taking a job, even at low wage. Also, many of the jobs that these recipients could access are currently offered under civil law contracts, which, up to 2016, were subject to little or no social security contributions. However, entering in formal work may still not be advantageous for some social assistance beneficiaries that have to face high costs to buy private care for children or the elderly, those who live at a distance from jobs, and those who can find jobs in the gray economy. In fact, around 60 percent of beneficiaries of social assistance report care as the primary reason for not looking for work, a higher rate than that observed among the general population.

13. The qualitative local assessment conducted as part of this TA confirms similar findings to those suggested by the Tax Benefit model. Study respondents claimed that work is often only available in larger towns and as the wages for their labor are low (cited as PLN 1,300 per

month, equivalent to US\$380), the commuting cost can consume up to 25 percent of monthly wages. For women, taking a paid job implies prohibitive costs for childcare or kindergarten. Furthermore, securing a job can trigger loss of all social benefits if income is above the 'basic income threshold'. Hence, many people in this category prefer to do unregistered, often seasonal, work that enables them to earn an income and keep their benefits. While many in this group of 'inactive' people are not ready to work, they register as 'unemployed' with the labor office for other reasons. These reasons include obtaining health insurance, which entitles them to free health care, and continuing to receive social benefits as registering with the labor office is a mandatory requirement.

14. The implicit tax of moving from inactivity to work could have become more acute since 2016, when contributions obligations on some civil law contracts increased. Since 2016, Civil Law Contracts by Mandate (*Umowa Zlecenie*) are subject to the same contribution requirements as labor contracts at least at minimum wage levels. It is not clear that this extra cost will be entirely borne by employers, especially those who compete on small profit margins in labor-intensive sectors (like services). Redesigning the structure of social assistance benefits to allow for an in-work benefit could be a way to facilitate transition to employment, especially on the intensive margin of additional worked hours, for the low skilled, without an excessive fiscal cost (because these benefits would be targeted to specific populations).

15. Finally, social exclusion is also portrayed by the poor as closely related with social isolation and has a strong intergenerational dimension. Consultations in poor areas of Poland consistently identified that those at the highest risk of social exclusion were individuals who experienced social isolation, described especially as having weak family or social ties: youth living in remote isolated localities, the isolated elderly without families, the disabled, alcoholics, and homeless people. According to social workers' opinions, social exclusion converges on individuals with overlapping constraints. For these social groups, discrimination or stigma is a recurrent complaint. What may appear on the surface as an unemployment issue may conceal complex challenges such as mental health issues or addictions. In addition, according to social workers, a majority of new clients who come to the social help system are children of old clients and report that a passive and demanding attitude is learned at home. The problem of 'inherited poverty' was raised by many observers in all locations, but specific conditions that influence the situation depend on the *gmina*. Interviews show that many of these families need basic help on how to run a household, plan meals, and budgeting.

16. These with multiple challenges require specific support other than labor market services. More specialized services are thus necessary for inactive clients to help them move out of a 'passive' attitude, giving an incentive 'to change their life. While helping families

make good decisions is crucial, according to social workers the cost of delivering this time-consuming service is underappreciated.

III. Overview of the Institutions in Charge of Addressing Social Exclusion in Poland

17. **Public institutions at all levels of government are involved in promoting social inclusion,** as defined in the Polish Social Policy Strategy 2004 (Ministry of Social Policy 2004). Local authorities are responsible for social assistance transfers, the establishment of social integration centers (CIS) or social integration clubs (KIS), and the implementation of labor activation programs. The majority of local services for social assistance are delivered or arranged by Social Protection Centers (OPS) maintained by the *gmina*. The main source of funds for these services is the state budget, supported by the *gmina*'s local budget and projects financed by the ESF. Implementation of labor activation programs is led by a separate structure of labor offices at the county (*powiat*) level and funded mainly from the Labor Fund (based on obligatory contributions from business), the state budget, and operational programs (OPs) financed by the ESF. The promotion of labor market programs and social inclusion are supported by Family Support Centers (*Powiatowe Centra Pomocy Rodzinie*) at the county (*powiat*) level, 16 Regional Centers of Social Policy (*Regionalne Ośrodki Polityki Społecznej*), and 16 Voivodship Labor Offices and the social assistance centers (*Ośrodki Pomocy Społecznej*) at the municipal level.

Figure 8. Key Institutions for Labor and Social Policy across Government Levels

Source: Authors, based on Odlak (2015).

18. **Lack of coordination at the horizontal and vertical levels is a deficiency that emerged in the analysis of key institutions.** The complex—and often loose—relationship between government functions at different levels appear to be one of the main challenges to effective programming, capacity building, and accountability. In addition, national regulations do not incentivize (or in some cases prevent outright) the necessary collaboration between these institutions. Instead of being monitored and evaluated on results, local executive bodies (social assistance centers and *powiat* labor offices) need to work within the narrow implementation margins of centrally funded programs. This stifles innovation and shifts attention on procedures and away from outcomes. Program evaluation is virtually nonexistent, and in some areas (such as provision of in-kind services), even basic reporting and outputs to the superior administrative level is lacking.

19. **Information sharing is hampered by organizational and legal constraints.** Findings from the local assessment point to limited sharing of information among institutions such as labor

Health
and
Education
services

NGOs &
Church

offices, social services centers, and NGOs. This, at times, leads to an incorrect diagnosis, which then results in an individual being subject to the wrong type of support. Better information sharing would make it possible, for example, for a social services center to assess a client's employment history and past activation measures. In five of the study *gminas*, a local government electronic platform called *Samorządowa Elektroniczna Platforma Informacyjna* (SEPI) has been introduced, which greatly enhances information access for all institutions. Using the SEPI is not compulsory and some *gminas* have not adopted it. Privacy protection rules also appear to be a reason for some officials not using the platform.

Box 2. The SEPI Information Platform

The SEPI, which can be translated as Local Government Electronic Information Platform, was developed in 2006 and is currently offered by Sygnity. Its main advantages, according to the producer, are fast electronic information sharing; support for decision making by labor offices, social services centers, local government; and elimination of the costs of using paper documents and attestations. The institutions using the system include the *burmistrz* and *wojt* (municipal and local government office) and selected local government agencies (including CSW and labor offices). It provides instant access to some information about a specific client. If required, a user can request specific information from one agency to another, for example, an attestation which is sent in electronic form and can reduce the client's workload. Data about a person include basic personal information, information obtained through an interview, and forms of support that the person used in the labor office or in the social services center.

Out of eight locations where the qualitative work was conducted, the platform was used in five *gminas*. Staff expressed an overall positive opinion about the platform as a useful information exchange tool across agencies. The main challenge is that using the SEPI is a decision to be taken at the local level, and old-fashioned institutions may not want to adopt it. The second major challenge is personal data protection—although using the platform without breaking the law on data protection is possible according to many interviewed, social workers in some locations consider it as a barrier.

Source: WISE 2015a.

Labor Market Support for Vulnerable Clients

20. **Labor market support is structured mainly at two levels of government.** Direct labor market support programs are managed by the PES at the *powiat* level, and these conduct the bulk of labor policy implementation. Regional (Voivodship) offices serve as policy centers for labor market and social inclusion services but often also provide some special support program; regional offices also plan and oversee the implementation of ESF funds for labor. In addition, a number of entities provide additional labor market integration services, including nonprofit and private entities, associated with churches, schools, and companies. There is no direct line of accountability between *powiat* and Voivodship labor offices since each responds to its own respective local governments.

21. Spending on labor policies is concentrated on Active Labor Market Programs (ALMPs), while the PES that manages these programs appears to be less well resourced. A comparative analysis of the most recent expenditure data (based on EUROSTAT 2012 data) suggests that Poland spends little on labor market programs compared to other EU countries. With regard to spending composition, Poland has the second highest share of its labor market programs budget going to active labor market measures, while funding for the PES core functions is extremely low (World Bank 2015c). These spending patterns are explained in part by the extensive access to ESF that Poland still enjoys, in comparison with the modest national financing of the sector. With such low administrative budgets, labor offices face limitations in the administration of these programs. For instance, evaluation capacity and budgets were found to be negligible during recent study visits even in well-run employment offices. The selection of programs that are financed is also heavily skewed toward wage subsidies and programs for people with disability, while there is very little provision for training and skills development and almost no expenditure on services to support labor supply, such as childcare vouchers.

22. The PES have a broad coverage, but many beneficiaries are not being served. The large majority of the active jobseekers in Poland are registered in the PES, which is a remarkable level of outreach. However, Labor Force Survey' data reveals that roughly one-third of the PES registered customers are not looking for work for a variety of reasons, notably because they only register to access free health insurance—through pressure from social assistance centers so as to avoid taxing local government budgets with health insurance—thereby pushing up the caseload of counsellors to unsustainable levels (World Bank 2015c). The second reason is a weak M&E system that is not devised to effectively guide policymakers' choices. This exacerbates the extent to which the Ministry of Family, Labor and Social Policy, which is responsible for the overall policy framework, can actually shape the implementation of labor market policies since decentralization keeps the relationship between the central ministry and the offices at arm's length, at best.

23. With few exceptions, the PES offices do not have well-established units to engage with employers through dedicated staff and sets of services that can help forge partnerships; this limits the PES potential of vacancy collection and effective matching of skills with labor demand. The low quality of vacancies in turn is said to be responsible for reducing the pool of highly qualified applicants, thus increasing labor offices' stigma among employers in a vicious circle.

