



**Ministry of Family and Social Policy**

# **National Action Plan for Employment for 2023 (government programme)**

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**Warsaw, 2023**

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## I. INTRODUCTION - LEGAL GROUNDS AND PURPOSE OF DRAWING UP THE NATIONAL ACTION PLAN FOR EMPLOYMENT FOR 2023

The National Action Plan for Employment (NAPE) is developed under the Act of 20 April 2004 on *Employment Promotion and Labour Market Institutions* (Journal of Laws of 2022, item 735, consolidated text). The provisions of Article 3(1)-(3) of the above act oblige the minister competent for labour to prepare the NAPE in cooperation with, in particular, the ministers competent for: economy, education, higher education and science, rural development and regional development. The plan developed at the national level serves as the basis for the preparation of annual regional action plans for employment by local governments of particular voivodeships pursuant to Article 3(4) of the aforementioned act.

The framework for the state's tasks in the area of employment promotion, mitigation of the effects of unemployment, and economic activation is determined by the provisions of the above-mentioned Act on Employment Promotion and Labour Market Institutions, strategic and planning documents (medium-term national development strategy, i.e. *Strategy for Responsible Development – SRD, Human Capital Development Strategy – HCDS 2030, National Training Fund for 2022 – Guidelines, Integrated Skills Strategy 2030*), as well as EU documents that are part of the European Employment Strategy and the European Semester (including Employment Guidelines<sup>1</sup> and National Recommendations<sup>2</sup>) and the *National Recovery and Resilience Plan (NRRP)*<sup>3</sup>.

The *Strategy for Responsible Development* adopted by the Council of Ministers in February 2017, presents a coherent vision of the future of Poland with a view until 2030 and sets the directions for public intervention in particular areas<sup>4</sup>.

The priorities in the area of the labour market and human capital in general are specified in detail in the HCDS 2030, covering issues regarding demography, labour market, social policy, housing infrastructure, health care, education, information society, problems of people with disabilities, the elderly, youth, families, and migration. The role of the HCDS is to deal with the challenges facing Poland as regards human capital and social cohesion

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<sup>1</sup> The Employment Guidelines (*Employment Guidelines*) are part of the European Semester; these are common employment policy priorities and objectives proposed by the Commission, endorsed by national governments to be finally adopted by the EU Council.

<sup>2</sup> See pp. 16 -17.

<sup>3</sup> Council Executive Decision of 17 June 2022 on the approval of the assessment of the recovery and resilience plan for Poland.

<sup>4</sup> According to the SRD, the expected effect of its implementation will be an increase in the wealth of Poles and a reduction in the number of people at risk of poverty and social exclusion. An improvement in the quality of the lives of citizens, understood as the creation of friendly living conditions, ensuring the appropriate quality of education, increasing the qualifications and competence of citizens, increasing employment and better-quality jobs, improving access to infrastructure, providing adequate medical care improving citizens' health, as well as a satisfactory condition of the environment and a sense of security, is also expected. As for the most important outcome, it has been assumed that the average household income would increase to 76-80% of the EU average by 2030, to approximate the EU average by 2030, while striving to reduce the disparities in income between particular regions (*Strategy for Responsible Development, Warsaw 2017, <https://www.gov.pl/web/fundusze-regiony/informacje-o-strategii-narzez-odpowiedzialnego-rozwoju>*).

in order to make Poland a more attractive place to live as well as a good place to develop knowledge and take up work. Poland is supposed to be a country where a high level of employment translates into a high quality of life not only for working people, but also for those who are just starting their lives, learning, studying, as well as those who already have a period of main professional (but not social) activity behind them. Poland is to be a country where a developed labour market is accompanied by a modern health care system and an educational system ensuring high-quality skills.

Labour market reforms and investments have also been planned in the NRRP, implemented under the Recovery and Resilience Facility (RRF). The NRRP is a programme and investment document setting objectives related to the recovery and building of social and economic resilience in Poland after the crisis caused by the pandemic. In the area of the labour market, the aim of the NRRP is to ensure – as a result of reforms undertaken and investment projects supporting them – that the Polish labour market is more effective, friendly to employees and employers and accessible to all.

The placement of employment and labour market issues in the taxonomy of strategic documents confirms that this is a multi-faceted policy that is complementary to public policies implemented in other areas. Just as the HCDS 2030 (with the labour market constituting one of its four components) is a strategy that requires cooperation of many ministries and implementing parties, the NAPE also requires complementary cooperation of a number of ministries and their subordinate institutions, as well as local government units.

The development of the NAPE for 2023 takes place once again in a specific situation and under changing circumstances, primarily in relation to the ongoing Russian invasion of the Ukrainian territory continuing since the end of February 2022 and the resulting implications for the socio-economic situation in Europe and the world<sup>5</sup>.

