Report on the visit of the EC Mission for flexicurity in Poland

Warsaw, 23 June 2008

Poland's activity aimed at the implementation and popularization of the *flexicurity* model

I Improved effectiveness of active labour market policies in Poland

As far as **activities aimed at improving the effectiveness of active labour markets policies in Poland** are concerned, it should be emphasized that the new labour market policy direction has been adopted in Poland since April 2004, i.e. since the new **Act on employment promotion and labour market institutions** was passed. The Act has for the first time introduced to provisions on unemployment and employment services a fragment devoted to labour market policies and indicated the main objectives of employment policy.

In order to increase the effectiveness of active labour market policies, the minister competent for labour issued two **regulations** in 2007**.** The first one concerns the standards of basic labour market services, whereas the second one sets basic conditions ensuring that labour offices may provide basic labour market services in a comparable way. Ultimately, the provisions of the regulations should result in increasing the number of people taking up employment and better cooperation with employers, and in the case of expending public funds for the activation of entitled persons – to strengthen supervision over their use by contractors and the effectiveness of the help offered. The provisions have entered into force on July 1, 2008.

The proposed amendments to the Act on Employment Promotion and Labour Market Institutions, which were prepared by the Ministry of Labour and Social Policy (the draft act has been recently submitted to public consultation) will help to meet new expectations. Their main objective is to enable the unemployed and jobseekers to return to professional activity. It equally concerns both young and older people, people experiencing a long gap in employment, people at risk of unemployment and returning from economic migration.

The changes are intended to ensure that each interested person will receive a job or other gainful employment offer or an offer to participate in one of many forms of occupational activation (traineeship, adult vocational education, training, membership in an employment club, participation in a special program or a social inclusion program).

New provisions will increase the motivation to take part in mobilising activities. The solutions adopted in the draft are supposed to encourage the unemployed and jobseekers to actively cooperate with the labour office and participate in the proposed mobilising activities. In general, this objective will be supported by higher financial incentives in the form of scholarships granted for participation in different forms of mobilising activities. However, a refusal to participate in occupational activation will result in excluding a person provided with such assistance from the labour office register.

The new draft act includes, among other things, proposals to support the local labour market and solutions aimed at making a fast job change easier by introducing higher unemployment benefits, which will be digressive in nature. The new draft act is also aimed at increasing the effectiveness of lifelong learning system by increasing the employers role in this area. It introduces improvements in the form of higher scholarships for people who want to improve their skills as well as proposals for the younger ones, such as specialist internships or traineeships.

The important issue connected with the implementation of the *flexicurity* model are the Polish Government's activities concerning Polish workers economic migration. These activities include proposals intended to facilitate the inclusion of the returning Poles to the labour market as well as instruments which will urge Poles to stay in the country.

The Polish Government has prepared a draft act on specific solutions for taxpayers which gain some income outside the territory of the Republic of Poland, so-called **tax amnesty**. The aim of this act is to equal tax incidence of taxpayers working abroad, resulting from the differences between two methods of avoiding double taxation. The draft is currently examined by the Parliament.

By means of the available information sources, especially websites, an information campaign for the conditions of life, work and professional development opportunities in Poland will be carried out. It will encourage the interested persons to make a balance of profits and losses of moving abroad. It is also planned to prepare, in cooperation with local governments,

presentations on the expectations concerning the large cities demand for employees which will be directly aimed at Poles abroad. Such a presentation has already been issued by the President of Wrocław.

The Ministry of Foreign Affairs in cooperation with other resorts will implement the "Closer to work, closer to Poland" programme, whose main objective is to improve the contact of the Polish citizens with Polish institutions abroad.

In order to encourage young Poles to stay in the labour market at home, the Ministry of Labour and Social Policy is working on the amendment to the Labour Code to make the provisions more favourable for young people taking up employment in Poland. It is planned, among other things, to extend maternity leave and to undertake numerous other activities that would allow to combine professional work with family life.

The *flexicurity* model in Poland will be popularized also within the Priority 2 "Development of Human Resources and adaptation potential of enterprises and improving the health condition of working persons" of the Human Capital Operational Programme. Measures in this scope will not only assist enhancing the competitiveness of enterprises, but also help maintain the already existing work places and equilibrium between flexibility and competitiveness on the one hand, and security of employment on the other, the implementation of new forms and methods of work organisation, management and strategic planning. According to the Polish Government, it would allow better utilisation of human resources and increase the adaptation potential of enterprises.

II Measures related to integrating elderly people into the labour market

Poland is also taking measures **to integrate** elderly people who are currently unemployed or at risk of unemployment **into the labour market**. Such measures will be undertaken in many fields – in the field of employment services as well as professional counselling or training.

Taking into account the necessity to extend the scope of activities enabling persons in the immobile age to actively function in the labour market, the Minister of Labour and Social Policy has adopted a decision to implement the **45/50 PLUS Programme** in the year 2008.

The Polish Government activities in the field of *flexicurity* will also include the implementation of **"Generation solidarity" programme,** which aims at achieving until the year 2020 the employment rate for persons aged 55-64 amounting to 50%, stipulated in the Lisbon Strategy.

III Pension reform

The measure assisting the implementation of the *flexicurity* model is also the **pension reform**, which is among the most important Polish transformation reforms.