24. Many workers of labor offices complain about the amount of bureaucracy required by regulations, including health insurance provision for the unemployed. Interviews show that paperwork is a primary activity of these institutions, and less than 40 percent of labor office

workers perform essential tasks connected to dealing with customers. According to staff, a key reason lies in the overly complicated regulations and the overlapping series of acts that are often amended, unclearly formulated, and thus requiring numerous interpretations by lawyers. In contrast to compliance with law, lack of efficiency is not connected with any serious consequences. A specific regulation that office staff identified as a large source of bureaucracy in labor offices is their role in providing contributions to the health insurance fund on behalf of registered unemployed. Employers also reported that procedures at labor offices are cumbersome, and some of the existing incentives are actually difficult to take advantage of.

25. The qualitative assessment identified a number of practical challenges in implementing the newly introduced client profiling tool. A centerpiece of the recent reform of the employment support system (Employment Support Act 2014) relates to the introduction of a new client profiling model (explained in detail in Annex 1). What is of particular relevance is that the classification of jobseekers has far-reaching implications on the level and type of services that they can access. A consistent finding of the qualitative assessments is that, in the eyes of clients and a number of social workers, the classification of jobseekers in the three labor market profiles can appear to be overly variable. While this is carried out based on a computer algorithm, some labor office staff suggested that the tool can lead to counterintuitive results. As a result, it was reported that the unemployed sometimes deliberately try to avoid being categorized in profile III, as they fear they will receive limited job offers if they are placed in that category. Some employment office staff reported explaining to clients that they should try to avoid being categorized in profile III if they intend to qualify for labor market activation measures.

26. In spite of these deficiencies, there are a number of innovative and promising approaches for the inclusion of the most marginalized population groups. Over the past ten years, Social Integration Centers (CIS, registered as social economic entities) and Social Integration Clubs (KIS, registered as NGOs) have developed all over Poland, providing both skills and incentives for the most marginalized to obtain social and life coping skills, as well as competencies for job seeking. The establishment of the CIS and KIS is part of the 2005 regulation of the MoLSP, and these institutions tend to be administered by the provincial governments (*powiats*). An additional feature of this regulation is the establishment of social contracts between a social worker and a family or person seeking support (particularly from the permanent benefit, but not for family benefits); the social contract spells out the mutual obligations of the two parties. The services that are identified as necessary for the beneficiaries can then be covered by the CIS or KIS. Beneficiaries of the KIS and CIS include

the long-term unemployed, homeless, disabled, alcoholics, drug addicts, the mentally ill, former inmates, and refugees.

27. **Social cooperatives are a relatively recent instrument to promote self-employment among people at risk of social exclusion in Poland**, particularly the long-term unemployed and people with disabilities. The 2003 Social Employment Act and the 2009 Social Cooperatives Act paved the way for social cooperatives. Social cooperatives act independently of public authorities, but they are (financially) supported by local governments and national funds. There are approximately 450 social cooperatives operating in Poland that are mainly active in the service sector. The main source of initial financing comes from the local labor office, which provides grants to start-up companies and contributes to pension, disability, and obligatory health care premiums for a period of 12 months. Beneficiaries and local authorities recognize social cooperatives as one of the most-effective social inclusion initiatives in Poland (World Bank 2014a).

Income support programs

28. **Income support programs are well targeted but struggle to reach nearly half of those who should theoretically be covered⁸**. Family benefits and last-resort social assistance (temporary and permanent benefits) represent the two largest programs for social assistance in Poland. These two major programs, representing 0.7 percent of GDP, are articulated in a fairly complex system of supplements for different life events and family conditions that make 30 programs in total (World Bank 2015a). The family benefit program is the best targeted, and it targets all households with children and living below the relative poverty line. Social assistance is targeted at an even lower threshold, theoretically with a focus on the extreme poor.

29. Although both programs are well targeted by international standards, the Spending Review (World Bank 2015a) exercise revealed the **significant coverage gaps of benefits at the national level** (45 percent of the poor receive no benefit) and that there is space for simplification of the benefit architecture. Several factors, also emerging from the qualitative assessment, explain the non-take-up of the family benefit and, especially, of the temporary benefits. There is some suggestive evidence that the application process can be complex and very bureaucratic for some types of clients. A second factor is the lack of awareness of entitlement among some households, and an earlier study conducted on social exclusion in Poland captured a perceived lack of transparency around eligibility rules for social benefits (World Bank 2014a). Although the overall perception of social workers that emerged from

⁸ Please see note no. 1

the study was a positive one, in some cases some vulnerable families may be reluctant in approaching social welfare offices, since these are both in charge of benefit management and have the responsibility to order child custody in case of family neglect.

30. **Also, some social workers and local officials claimed that there are too many types of benefits, each providing a small amount but resulting in an unnecessarily large bureaucracy.** Some of the practitioners also noted that too often social benefits are provided without sufficient levers to incentivize behavioral change. A poor client is eligible for benefits just because of the material condition regardless of whether action is taken to change his/her situation. The decision on whether to continue to provide social benefits often lies with the social worker but there is no mechanism to impose sanctions in case beneficiaries are unwilling to cooperate on addressing specific issues.

31. **Finally, the qualitative study attested to the importance of NGOs, in addition to social services centers, in providing material support to poor households.** As information on who receives support is not shared, some beneficiaries reported that it is not clear whether the most deserving receive what they need. Some raised concern that to receive social support one has to be proactive, leading to a situation where those who do not request for help are left out. These include small farmers, for example, or poor families who may be entitled to social benefits but who feel ashamed to ask for support. Hence NGOs can play an important role as intermediaries with local services.

IV. Learning from Past Operational Experiences

The Post Accession Rural Support Project (2006–2011)

32. **A strong example of collaborative local government and direct community support approaches is provided by the SIP, implemented from 2006 to 2011 as part of the Bank-funded PARSP (Post Accession Rural Support Project), established to address social exclusion in the 500 most marginalized rural *gminas* across Poland.** The main objective of the program was to increase citizen participation and enhance the capabilities of local authorities to identify and plan local social inclusion strategies. The program also aimed at making use of local economic and sociocultural resources, engaging citizens in decision making on budget and services provided by *gminas*, and introducing a variety of new social services by facilitating civil society institutional development and strengthening informal groups. The program delivered assistance to rural communities and vulnerable groups—especially youth, the elderly, and disabled families—to directly tackle their isolation. Under the SIP, over 10,500 contracts worth €36 million were signed with local service providers for innovative social services to socially excluded groups and a large number of conferences were held for local governments

and service providers on best practice service innovations. Rural *gmina* capacity to absorb similar social-inclusion-focused programs became significantly enhanced, as evidenced by the growing number of *gminas* which received external funds.

33. SIP has been widely recognized as having been very effective, with key success factors: (a) broadening the approach for tackling social exclusion, including activities related to education, culture, health, security, sport, and leisure; (b) strengthening local communities and local leaders—particularly *gminas* characterized as isolated and relatively more passive— and building partnerships between local governments, NGOs, companies, and individuals in the provision of social services; and (c) promoting transparency, open communication, mutual trust, and respect within communities.

34. The SIP laid a foundation for local social inclusion practice that remains highly regarded in-country and measures strongly on sustainability indices. The local development component design featured two subcomponents:

- (a) A TA program to develop techniques for social assessments, social inclusion strategies and action plans, and social service standards and identify best practices in these areas. The subcomponent was also designed to develop a network of certified training providers to assist local governments.
- (b) A SIP to enable underdeveloped rural *gminas* to purchase high-priority social services for vulnerable groups.

35. The sustainability of interventions supported under the social inclusion component primarily hinged on the effectiveness of capacity building provided to *gmina* authorities and other local actors and the community mobilization process set in motion. A critical positive outcome deriving from the PARSP support is the participatory strategic planning practice for social inclusion at the *gmina* level, joining mayors and *gmina* line agency representatives with civil society organizers, service providers, and the private sector. This represented a significant transformation in policy and program formulation, and evidence suggests high interest in sustaining these practices.

36. The PARSP established a strong foothold in social inclusion strategic and operational work through its emphasis on socially inclusive participatory planning and outreach for social inclusion, local civil society mobilization, and innovations in service delivery. The PARSP further catalyzed a significant increase in organized collective action for social inclusion. A substantial number of civil society organizations were established over the life of the project—806 new civil society organizations were formally registered and 1,069 informal social groups were established in over 370 *gminas*. This is particularly noteworthy as the level of community

self-organization and presence of civic structures were very low at project inception. Local authorities in the project's target *gminas* credit the program with fueling a paradigm shift in the attitudes of stakeholders, motivated by the responsibility shouldered to tackle problems that had been neglected for decades. Countless stereotypes were challenged, including the accepted mantra that social service provision is the sole preserve of public institutions. The project encouraged reliance on private providers and municipalities discovered that locally based private providers, such as NGOs, could offer an attractive alternative to public institutions.

37. The diverse formal and informal groups activated under the program were expressions of strengthened social capital and in turn contributed to horizontal social capital development. Social capital is defined as the capacity of people to work together for a common goal and as an expression of solidarity, and its development implies a significant increase in social inclusion. Altogether, the PARSP activities helped communities and local institutions broaden their understanding of social inclusion challenges and mitigating measures by moving away from a focus solely on welfare and benefits. The project provides an example of how a community driven development approach can act as a catalyst for local government action, by strengthening their capacity; reinforcing their role as agents of social cohesion; and catalyzing dynamic learning, knowledge sharing, and dissemination of practice.

38. A clear lesson from the PARSP implementation was that if economic exclusion is so closely linked to social exclusion, effective social inclusion requires that both social and economic elements need addressing simultaneously. An operation to tackle social inclusion in a comprehensive way should also include a component specifically targeting employment creation since poverty and unemployment are often at the root of social exclusion.