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<sup>5</sup> Due to the fact that the challenges for the labour market policy in Poland identified in the diagnosis contained in the National Action Plan for Employment for 2022 (NAPE 2022), adopted by Resolution No. 137/2022 of the Council of Ministers of 21 June 2022 and the formulated objectives of the NAPE 2022 are still valid, the present Plan is in principle a continuation of the activities implemented under NAPE 2022. Since it is not possible to extend the temporal scope of the Plan under the current legal grounds, a decision was taken at the end of 2022 to adopt an updated NAPE for 2023 in the form of a new resolution of the Council of Ministers. The regional labour offices were informed of this approach at a working meeting in December 2022, followed by a letter of 10 February this year.

## II. DIAGNOSIS AND DETERMINANTS OF THE LABOUR MARKET IN POLAND

### II.1 SITUATION IN THE LABOUR MARKET IN POLAND IN 2022

Following the lifting of the COVID pandemic-related restrictions on business activity, Poland's economy has recovered and started to grow again. As a result of the strong recovery, a GDP growth of 8.8% (y/y) was recorded in 2022 Q1. This process of recovery to the stability in the socio-economic environment was, however, inhibited at the end of February 2022 by Russia's aggression against Ukraine.

As a result of the introduction of sanctions and retaliatory measures by Russia, regular supplies of energy raw materials were at risk, while the economic conditions of Poland's main trading partners deteriorated, contributing to a decline in external demand. Transport bottlenecks and disruption in supply chains have reduced the growth rate of job creation in industry in many EU countries. Moreover, the supply shock to energy raw materials resulted in a significant growth in their prices, which consequently triggered an increase in production costs and may result in a gradual reduction in production and employment. The effects of disrupted supply chains and rising energy prices on the labour market will only become fully apparent in the medium term.<sup>6</sup>

The GDP growth rate amounted to 6.1% in 2022 Q2 (y/y), 3.9% (y/y) in 2022 Q3 and 2.3% in 2022 Q4. The unstable situation of commodity markets, in particular the energy market, resulted in a rapid increase in raw material prices, which translated into higher costs for many products and services and led to a significant rise in inflation (in the last quarter of 2022, inflation in Poland reached 16.4% in October, 16.1% in November and 15.3% (y/y) in December, respectively)<sup>7</sup>. While counteracting inflation, the monetary policy was tightened, which, in the long term, should contribute to a so-called "cooling of the economy". As a consequence, it can be expected that the economic growth will gradually slow down. According to the European Commission's (EC) economic forecast<sup>8</sup>, Poland's GDP growth in 2022 reached 5.1% (vs. 3.5% in the EU), while in 2023 it will reach 0.7% in Poland (vs. 1.0% in the EU) and 2.7% in 2024 (compared to 1.7% in the EU)

Owing to the implementation of a wide range of measures under the so-called crisis shield in 2020-2021 (as well as the overall good condition of the Polish economy and the labour market before the pandemic), the situation on the Polish labour market during the pandemic and in the subsequent period remained stable. In 2022, a decrease was recorded in the number of registered unemployed (from 927.1 thousand in January to 812.3 thousand at the end of December) and in the registered unemployment rate (from 5.9% at the end of January to 5.2% at the end of December), accompanied by an increase in the employment rate<sup>9</sup>.

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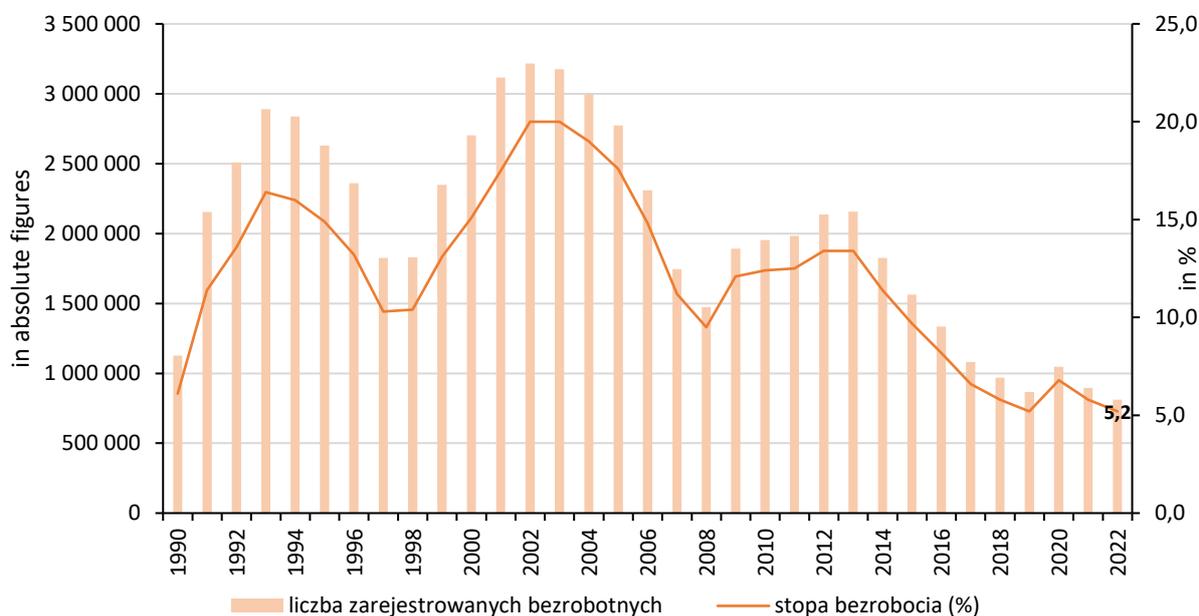
<sup>6</sup> European Commission, *Labour market and wage developments in Europe. Annual review*, 2022.