Its aim is to halt the increase in the working persons incidence with very high costs of preserving the old pension system. The reform will allow to gradually balance revenues and expenses and at the same time to create conditions to improve the situation on the labour market and it will contribute to the stable economic growth, which secures the growth of social well-being.

In order to complete the pension reform, on May 23, 2008, the Council of Ministers has adopted the ***draft act of the amendment to the Act on Pensions from the Social Insurance Fund and some other acts.***

IV Lifelong learning

In the nearest future, the Human Capital Operational Programme, making use of the European Social Fund resources, will be implemented in Poland. It includes numerous tasks, which will result in the increase of the participation of the employed, the unemployed and professionally passive in different forms of lifelong learning. However, this field requires a constructive social dialogue and reaching an agreement between public authorities, employers and the employee environments' representatives concerning the form and the scope of support for learning processes.

Moreover, system measures aimed at increasing the employers and employees interest in the lifelong learning process are undertaken. The necessity to observe budget discipline and reduce public spending limits here the possibility to apply numerous solutions adopted in the Western Europe. However, it is possible to apply organisational solutions giving employees

and employers a greater freedom to undertake initiatives concerning their own lifelong learning.

Currently, the Ministry of Labour and Social Policy has started initial legislative actions concerning the simplification of regulations on increasing employers vocational qualifications. It would involve regulating, in the Labour Code, the basic scope of mutual rights and obligations of the sides of the work relation in the event of increasing vocational qualifications by an employee, regardless of its form. The proposed regulation will be based on a flexible formula of shaping the rights and obligations of the sides of the work relation in connection with the improvement of vocational qualifications by an employee – by means of an obligatory agreement, individualising the employee's legal situation in the process of his/her learning. According to such a concept, the code regulation will stipulate only the general frames for the parties entering into an agreement, thus it will only specify the possible scope of rights and benefits connected with the fact of improving vocational qualifications by an employee as well as other obligations of the parties on this account, which may be related to in the agreement between parties, considering the rules and the method of education or training chosen by an employee.

The *flexicurity* policy pays special attention to people at risk of labour market exclusion. **It is reflected in** the occupational activation programs directed at the unemployed and jobseekers.
In Poland, legal regulations concerning the organisation of the unemployed and jobseekers education are included in the Act of 20 April 2004 on Employment Promotion and Labour Market Institutions. It stipulates that one of the services in the field of occupational activation is the organisation of training courses for the unemployed and jobseekers. Training courses are financed from public resources, i.e. the Labour Fund, and as of the middle of 2004 also thanks to the European Social Fund support. Executory provisions to this act specify the terms of the organisation and participation in training courses. In addition to training in the form of courses, there are also other forms of activation and assistance, which result in acquisition of qualifications needed in the labour market – traineeships and vocational preparation in the workplace, the continuation of school education, the participation in postgraduate studies, granting training loans, the financial support for employers who bear the costs of training employees at risk of dismissal, the reimbursement of some of the training costs. It is worth stressing that the selection of content for training of the unemployed is the result of analysis of the local and regional labour markets needs.

In the last few years, the regulations on training of the unemployed have been changing substantially. New forms of activation, such as traineeship and vocational preparation at the workplace were introduced so that the unemployed could obtain practical skills. It is especially important in the case of small enterprises. Moreover, the procedures connected with the organisation of training were put in order and they received the training services standard provided for by law.

V. Poland's activity leading to the greater involvement of social partners, non-governmental organisations and other actors/participants in the implementation of the *flexicurity* principles

Flexicurity is the need not only to change the law, but, first of all, to make cultural changes concerning the law creation processes, the perception of the social partnership or, in general, the creation of organised civil society, which to some extent takes the responsibility for creating the law (e.g. social partners within labour collective agreements).

In relation to the aforementioned, the Polish Government sees its role not only as a lawmaker and legislator, but also – or maybe primarily – as a promoter of certain ideas. It wants to help social partners to properly understand the new approach to work relations, which requires responsibility from both sides of the social dialogue.

In April 2008, the Tri-partite Commission for Socio-Economic issues has adopted an act on undertaking works on solutions in key socio-economic issues, in accordance with which works on reaching social agreement being the result of cooperation within the social dialogue between representative employees and employers organisations and the government are carried out. The projected social agreement will aim at working out in particular: the model and mechanisms of shaping remunerations in the public sphere, the model and mechanisms of shaping remunerations with entrepreneurs, the program of occupational activation of people over the age of 50, the coherent pension system and the enhancement of the social dialogue by clarifying the representativeness rules. In this context, social partners also paid attention to the necessity of discussing the *flexicurity* issues..

It is also important to increase the involvement of the **non-governmental organisations** in the implementation of the *flexicurity* principles which should mainly consist in strengthening the mechanisms of cooperation with the third sector.

Article 4 of the Act of Law of April 24, 2003 on the Public Benefit and Volunteer Work[1] in the catalogue of fields within the area of public tasks refers to such, whose realisation facilitates the implementation of the *flexicurity* model.

A draft act, developing the mechanisms of cooperation with the third sector, is currently being planned. It seems worth mentioning here the institution of public-social partnership, which is supposed to make the realisation of projects by public and non-governmental partners more effective. We expect that among the projects realised within the frames of partnerships, there will be also those concerning the implementation of the *flexicurity* model.

[1] (Dz.U. No. 96, item 873, as amended)