Implementation of the ESF during the 2007–2013 Financing Period⁹

39. Studies on the absorption and impact of EU funds during the 2007–2013 financing period point to their overall positive influence on economic growth and the labor market in Poland. The entire ESF funds focusing on the labor market were spent and 83 percent was earmarked for social integration. In total, 238,200 new subsidized jobs were created with the help of ESF funding. Under the Operational Program Human Capital (OP HC), 721 new social economic support centers (SESC) were set up, and ESF funds contributed to the creation of more than 30 percent of newly registered social cooperatives.

⁹ This section is based on the 2014 ESF Annual Report as well as the Partnership Agreement between Poland and the EU.

40. **Lack of sustainability of results achieved under the 2007–2013 financing period has been identified as a major concern.** By and large, results on labor market inclusion, that is, job creation for the socially excluded, were unsatisfactory with less than half the beneficiaries of labor market support programs reporting that they found a job six months after completion of the program. Fifty-six percent of successful beneficiaries of labor market inclusion programs reported that they were still employed six months after program completion. Out of the companies that were created by private persons and subsidized by ESF funding, 93 percent did not survive the first three years, with the majority collapsing after the first year of operation (successful operation for a full 12 months being the condition for not having to repay the ESF subsidy). Key challenges that were identified in achieving sustainable outcomes include the lack of stable sources of funding for initiatives (including repayable and nonrepayable financing) and the absence of a clearly defined leader and system for social economy development in Poland.

41. **The ESF evaluations find that further support is necessary to modernize, professionalize, and improve the quality of services offered by the PES.** ESF funding has so far not been able to contribute toward permanent improvement of the quality of PES functioning. Particular challenges include the high case load per employment agent and the lack of sufficient career advisors to meet the individual needs of clients rather than providing blanket approaches. An ESF evaluation found that half of the beneficiaries for whom individualized action plans had been developed were not able to describe how their work plan had been developed and what elements it contained. Key recommendations of the evaluations are that a careful selection of the target groups and an individual approach to beneficiaries through personalized activation paths are prerequisites for the success of actions carried out by the PES.

42. **Comprehensive measures integrating mutually complementary methods and financial instruments that are adapted to the local context were found to be the most efficient way of supporting poverty reduction, social inclusion, and labor market integration in Poland.** Integrated interventions in the form of multisectoral investment packages adjusted to the territorial context at voivodship level were found to be most efficient in achieving effective results. One-dimensional programs and single-sector interventions as well as interventions that were not sufficiently adapted to the local ('territorial') context were found to be least effective as they resulted in inefficient fragmentation of policies.

Priorities for ESF Funding for the 2014–2020 Financing Period

43. **The 2014–2020 ESF programs have two broad objectives in line with the Europe 2020 strategy: reducing poverty and increasing social cohesion and employment.** EU funding targets increasing employment in Poland to 71 percent in 2020 by promoting labor force participation of the nonworking population, improving the adaptability of economically active persons and enterprises, and improving the health of labor resources. Priorities regarding poverty reduction and increased social inclusion are (a) improving chances for social inclusion and integration of persons in particularly difficult life and professional situations and (b) improving accessibility to high-quality social services.

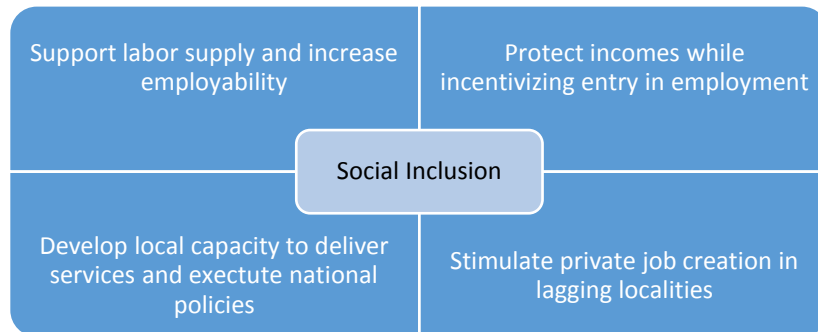
44. **ESF funds for the 2014–2020 programming period will be disbursed through a structure of 16 regional programs and 1 national OP.** The national Operational Program on Knowledge, Education, and Development (OP KED) is centered on priority strategic revisions in the legal and implementation framework of state policies in education, health, employment, and social assistance. The OP KED also hosts the Youth Employment Initiative (YEI), which focuses in particular on NEETs in regions with a youth unemployment rate above 25 percent. The total budget of the YEI for 2014–2020 is €252 million and the 10 Polish regions with the highest level of NEETs are eligible to receive these funds. The regional OPs were developed in cooperation with the Voivodship Labor Offices and Regional Social Policy Centers (both under the supervision of the Marshal, head of regional administration) and they fund direct services through *powiat*- and *gmina*-level institutions and service providers. The majority of ESF funds over the programming period will be disbursed through these regional OPs.

45. **Funding under the regional OPs directly goes to and is being administered by Voivodship Labor Offices and/or Regional Social Policy Centers.** Key targeted beneficiaries under these OPs are vulnerable groups who are facing challenges with entering the Polish labor market, including women, the disabled, and the elderly.¹⁰ Priorities for activities financed under these OPs include (a) social and professional activation measures dedicated to those parts of the population who are registered with the social assistance centers; (b) improved access to health care services for people at risk of poverty and social exclusion; (c) support to the development of new social economy activities as well as encouraging job creation in existing social economy activities; and (d) community-led local development activities.

¹⁰ As youth have their separate funding window under the YEI, they are not eligible for support under the territorial OPs.

V. Areas for Potential Intervention at the Policy and Operational Level

46. A cornerstone of modern social inclusion policies combines economic inclusion of vulnerable households with the protection of minimum living standards. This results from the interaction of labor supply and labor demand, national policies, and their local execution.



47. In Poland, the integration in the labor market of the most vulnerable out-of-work population is constrained by a number of inefficiencies and bottlenecks; these in part originate from shortfalls in the national policy and in part are deficiencies in the cooperation between the central and local governments for social and labor market policies and programs. Local governments should be allowed to design, implement, and enhance their capacity to manage local programs and benefit from a simplified system of intergovernmental fiscal transfers, instead of dealing with dozens of specific flows of funds and differing procedures. At the same time, at the local level, there are serious capacity constraints to implement national regulations and programs, which result in services of insufficient quality and scattered coverage of the needy.

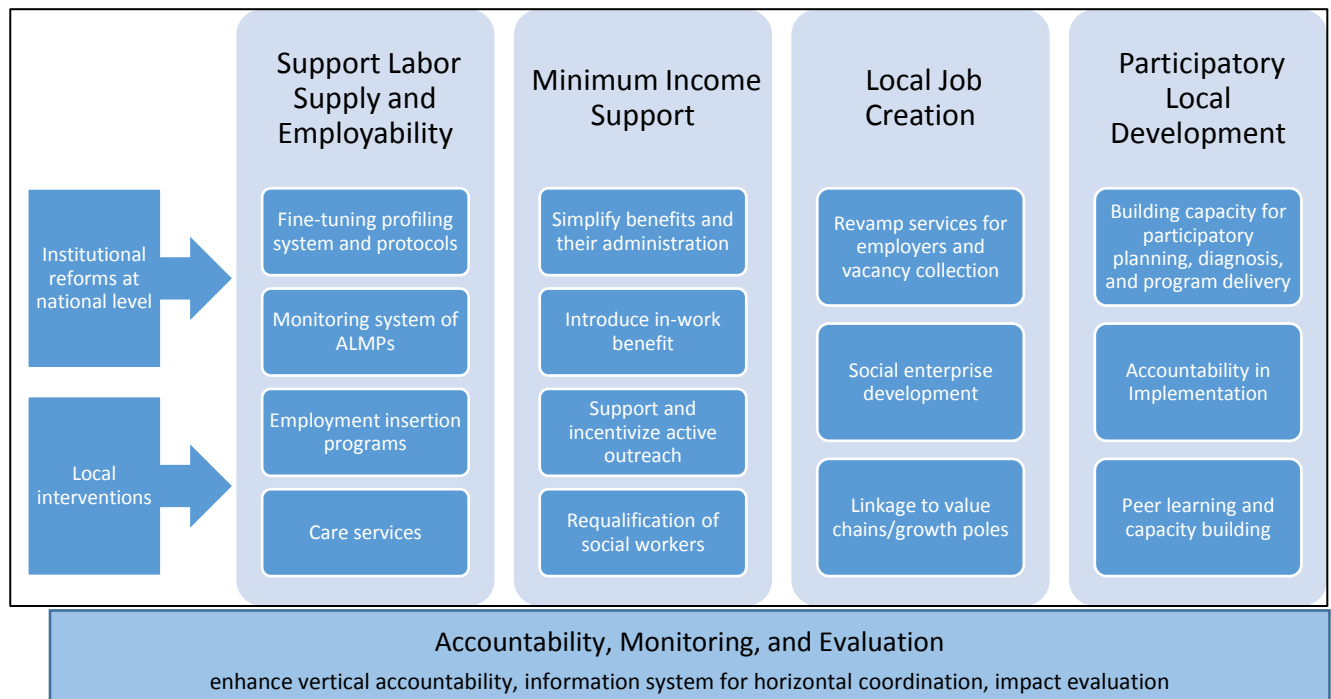
48. Lessons from experience in Poland and elsewhere suggest considerable dividends would accrue from further strengthening participatory planning and execution with civil society at the local level. Participatory local development support would build on multilevel partnerships, mobilized to connect local and regional authorities and the broad social economy. These partnerships would bring together sectoral experience on how to effectively organize, manage, and deliver services at the local level with systems of decentralized governance and accountability mechanisms, complemented by community support approaches to promote empowerment, inclusive growth and participation, and social capital. The mobilization of community resources is a key ingredient to combat social exclusion and isolation.