<sup>7</sup> Harmonised indices of consumer prices (HICP).

<sup>8</sup> Source <https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/poland/economic-forecast-poland> [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/economic-forecast-eu\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/economic-forecast-eu_en)

<sup>9</sup> See Chart 2 on p.7.

**Chart 1.** The number of the registered unemployed and the registered unemployment rate in 2000-2022 (as at the end of the year)



Source: own study, Ministry of Family and Social Policy

|                                      |                                 |
|--------------------------------------|---------------------------------|
| Liczba zarejestrowanych bezrobotnych | Number of registered unemployed |
| Stopa bezrobocia (%)                 | Unemployment rate (%)           |

Poland is a country with one of the lowest unemployment rates in the EU. The unemployment rate, calculated according to the definition adopted by Eurostat for the 15-74 age group, will amount to **2.9% in Poland compared to 6.2% in the European Union and 6.8% in the euro area. Poland thus ranked second, following the Czech Republic (2.2%), in terms of the lowest unemployment rate in the EU, together with Malta.**

An improvement in the labour market situation is also indicated by a decline in the number of long-term unemployed. At the end of 2022, there were 419.7 thousand long-term unemployed registered in labour offices<sup>10</sup>, i.e. 86.8 thousand persons less, or 17.1% less than at the end of 2021.

The good situation on the labour market in Poland is also confirmed by the high number of working people - in 2022, 16.7 million people aged 15-89 worked<sup>11</sup> (86 thousand more than in 2021).

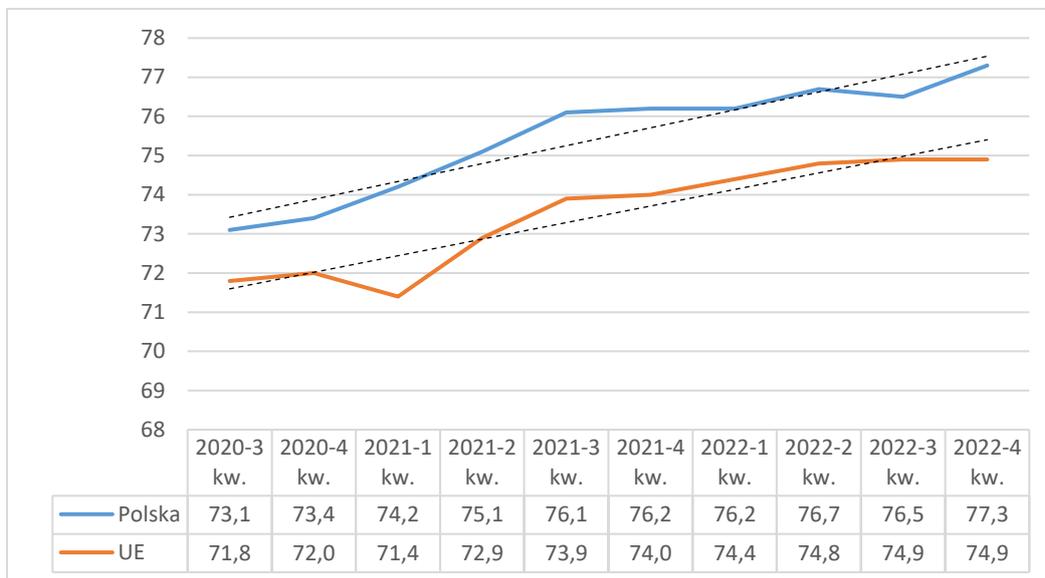
In 2022, wage workers accounted for 80.1% (13,417.5 persons). The share of self-employed persons amounted to 18.8% (3,142.2 thousand) and it was higher than in 2021.