49. Finally, interventions on the supply side alone are unlikely to generate social inclusion outcomes unless this is met by sufficient job creation. Jobs are created by the private sector,

and supply side interventions alone are unlikely to address social exclusion, though these are essential for vulnerable population. It is therefore important to consider complementary initiatives that can stimulate the creation of jobs for the target populations of social inclusion interventions, especially in lagging economic areas. These range from social entrepreneurship and social cooperatives to additional interventions meant to increase linkages between isolated localities and larger growth poles or inputs into specific value chains.

50. The policy and investment recommendations are structured around five intervention areas: (a) institutional reforms of active labor market policies and other services that can serve to stimulate supply and employability, coupled with local-level pilot programs; (b) reforms of social policies to improve the design and outreach of income support programs; (c) delivery of social inclusion interventions in highly disadvantaged locations and capacity building, intensive practice and knowledge sharing through peer learning, and institutional support with a focus on results and outcomes; (d) interventions to stimulate economic inclusion (labor demand - job creation); and finally (e) mechanisms to improve M&E, interagency coordination, and accountability mechanisms (Figure 9).

Figure 9. Schematic Framework for Comprehensive Social Inclusion Reforms



Thematic Area 1: Support for Labor Supply and Employability

Refine client profiling and segmentation protocols

51. Qualitative research as well as a comparison with international experience on profiling methodologies (Loxha and Morgandi 2015) suggest that under many aspects, the profiling tool in place could be refined. Improving profiling would contribute to (a) aligning the classification of registered unemployed with their actual likelihood of long-term unemployment, as suggested by actual administrative data; (b) reducing the scope for manipulation of the tool by social workers and clients by eliminating the use of subjective variables from the model; and (c) reducing the current wide gap in the services to which individuals have the right according to their profile. The reform could maintain the differentiation of workers, including those who are recommended for outsourcing to private service providers or CSW, but it would correct some of the imbalances that are observed at present in terms of an effective gap between service access, monitoring, and PES accountability to follow up on the state of beneficiaries. This reform would be complementary to a change in the method to distribute health insurance since the only way to truly discriminate active jobseekers from those seeking registration just for benefits is to reduce the incentive to misrepresent one's unemployment status—or potentially by making job search conditionalities much harsher.

Remove incentives of registration in the PES for motives other than finding a job

52. National performance criteria for the PES exist but need improvement. One success criterion, as identified in the local assessment, refers to an unemployed client getting paid work three months after completing an activation program. Some officials regarded this as too short a period to claim success. There is also a concern that using performance criteria will be at the expense of profile III people, who are more difficult to employ and more expensive to activate. Monitoring self-performance and learning at the local level is inadequate. For example, even though there is evidence that internships at the *gmina* office do not lead to employment when the internship ends, this activation measure is still commonly used.

53. Removing the current incentives to register to obtain health insurance is important to free up case managers' time to focus on active jobseekers. The estimates from the PES office directors suggest that 30 percent of the registered unemployed could be motivated only by health insurance. This is an issue encountered in many other countries in Southern and Eastern Europe with insurance-based health care financing. Countries have solved this problem through one of the following methods:

- Move to a tax-financed universal health care system (as in other European countries as the United Kingdom, Italy, and Spain). A cost-benefit analysis could be undertaken to quantify the advantages and drawbacks of this approach.
- Reassign health insurance provision to a different institution or without similar rights and obligations as for the active jobseekers (Serbia).
- Provide means-tested health insurance access for the unemployed (Croatia), although this may result in growing coverage gaps, especially among young people.
- Make job search requirements more stringent and revise the criteria for a 'suitable job'.
- Introduce state financing for health insurance for those who apply for assistance in social assistance centers.

54. This is a major reform and one of the most frequently suggested for Poland by the literature that explores how to improve employment services.

Build ALMPs' evaluation systems

55. Poland has experience, on a pilot basis, with 'net effectiveness' evaluations of ALMPs through administrative data and, in particular, by relying on statistical methodologies that generate quasi-experimental control groups. Currently, the national monitoring framework of measures relies on crude three-month placement rates. Since these rates are not compared to a counterfactual, there is an inherent incentive to enlist into the groups the less disadvantaged jobseekers from among all those who have the right to the benefits (profile II beneficiaries).¹¹

56. Information on programs' net effectiveness should then be fed back to the PES offices as an instrument for improvement in the identification of the subgroups of beneficiaries that are more likely to benefit from specific interventions (targeting) but also to identify relevant measures. Equally important is to use this information at the central level as a tool to redesign the regulations of programs (which are centrally defined) that prove less effective.¹²

¹¹ The qualitative study suggests, at least anecdotally, that this unintended incentive may at times occur.

¹² For instance, the most recent data on ALMPs' allocation (Eurostat 2013, in World Bank 2015a) suggests that most financing of ALMPs, apart from services for people with disability is directed to wage subsidies (particularly youth internships). Other services that the evidence would suggest to be important are very seldom provided, including training (only 2 percent of labor market programs in 2012, PLN 218 million), and subsidized childcare (less than 0.1 percent of spending, PLN 0.56 million).

Regular reports on the ALMPs' net effectiveness, at the central and local levels, would be developed with the data and then used as the basis to make regular changes.

Develop programs for insertion of vulnerable groups in the labor market

57. Qualitative evidence suggests that the beneficiaries of social services and, more broadly, those who are profiled as 'hard to serve' cannot often access labor market programs that are open to other unemployed individuals. The local assessment revealed that prioritization, budgeting, and planning of skills training measures was not always in line with market demand or the extent to which these had been successful in helping people obtain jobs. Decisions on skills training were said to not be grounded in an assessment of labor skills demanded in the market. The prequalification and background of the unemployed person were also not always taken into account when deciding on skills training. Also, the quality of the training was often qualified as low according to clients and employment office staff.

58. It is too early to assess the reform that took place in 2014, which should have opened a role for private services to deliver activation and integration programs, since it has had limited implementation so far. However, even when implemented, the design of the reform puts private service providers in competition, rather than in collaboration, with the work of social assistance centers. As a response to this cooperation gap, the ESF has developed a separate funding line meant to finance programs for labor market insertion of beneficiaries of the PES that are underserved, such as the profile III beneficiaries (see Box 3). One of the key aspects of the new ESF program is the need for cooperation between employment offices, NGOs, and social assistance centers or centers for social integration. While funding is thus available, there are evident capacity constraints and coordination failures at the local level that in the past have meant under-utilization of funds.

Box 3. ESF Funding Window for Labor Market Insertion of the 'Hard to Serve'

To support the effective targeting of profile III clients of the PES, as established by the law on the promotion of employment and labor market institutions, a separate funding window under the ESF funds has been established. This funding window supports the identification of 'activation paths' for profile III clients and sets out criteria for effective cooperation between local level administration and private service providers. The pathway to activation of profile III clients consists of two phases:

- (a) The establishment of individual action plans, which will contain a **social inclusion** as well as a **professional inclusion** dimension. This will need to be jointly drawn up by social assistance offices, local labor offices, and all relevant nongovernmental social service providers.
- (b) The execution of the individual action plans, with a clear division of labor between the social assistance offices responsible for the social inclusion dimension and the labor offices, which will be in charge of implementing the professional insertion component.

In the selection of eligible proposals, the European Commission will pay particular attention to and insist on effective cooperation between institutions and local nongovernmental service providers. Only if this cooperation is sufficiently demonstrated, will proposals be eligible for funding under this window.

59. Better integrated programs for support, rehabilitation, and reintegration of the most vulnerable workers in the labor market are needed, particular for young people. Given that the groups to be served face a complex set of barriers, international experience suggests the importance of coupling technical skills development, with other non-labor market interventions, such as soft skills development and counselling. Box 4 illustrates two examples of impact evaluated programs for vulnerable youth that adopted such holistic approaches, with measured results.

60. Capacity-building activities could be provided to local authorities to design such programs through partnership among different institutions, harnessing the ESF funding window. The institutions that are likely to participate in the process are the local social assistance centers, centers for social integration, and public employment offices; NGOs would also be able to participate in service delivery. A key feature of training provision should be to ensure that they have taken into account all elements commonly thought to be behind successful interventions: (a) training providers show proof that there is sufficient demand for the skills developed; (b) good practices to work with hard-to-serve populations are considered, such as the provision of behavioral skills development and counselling; (c) close coordination between employment and social services and tools to motivate and monitor progress (such as the social contract) to share across different offices; and (d) M&E is in place and service providers are held accountable for results.

Box 4. Holistic Employment Programs for vulnerable youth

***Jóvenes* Youth Employment Programs (Argentina, Chile, Dominican Republic)**

The *Jóvenes* Employment Programs offer comprehensive training to unemployed and economically disadvantaged youth aged 16 to 29 years and were implemented in eight Latin American countries (Argentina, Chile, Colombia, Dominican Republic, Panama, Paraguay, Peru, and Venezuela). The overall aim was to improve human and social capital of participants as well as their employability through a combination of technical training, internship experiences with employers, and basic life skills training. The programs targeted the poor, with more than 60 percent of the participants coming from low-income families. Impact evaluation proved that these approaches have a net positive effect on a number of outcomes. In terms of employment, the programs increased the probabilities of beneficiaries to find employment upon graduation, especially for women, compared to a control group. In addition, earnings for Argentinian participants increased by about 10 percent in comparison to a control group. For Chile, evidence on income is mixed, as one study found a decrease in wages by 8.8 percent while others found an increase of 26 percent. In the case of the Dominican Republic, the program had an effect particularly in terms of increased earnings, 7 to 10 percent higher than the control group. Overall, the net present value of the programs is positive, taking into account only the direct effects on

participants. A recent meta-analysis of these programs also suggests that the programs have stronger effect in the medium term than in the short term.

Source: World Bank 2009, Card et al. 2011.

New Deal Program for Young People (United Kingdom)

In 1997, the Labor Government of the United Kingdom launched the New Deal program as part of their flagship initiative on assisting long-term unemployed. The overall aim was to address labor market inefficiencies and to assist individuals who struggle to compete in the labor market through additional support, training, and subsidized labor market entry. The main part of the program focusses on young unemployed people, ages 18—24 who become eligible after six months of unemployment, but it also covers long-term unemployed above the age of 25. Participation for eligible youth is compulsory and nonparticipation results in a withdrawal of benefits.

In a first stage, designed to improve the job-matching process, individuals were assigned a personal advisor who supported and advised them about available jobs and provided contacts with potential employers. If this measure was unsuccessful, participants were offered four different options in stage two, including full-time education or training for twelve months, voluntary work, or six months subsidized employment with on-the-job training. In a third stage, individuals who did not enter into permanent unsubsidized employment after stage two would resume a new phase of intensive job search.

Overall, unemployment figures in the United Kingdom decreased from 6.3 percent in 1998 to 5.2 percent in 2000 while youth unemployment fell from 12.0 percent to 10.4 percent following the introduction of the New Deal. However, as unemployment decreased not only among young people and unemployment rates have been falling since 1993, only a part of the decrease can be attributed to the New Deal.

Source: Myck 2002.

61. A second set of relevant international experiences relate to ‘family-centered’ SIPs (Box 5), which provide a set of incentives and funding to local authorities to coordinate the action of different local agencies, all aiming at the activation of families who face multiple social and economic barriers. Programs have a strong monitoring component to measure regularly the state of the household members under different dimensions. These programs rely on the coordinating function of the social worker and on the social contract, an instrument that is already established in Poland.

Box 5. Integrated Interventions for Activation of Vulnerable Families

Troubled Families Program (United Kingdom)

To improve the lives of 120,000 troubled families the U.K. government initiated a three-year program, which aims to decrease antisocial behavior, reduce crimes and truancy, and increase employment. To foster concentration on service delivery and output, a payment by result approach was chosen. Therewith, evaluation and performance review are embedded into the payment process of the program. Evaluation shows that performance varies across local authorities—while some reach 207 per cent of their initial commitment, others only reach 33 per cent. To date, 35,618 families have been attached to the program, 15 percent below the initial commitment.

Source: National Audit Office 2013.

Chile Solidario (Chile)

Solidario is a targeted holistic social welfare program designed to reach the 225,000 families, equivalent to 5 percent of the total population, living in extreme poverty in Chile. The program started in 2002 and combines cash transfers and other assistance programs with regular visits by social workers who support families to access benefits and services. It involves priority access to employment and education, housing improvements, and special programs for children. To evaluate the effectiveness of the program, researchers used a regression discontinuity design which compares families just above the eligibility cutoff to those just below. The method allows attribution of differences in outcomes observed, including income and employment, to program participation. Data were drawn from administrative records, which were the basis for determining eligibility, and from survey data collected specifically for the evaluation. The findings show that living conditions for the poor stabilized and even increased, ranging from 2 percent to 20 percent, depending on the specific subsidy and how long the family has been in the program. Take-up rates for subsidies were higher among families living in municipalities with a good social services network, working with a social worker with a low caseload, or who had a male household head.

Source: World Bank 2011.

Develop community-based care services to support labor supply

62. As shown in the profile of the out-of-work population and corroborated in focus groups, many beneficiaries—especially women aged 30 to 60 years—cannot work because of their duties in caring for children and the elderly. Such care services are underdeveloped in Poland. A recurrent complaint emerging from the qualitative analysis is that women with children are discriminated in view of their perceived lower flexibility. For this reason, the development of private or publicly provided care services in intervention areas will be very important to sustain labor force participation. Local authorities will be able to experiment with different methods to stimulate greater supply of these services, including using vouchers to partially subsidize service provision for some customers while expanding the base for commercial customers by creating more demand than at present.

63. A regulatory assessment and, if needed, standards drafting for home-based childcare services or home-based services for the elderly are a first step. The key will be to strike a healthy balance between quality and openness to entry into the sector. Establishment of these services should favor a more efficient allocation of human resources than observed now and generate some entrepreneurship opportunities (most likely for women). If services provided meet quality standards, they could also be an important opportunity for cognitive development of children at an early age, since the penetration of early childhood education in Poland is minimal. It is important to acknowledge that this is a complex (and yet critical) agenda, and the component's feasibility will depend on the extent to which the institutional

arrangements are already in place and the expansion of services can realistically happen in a limited time span at the local level.

Thematic Area 2: Income Support

Making formal work paid better

64. A few important reforms have taken place in 2015 to increase the in-work incentives of recipients of family benefits. However, the World Bank's own diagnostic work suggested that inherent disincentives of family benefits were limited in scope due to very low generosity (World Bank 2015c). Disincentives may increase when the family benefits are combined with last-resort social assistance and housing benefits, but even when combined together, working appears to be more profitable than reliance on transfers¹³. The real issue is when benefits are combined with informal work (seasonal jobs in agriculture, for instance) and the cost of reaching formal jobs due to access and mobility constraints, as seems to be the case in some of the poorest and most remote *gminas*. In such cases, it becomes clear that receiving benefits for a long period is a rational survival strategy.

65. Designing and implementing an in-work benefit could be a potential way to redress the incentive compatibility of last-resort social assistance with formal jobs at low pay, by topping up the formal wages of the low-income earners and reducing the pay-offs from long-term stay-on benefits or working informally. The benefits could also include a transportation voucher, conditional on working. On the other hand, qualitative research suggests that other barriers to labor supply in the formal labor market exist and may be even more binding than incentives: the cost of purchasing care on the market for non-work-able members (when available at all) and the lack of sufficient jobs at the local level.

Simplify benefits to free up human resources for frontline case work and reduction in coverage gaps

66. To reduce the gap in coverage of social assistance benefit, recommendations from the Spending Review included (a) developing a better understanding of the factors that explain non-take-up of the family benefit and, especially, of the temporary benefit that should act as a last-resort safety net for the very poorest and in turn address coverage gaps; (b) revising eligibility thresholds to make benefits accessible to families living below the poverty lines and reconsider generosity (while ensuring work incentives are maintained); (c) improving benefit responsiveness to shocks by improving the eligibility determination process and criteria; and (d) simplifying the number of benefit supplements to save social workers' time and achieve administrative efficiency savings.

¹³ See note no. 1

67. National-level simplification should contribute to reducing bottlenecks in the application process, including the long lag between certification and receipt of benefits. Most of the other constraints (excluding the financial constraint) will depend on the level of local initiative (Table 1). Identification and needs assessment would consist of (a) an in-depth diagnostic of the causes of non-take-up and (b) preparation of a training program for social workers and an incentive system for *gminas* to actively reach out to the poor and assess their needs, including those not included in social programs at present. Lessons learned from programs such as *Bolsa Familia*, (subprogram to fight extreme poverty), which developed a system of active outreach and identification of the extreme poor and a communication campaign (see Box 6) would be of value. NGOs appeared to be more active in some *gminas* and in closer contact with the vulnerable than the civil servants, could also be engaged in this process.

Table 1. Potential Reasons for Coverage Gaps in Social Assistance Benefits

Cause of Coverage Gap	Implementation Option
Complexity in application	Simplify administrative procedure (use income tax, decrease numbers of documents required) and improve interinstitutional coordination
Lack of awareness and/or stigma	Advocacy campaigns
Lack of human resources and time in administrations	Simplify administrative procedure and/or increase staff in Centers of Social Assistance
Inappropriate income test	Revise the income test (income and period of reference) to include more poor

Source: World Bank 2015b.

68. The joint review of social benefits carried out by the Bank and the government of Poland (World Bank 2015a) included the recommendations to consider reducing the number of benefit supplements attached to core benefits such as family benefits (eight supplements) to save social workers' time and achieve administrative efficiency savings. Furthermore, the qualitative study highlighted how frequently local governments distribute very small amounts to beneficiaries. A study on counselors' time use and cost-benefit ratios of different supplements and consultations with social workers could help identify the scope for process simplification. The study would be followed by simplification, measured in terms of processing time and transactions for both beneficiaries and counselors. Freeing up case workers' time is particularly important to focus on reducing the gap in coverage of the poor through active search of beneficiaries.

Box 6. *Busca Ativa* (Active Search) in Brazil

In 2010, Brazil established Plan *Brasil Sem Miséria*, a national strategy with the objective to combat extreme poverty. A key pillar of the strategy was *Busca Ativa*, a strategy that was meant from its outset to register all

extremely poor families who had remained excluded from the first years of expansion of the national conditional cash transfer program. Developed at the municipal level, it was implemented by social assistance mobile teams and incentivized through an increase in the transfers of the federal government to city governments. Within its first year, the program added 1.35 million households to the single family registry and included them in the *Bolsa Família* cash transfer.

Source: Ministério Do Desenvolvimento Social E Combate À Fome. 2014. *O Brasil Sem Miséria*.

Thematic Area 3: Local Institutional Development and Participatory Approaches

69. The local assessment findings suggest that social inclusion is not a key priority for local authorities. Local area development strategies were claimed to ignore the issue of social inclusion and lack a vision on how social integration could be tackled over time. Even though expenses on social assistance can form up to 20 percent of the *gmina* budget, local development strategies typically focus on infrastructure development.

70. Local-level activities should focus on several complementary trajectories: building capacity for participatory approaches to social and labor policy implementation; identification and stimulation of labor demand, especially for young people; and support for local initiatives to build assets and improve service accessibility for marginalized groups. Given the impressive level of employment and income growth that Poland experienced in the past decade, it is clear that lagging regions and localities are missing critical elements to participate in economic growth. Part of the diagnosis relates to the poor level of human and social capital among those who have not out-migrated from these areas and to the lack of appropriate instruments, including public authorities, to change this situation. Thus, while it is clear that better service delivery could ensure that the available supply-side instruments play their role, it is equally important to ensure that there are sufficient jobs, especially for young people, who are among the most disadvantaged and vulnerable groups.

Identification and needs assessment of households excluded from social benefits

71. Incentives for local *gminas* are required to mobilize identification of poor households, especially those that are currently excluded from social assistance benefits, and generate a monitorable database of households in extreme need. *Gminas* will then be incentivized to address the gaps in coverage of the poor by income support programs.

72. Select localities are at a high disadvantage from a national standpoint. Poverty maps can be used as a primary tool to identify *powiats* that should be targets for interventions; participating *gminas* could be then selected according to a series of national criteria or a combination of national and local criteria (for instance, average household per capita

income, share of registered unemployed per adult or number of employed per adult, incidence of long-term unemployment, and indices for relative active and passive *gminas* as developed under the PARSP).

Build participatory planning competencies and enhance capacity for local development

73. **Social exclusion in Poland has a strong regional and local imprint connected with disparities in economics and development levels between regions and local communities.** The analytics strongly suggest that measures are needed to build social capital in regions and local communities to achieve better social and economic cohesion and counter the sense of passivity and helplessness in the area of policy and civil action—an enduring legacy of the former sociopolitical system. These local measures would be enhanced by appropriate social policies to favor social activation of local communities and involve applying participatory approaches to local development challenges and social inclusion processes associated with the rubric of local and community-driven development.

74. **Local and community-driven development approaches aim to strengthen agency, voice, and participation of communities and local governments with resources and decision-making authority.** Empowerment equates to the expansion of assets and capabilities of people to participate in, negotiate with, and hold accountable institutions that affect their lives and translates in programmatic terms into enhancing access to information, expanding participation, augmenting social accountability, and building social inclusion and organizational capacity. A principle of the approach is that of harnessing and magnifying social capital—bonding social capital within groups and bridging social capital between social groups. Taking local development approaches to scale, which should be a clear objective in future social inclusion local initiatives, implies the coproduction of investments, outputs, and services by different stakeholders at different levels: community social workers, local government officials, civil society, the private sector, technical specialists, administrators, program managers, and bureaucrats and politicians.

75. **Core features of a local development program would include the following four features:** (a) **meaningful participation** by all stakeholders—in particular the target groups of the socially excluded—in planning, implementation, and M&E, with a focus on the subsidiarity principle of devolving authority to the lowest level with the capacity to make decisions and take effective action; (b) **improved accountability**; (c) **technical soundness** of local initiative design, including institutional arrangements, coordination mechanisms, and communications and dissemination strategies; and (d) **sustainability planning**. Local development programs fit well with the governance agenda as well-designed programs

strengthen both transparency and accountability at the local level and in communities and the accountability of service providers to their clients.

76. Critical steps in preparing a program of local initiatives would include the following steps: (a) a diagnostic phase, to assess local context, institutional arrangements, needs, and priorities; (b) strategy and program content drafting, to align with national government, laws, and regulations; (c) local initiative design and pilot site selection; (d) outreach and mobilization; (e) training, facilitation, and participatory planning; (f) definition of resource flows and accountability; and (g) design of management system, communications strategy, M&E system, and sustainability plans.

77. There are several typical challenges which an SIP in Poland would need to directly address. The first is the panoply of incompatible incentives; coproducers lacking compatible incentives will produce low-priority outputs that bring them rewards (such as reports or workshops). The local assessment report cites problems of unemployment support: “designed according to a general policy and offers tools which are currently used, regardless of their usefulness to a person.” Different levels of government are coproducers but may act as opponents rather than as collaborators. The second is the confusion generated by unclear assignment of functions to different coproducers. Sectoral approaches to local development, defined through functional specialization, tend to be better at mobilizing technical capacity but are less responsive to local demand. Local government approaches often safeguard formal autonomy and accountability of local decision makers but are equally often more politicized and less effective in managing service provision. Direct community support approaches are organized around social groups that make collective decisions, but their entry point through community processes often complicates coordination with local government. Convergence between the three approaches is a challenge but can lead to a synergy that builds on the strengths of each approach and focuses on improved coordination, synergy, efficiency, and responsiveness.

78. Findings from the local assessment suggest that local officials often appear reluctant to work with NGOs, expressing concerns about their lack of experienced personnel and lack of financial means. However, a number of examples of state-NGO cooperation were found in the field. Many of these concern EU-funded projects, which are temporary. In some *gminas*, where the local government is more active and entrepreneurial, collaboration with NGOs appears more common. NGO officials claimed they would benefit from information held by public agencies. Local people often appear poorly informed about NGO activities that exist in their area. While some officials claimed NGOs are more innovative and flexible, ministry officials claimed there is little evidence on the performance of NGOs in the areas of social

inclusion and activation. In particular, employment offices said they do not see the added value of NGOs as these do not have the resources to assist in employment services.

Thematic Area 4: Supporting Job Creation at the Local Level

79. **Productive inclusion of the vulnerable is increasingly recognized as key to effective and operational social inclusion and critical to making poverty eradication sustainable.** While interventions on supporting labor supply and employability and on addressing some of the social challenges of households are important, they are not sufficient. The lack of a sufficient number of jobs in localities remains one of the most difficult barriers to sustainable social inclusion. For this reason, stimulating job creation is considered a corollary instrument of critical importance to building social inclusion, which this technical note develops only in part. The strategy would focus on three areas: (a) further analysis of social economy approaches and opportunities at the local level; (b) improving the services available for employers in the PES and vacancy collection rates; these are important to capture additional vacancies in the market and redistribute them toward the poor and to favor mobility; and (c) piloting approaches to expand linkages between poor localities and higher value chains of regional and national interest.

Develop social economy initiatives

80. Social economy is defined as the “set of tools that increase the participation of people marginalized by the labor market and members of neglected communities in both economic activity and social life” and can be conceptualized as the space for realization of programs that promote active social policy. Social enterprises function competitively and generate income, as with normal enterprises, but aim to generate benefits rather than profits. Such enterprises emerge from local and collective initiatives that coalesce around social as well as material and financial capital. **Social enterprises can be a very effective mechanism for transforming social capital into other transformative stocks of capital** (material, organizational, human, and physical); can serve as a stimulating agent for local development; and constitute an important component of community capacity.

81. **Social entrepreneurship has been accepted as an innovative and practical solution to the problem of unemployment and social capital deficits.** Social enterprises in Poland offer creative approaches to maintaining financial self-sufficiency while fulfilling a clearly defined social mission. They can provide employment to the most vulnerable social groups and incorporate a variety of institutions, ranging from time banks that function on the basis of exchange between members (whereby the value of services or goods is measured in units of

time rather than money, making it an effective support mechanism for low-income people) to social enterprises—private sector companies, whose modus operandi is to provide social benefits.

82. EU structural funds have supported the EQUAL Initiative program, which has enabled cross-sectoral partnerships to support the most vulnerable social groups in the labor market. Social economy has been identified as an innovative and practical mechanism to counteract the problem of unemployment, foster local social and economic development, and strengthen civil society.

83. The main types of social economy institutions currently functioning in Poland include NGOs; cooperatives, including social cooperatives (the majority of which have been founded since the 2006 Act on Social Cooperatives was adopted and assume the form of worker cooperatives that provide labor market and social reintegration support); and mutual organizations, typically lending and savings institutions. Two other types of institutional forms play a significant role in supporting the development of the social economy sector and offer transitional employment programs for the most marginalized social groups: CIS, providing vocational training programs and employment, and employment activation units, which offer social and employment reintegration programs specifically to the physically and mentally disabled.

84. Legislation that specifically focuses on the social economy includes the Act on Social Benefits Activity and Volunteerism (April 24, 2003) which allowed NGOs to engage in income generating to cover the costs of selected services or goods production; created the possibility for tax-payers to designate 1 percent of their income tax to a chosen NGO with the status of a Social Benefit Organization; established the Public Benefit Work Council, a permanent advisory committee on third sector institutions to the MoFLSP; and institutionalized volunteerism by creating incentives. The Act on Social Employment (June 13, 2003) created two new types of institutions: KIS, which take the form of support circles or interest groups and can engage community members in local development projects, and CIS. The Act on Social Cooperatives (April 27, 2006) defined Polish social cooperatives as enterprises established by especially vulnerable social groups (the homeless, long-term unemployed, formerly incarcerated individuals, people with substance abuse, refugees, and the mentally and physically disabled) with a stated primary objective to support their social and economic reintegration.

85. The social economy is a powerful source of creative and practical solutions that can have an impact on the economic and social development of people and their communities, promoting entrepreneurship, nurturing networks of cooperation, and generating opportunities for employment. Moreover, the social economy is competent in many fields

that were traditionally a domain of welfare institutions' activity, such as (a) labor market integration, though targeted training to cultivate relevant skills and enduring and specialized support to the most vulnerable social groups; (b) services provision, by providing a range of services focused on a specific target groups; (c) goods production, integrated within larger value chains, especially in labor-intensive, specialized, handmade products such as carpentry, sewing, and furniture making; and (d) community development, though engagement in activities that foster social cohesion and belonging.

86. The key challenges facing the social economy sector can be characterized as those of (a) modernizing the cooperative sector, by providing improved start-up funding and institutional support for new social cooperatives; (b) social enterprise institutional development, through improved integration and networking to enhance capacity and legal reform; and (d) making better use of different financing mechanisms, including incentives, tax deductions, employment subsidies, and start-up capital schemes.

87. Broadly, a local development support program would accommodate these core features: participation, transparency, service innovation, dynamic peer learning and knowledge exchange, innovative accountability mechanisms, intense capacity enhancement efforts, and social economy and value chain linkages.

Enhance vacancy collection and services to employers

88. As observed during field assessments, departments for employers' services remain among the least-developed areas of Polish PES offices. The high workload caused by the unemployed appears to capture most human resources, with just a few staff dedicated to firms. Without sufficient number and quality of vacancies, however, decongesting labor offices becomes nearly impossible. While the unemployed have few alternatives to turn to for income support or health insurance, firms can simply turn away from providing vacancy information if the service that they receive is poor. Part of the reason why few resources are dedicated to firms is also that the voice of firms in the governance of the services is limited. *Powiat* labor offices are ultimately accountable only to the leader of the *powiat* (*Starosta*), with no other lines of accountability to the region (with the exception of the ESF-financed programs) or even to the Ministry of Family Labor and Social Policy (with the exception of a small incentive system to finance the labor fund). Ultimately, the relationship is political. This is an important departure from cases of well-functioning PES, such as in the United Kingdom or Germany, where employers are board members, or the United States (where employers own 51 percent of the PES).

89. This set of tasks would focus on revamping the strategy to engage with employers, with a clear focus on achieving improvements in performance at the local level as measured

by the number of vacancies collected and the share of vacancies filled. The type of interventions would include the establishment of a national-level representative of the PES network, so as to form national partnerships with large employers; the latter could have a direct say in the definition of tailored skills development programs to be then implemented locally or regionally for staffing specific branch offices (such examples include retail chains). The key to ensure value added for these programs is that they target disadvantaged groups.

- Establishing an incentive system for local offices tied to number and quality of vacancies collected. This would be coupled with capacity building and a small grant fund to equip offices to achieve the result.
- Systematizing vacancy sharing across labor offices by removing the option to post vacancies only locally.
- Enhancing local skills development strategies as part of the local employment plans. This should, in particular, focus on redefinition of standards for the design of training programs by requiring that employers provide direct input to training curricula and the skills needs are prioritized at the local level.

Thematic Area 5: Accountability, Monitoring, and Evaluation

90. The primary objectives of an improved M&E framework would be to (a) monitor implementation and track progress toward the achievement of objectives; (b) assess outcomes and the effectiveness of interventions; and (c) contribute to the empowerment of primary stakeholders by promoting community participation in M&E and a forum for citizen engagement and beneficiary feedback throughout all phases of a program, from inception to closure.

91. Critical areas to be addressed by the M&E system would include (a) providing systematic and continual information on all aspects of program implementation to ensure evidence-based decision making and management and track the status of progress toward achieving the intended goals; (b) assessing the effectiveness and efficiency of interventions, including cost-benefit/cost-effectiveness analysis; (c) evaluating the economic impacts of interventions, user satisfaction with services and social capital impacts measured through changes in information access and density of social networks; (d) assessing the extent to which service provision meets the expectations and needs of the intended beneficiaries; and (e) identifying critical lessons learned and key factors for sustainability of impact.

Monitor results for performance management

92. At present, the monitoring system between government levels on social benefits and the delivery of social case management appears to be inadequate, even in comparison with the operation of labor offices. Local finances spent to top up programs or to deliver parallel transfers are not monitored. In-kind services do not have a common framework for evaluation. Furthermore, a key area of weakness identified in ESF implementation is the lack of an effective M&E framework and rigorous evidence from practice.

Information system for horizontal coordination, monitoring, and evaluation

93. The existing information system should be used and improved (see Box 2). This will enable information flows across public agencies for joint client management and enforcement of social contract. However, considering past experiences in Poland, it will be key to ensure that there is a legal basis to perform joint client management and information exchange, including passing microdata appropriately anonymized to the upper management level, to allow for performance management. It will also be important to generate capacity to use the system among local workers and start monitoring results through it.

94. Poor information flow between institutions was highlighted in the local assessment. Information sharing would improve the accuracy of the diagnosis, contribute to better design of support, and enhance results. Lack of systemic instruments of sharing information was cited as a causal factor. The SEPI platform seems to be, at least partially, a solution. Yet other actions should be taken here, such as removing the obstacle of personal data protection or clarifying to local officials that this should not be concern. Although the system does not limit information sharing, it does not provide incentives to do so and personal data protection provides a convenient justification for not sharing information. Fragmentary information available to officials contributes to the use of unofficial contacts, which leads to decision making that is not transparent.

Participatory M&E, citizen engagement, and beneficiary feedback

95. The purpose of Participatory Monitoring and Evaluation (PM&E) is to empower primary beneficiaries by directly engaging them in monitoring a project's processes and results. The focus of PM&E is on learning and capacity building applied to different levels and groupings of stakeholders. It comprises a set of participatory tools and methods for measuring, assessing, reporting on, and ultimately improving performance through a process of shared learning. PM&E can be structured to solicit feedback from primary stakeholders as well as to promote dynamic and structured learning among and between stakeholder groups. Activities that could be implemented under PM&E include participatory rural appraisal or participatory learning and action-inspired techniques in selected communities to

benchmark progress with respect to self-selected milestones and indicators and cross-project community visits to enable community peer learning and capacity building.

96. PM&E is both a form of public supervision and an effective way to mobilize communities. In addition to increasing the efficiency of the decision-making process, it contributes to raising people's awareness regarding their rights to quality services as beneficiaries and citizens and provides a platform for voice and agency in holding other institutions to account and advocating for change.

97. PM&E provides a pathway for direct data collection from participating communities with respect to feedback on the effectiveness of implementation of project and policy measures and assessment of relevance, coverage, accessibility, and affordability of services. It can also assess the possible obstacles that disadvantaged communities face in accessing and using services and can be an effective tool in identifying gaps in service provision. With respect to citizen engagement practice, it is a very effective public awareness and advocacy tool for the rights of vulnerable groups and can serve as an open platform for program and policy influence with respect to choice of programs, policies, and practices for improving community well-being. Ideally, process monitoring should provide continuous feedback that enables the scaling-up process to constantly be improved.

Impact evaluation

98. A randomized experimental design impact evaluation (with treatment and control groups) could be employed to assess the impact of variations of the intervention packages such as measures to increase the participation of selected excluded groups and to increase the link between different institutional levels (community, municipality, and *powiat*). Different or additional variations could be defined at a later stage. The evaluation framework would measure against indicators that are linked to the results framework and would be expected to measure change at input, output, and outcome level, including behavioral change. In addition to the quantitative impact assessment, repeated qualitative assessments could be fielded regularly to identify causal factors and client satisfaction.

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Annexes

Annex 1. The Profiles on Unemployed in the Act on Promotion of Employment and on Labor Market Institutions

The profile number	I	II	III
Classification method¹⁴	The <i>powiat</i> labor office analyzes the chances of the unemployed to return to the labor market, considering the previous distance from the market and his/her determination to return. The factors under consideration include age, sex, education, skills, work experience and qualifications, certified disability, the time of unemployment, the place of living and the distance from the potential workplace, and the access to the contemporary measures of communication with <i>powiat</i> labor office and employers. In declaring the determination to return or enter the labor market, the <i>powiat</i> labor office shall consider factors which show the necessity and willingness of the unemployed to start working, engagement to the independent job hunting, the ability to accommodate to the labor market, the availability, reasons which led to work, reasons for registration in the <i>powiat</i> labor office, and the previous and current cooperation with the <i>powiat</i> labor office and employers.		
The forms of support available for the unemployed	<ul style="list-style-type: none"> • Job placement, • Career counselling • Unemployed training to improve professional qualifications • Finance, to the level of the minimal wage, the cost of exam, which allows to gain certain entitlements, job titles, or licenses which are necessary to certain positions • Refund (up to a 12-month period) the cost of traveling from the place of living to the work (or the internship or career guidance) • One-time premium to the individual entrepreneurship (up to the 6, 4, or 3 average salaries) • Activation benefit for the full-time work of the parent who is returning to the labor market after a time of childcare or for the unemployed who was caring for a dependent person • Entrepreneurship loan • Training (only the unemployed up to 30 years old) • Internship (only the unemployed up to 30 years old) • Employment debenture (only the unemployed up to 30 years old) • Settlement debenture (only the unemployed up to 30 years old) 	<ul style="list-style-type: none"> • Services and instruments of the labor market • Activation activities delegated by the labor office • Other forms of support with exclusion of the AIP 	<ul style="list-style-type: none"> • The AIP • Activation activities delegated by the labor office • Special programs • Delegation to supported work to the employer • Employment in the social cooperative settled by the legal persons

Source: Own elaboration basing on the 2014 Act on Employment Promotion.

¹⁴ 2014 Journal of Laws, item 631.

Annex 2. Categories of Labor Market Support Instruments (ALMPs)

Category	Instruments
Developing innovative labor market policies	The national employment action plan The regional employment action plan, program of promotion of employment and activation of local labor market, profiling, regional programs
Supporting the creation of partnerships for employment at the local level	The labor market council, voivodship labor market councils, <i>powiat</i> labor market councils
Activating unused resources of the labor market and complementing existing labor market shortages through labor immigration	Job placement, career consulting, and trainings
Supporting mobility and employability of employees	Support for work commuting, accommodation grant, refund of social security contributions, one-time premium for setting up enterprise, activation supplement, delegation for internship, refund to the organizer of public works part of the cost for salaries and social security contributions, special programs, and prevention mechanism
Supporting the vocational education system and lifelong learning	Refund the cost of the postgraduate studies, refund of vocational training of adults
Supporting people with disadvantages in the labor market	Priority access to special programs; obligation to deliver to the unemployed who are under the age of 25 years benefits from the social assistance or job offer in particular terms; refund of a part of the cost of salaries, rewards, and social security contributions; delegation to internship of the unemployed who are under 30 years up to a period of 12 months; delegation of the unemployed who are over 50 years to the intervention works up to a period of 24 months; grant for telework; activation benefit for full-time employment of delegated unemployed parent who is returning to the labor market or who is taking care of a dependent person; refund the documented cost of childcare; refund of a part of the cost of salary of the delegated unemployed who is over 50 years; activation and integration program; training voucher, internship voucher, employment voucher, and settlement voucher
Supporting the creation of new jobs	Refund to the entrepreneur the cost of equipment of the workplace, loans for the creation of jobs, and loans for starting an entrepreneurship

Source: Own elaboration by WISE basing on Act on Employment Promotion.

Annex 3: Social Assistance In-kind and Cash-based Benefits, According to Local Assessments

Social support benefits are initiated through a formal application system or upon referral of this need by another family. The social welfare office has one month to make contact with the family and conduct an interview in the place where the family lives. Unlike labor office assessments, social welfare offices assess the situation of the whole family and pay benefits for the entire household. NGOs, such as Caritas, which distributes clothes, food, and other material, provide help.

Benefits Paid by Social Welfare offices

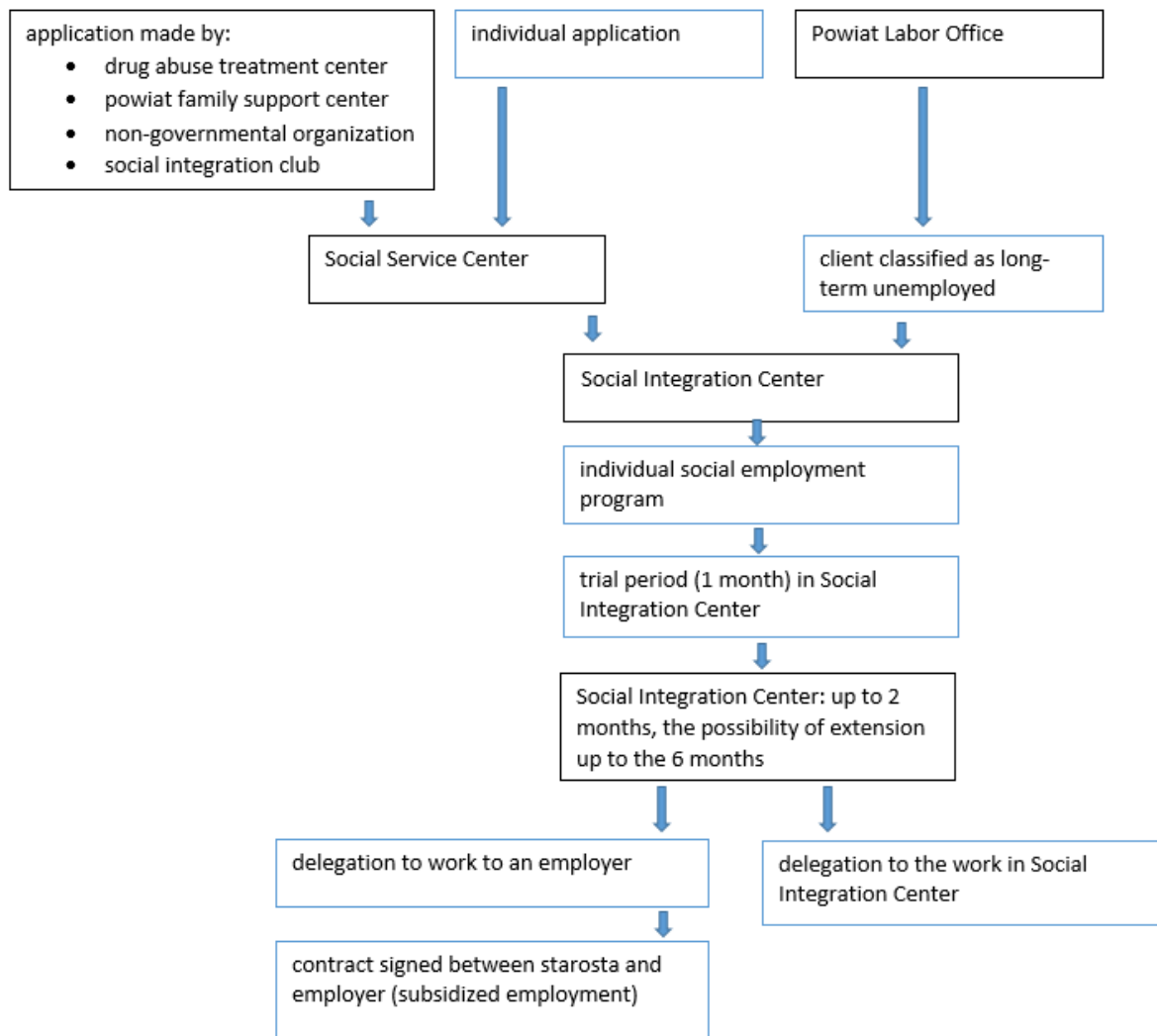
Benefit	Types of Benefit	Sum	Beneficiaries
Permanent	Permanent benefit	Difference between income criterion and actual income	For people permanently unable to work
Periodical	Periodical benefit	50%–100% of difference between income criterion and actual income	For people with long-lasting disease, disability, unemployment
Targeted	For food, medicine, heating, clothing, indispensable everyday objects, minor repairs, funerals	Varies in practice low amount of each benefit	For people below income criterion; in special cases (for example, natural disasters), also for people with higher income
In-kind benefits and services	<ul style="list-style-type: none"> • Social work • Tickets • Contribution to health and social insurance • Material help for gaining economic independence • Organizing funeral • Special advisory • Crisis intervention • Shelter • Meals • Clothing • Nursing services • Protected housing (apartments in which they have access to nursing services) • Stay in social support house • Material help for obtaining housing, finding employment 	Varies	In most cases for people who meet income criterion
Other (cash)	Benefit/loan for gaining economic independence; for continuation of education; benefit for foreigners and refugees; wage for provision of nursing services	Varies	For specified groups (depending on type of benefit)
Family	<ul style="list-style-type: none"> • Child allowance 	Zł 500 per second and	For parents of children

Benefit	Types of Benefit	Sum	Beneficiaries
benefits	<ul style="list-style-type: none"> • Basic family benefit • Benefit for giving birth • Taking care of child during maternity leave • For single parents • For families with many children • For families with disabled children • For children who study outside their hometown • For beginning of school year 	next child, and for the first child when income per person in family is below Zł 800 Basic family benefit: Zł 77–115 per child; one-time benefit for giving birth: Zł 1,000; other: usually around Zł 100 per child	below income criterion (different than above)
Housing benefits	<ul style="list-style-type: none"> • Housing benefit • Energy benefit 	<ul style="list-style-type: none"> • Housing benefit: Amount calculated in a complicated way, based on income, number of household members, and expenses • Energy benefit: Zł 11–19 	For people who meet income criterion (different one)
School benefits	<ul style="list-style-type: none"> • School stipend • School benefit 	<ul style="list-style-type: none"> • School stipend: Zł 84–212 • School benefit: One-time, max Zł 530 	<ul style="list-style-type: none"> • School stipend: For children who meet income criterion (the same as for permanent benefit) • School benefit: random situations

Source: Own elaboration by WISE based on Act on Social Help and information found on the MoLSP websites.

Note: Income criterion for permanent, periodical, targeted benefits: Zł 542 for single person, Zł 456 for each person in a family; in some cases it can be raised by the local government; for family benefits: Zł 574, family with disabled children Zł 664.

Annex 4: Example of the Support Path of a Long-term Unemployed through the Activation and Integration Program (Scheme 2)



Source: WISE 2015a.

Annex 5. Analytical Work Underpinning this Technical Note

Social Inclusion Technical Assistance

Two original outputs were produced under the TA. First, a de jure mapping of the institutions for labor and social policy in Poland that are oriented toward populations at risk of social exclusion. The paper covered key legislation, mapping of institution at different levels of government, and a description of the major programs for labor market activation and social inclusion. The second product was a qualitative assessment of the implementation on the ground of these policies, from the perspective of beneficiaries and providers in eight municipalities. In each *gmina*, a series of in-depth interviews were held with local authorities, together with focus groups with public employment offices, social service centers, and other government and NGO officials and clients of these services. The assessment revealed the availability or absence of relevant services, challenges and shortcomings in their delivery, some good practices, and potential solutions.

Activation and Employment Promotion TA

The Activation and Employment Promotion TA used a combination of analytical work, capacity building, and just-in-time advisory services to inform policymaking in the area of social and employment policy in Poland. This included a policy note on ‘Activation and Public Employment Services in Poland’ that combined a profiling of the out-of-work population with an assessment of the main bottlenecks in public labor policies to serve these groups.

Spending Review on Low-income Family Support

Spending reviews are internal evaluation processes adopted by the governments in OECD countries to identify ways to ameliorate the cost-effectiveness of expenditure in comparison with the intended policy objective. The review can lead to reforms of programs or reallocations meant to achieve better outcomes (value for money), or it can assist governments in finding ways to achieve the same outcomes with lower spending (efficiency savings). The first Spending Review pilot was conducted by a multisectoral World Bank team in FY15 (Social Protection and Labor, Macroeconomics and Fiscal Management) in collaboration with the Ministry of Finance (Department of Expenditure) and the Ministry of Labor (Department of Analysis and Forecast), and it focused on low-income family support. The review analyzed cash-based benefits and child tax credits.