<sup>10</sup> As defined in Article 2(1)(5) of the Act on Employment Promotion and Labour Market Institutions.

<sup>11</sup> Source: LF.

Despite unfavourable external circumstances, an increase in Poland's employment rate continued, with the rate reaching 76.7% for people aged 20-64 (LFS) in 2022, higher than the EU average (74.6%).

**Chart 2.** Employment rate in Poland and in the European Union for persons aged 20-64 by quarter<sup>12</sup>



Source: Own study based on Eurostat data.

|               |                    |
|---------------|--------------------|
| <i>Polska</i> | <i>Poland</i>      |
| <i>UE</i>     | <i>EU</i>          |
| <i>Kw.</i>    | <i>Quarter (q)</i> |

<sup>12</sup> Not seasonally adjusted data.

## **II.1.1 SITUATION IN THE LABOUR MARKET IN THE CONTEXT OF THE INFLOW OF UKRAINE CITIZENS TO POLAND**

From the beginning of Russia's invasion in February until the end of 2022, approximately 17.4 million people left Ukraine and about 9.3 million people returned in the same period<sup>13</sup>. Approx. 9.2 million people crossed the Polish border (some of these people returned to Ukraine - 7.35 million departures, and some went to other countries). It is estimated that approximately 7.9 million refugees from Ukraine currently stay in Europe, including approximately 1.5 million on the territory of Poland.

In Poland, approximately 1,508 thousand Ukrainian citizens were entered in the PESEL register as of 2 January 2023. It can be assumed that these are largely people who have stayed in Poland for a longer period of time, although a part of this group has already managed to leave Poland. Approx. 90% of those sheltering from war in Poland are women and children.

Comparing the current situation to the circumstances before February 2022, it should be noted that a total of over 2 million documents of various types legalising the work of Ukrainian nationals were registered in 2021 (these were mainly declarations<sup>14</sup> - over 1.63 million, accounting for 83% of all declarations entered in the records in 2021)<sup>15</sup>. Ukrainian citizens worked most often as industrial workers and craftsmen, workers performing simple works, operators and assemblers of machines and devices, and in agriculture. Almost 40% of Ukrainian citizens employed in Poland are women, who are most often hired to do simple work, in industrial processing and in agriculture. They also work as housekeepers and cleaners, although increasingly often they also work as employees dealing with financial and statistical issues and material records, as well as catering and sales staff.

At the end of December 2022, the number of Ukrainian citizens reported for insurance with the Social Insurance Institution (ZUS) was 746 thousand (out of all 1,063 thousand foreigners reported for insurance purposes).

### **Measures taken in the labour market area after Russia's aggression against Ukraine**

On 12 March 2022, the Sejm of the Republic of Poland adopted the Act on assistance to Ukrainian citizens in connection with an armed conflict in the territory of that state<sup>16</sup>, that entered into force retroactively (on 24 February 2022). The aforementioned act guarantees the legality of stay for Ukrainian citizens, as well as for their spouses who do

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<sup>13</sup> UNHCR data as of 10 January 2023, <https://data.unhcr.org/en/situations/ukraine>.

<sup>14</sup> This is a simplified procedure for employment of foreigners from 5 countries (including Ukraine), allowing for short-term work without having to obtain a work permit. On 27 October 2022, Russian citizens were excluded from the possibility of using the simplified procedure under the Regulation of the Ministry of Family and Social Policy.

<sup>15</sup> It should be noted that the number of documents legalising work is not the same as the number of foreigners performing the work since, among others, some documents are issued for the same foreigner. In addition, some foreigners do not obtain a visa or resign from their arrival in Poland. This is confirmed, among others, by the high number of notices of resignation/interruption of work submitted to the authorities issuing permits and registering declarations - up to about half of the documents legalising work are affected.

<sup>16</sup> The Act of 12 March 2022 on assistance to Ukrainian citizens in connection with an armed conflict in the territory of that state (Journal of Laws of 2023, item 103, as amended).

not have Ukrainian citizenship, who have entered Poland since the beginning of the Russian invasion, for a period of 18 months. Under the Act refugees from Ukraine can, among others, obtain a PESEL number and set up a Trusted Profile, as well as start work in Poland and gain access to health care. Pupils and students may continue their education in Polish schools and universities.

With regard to the issue of employment, Ukrainian citizens - both those who have come to Poland since 24 February 2022 and those who had already stayed in Poland before that date - can legally work for any employer in Poland, without any additional permits. The employer is only obliged to report to the district labour office the fact that a Ukrainian citizen has started to work for them [Praca.gov.pl](http://Praca.gov.pl), within 14 days of taking up employment. The number of notifications on the assigning work to a Ukrainian citizen by the end of 2022 amounted to was approximately 780 thousand.

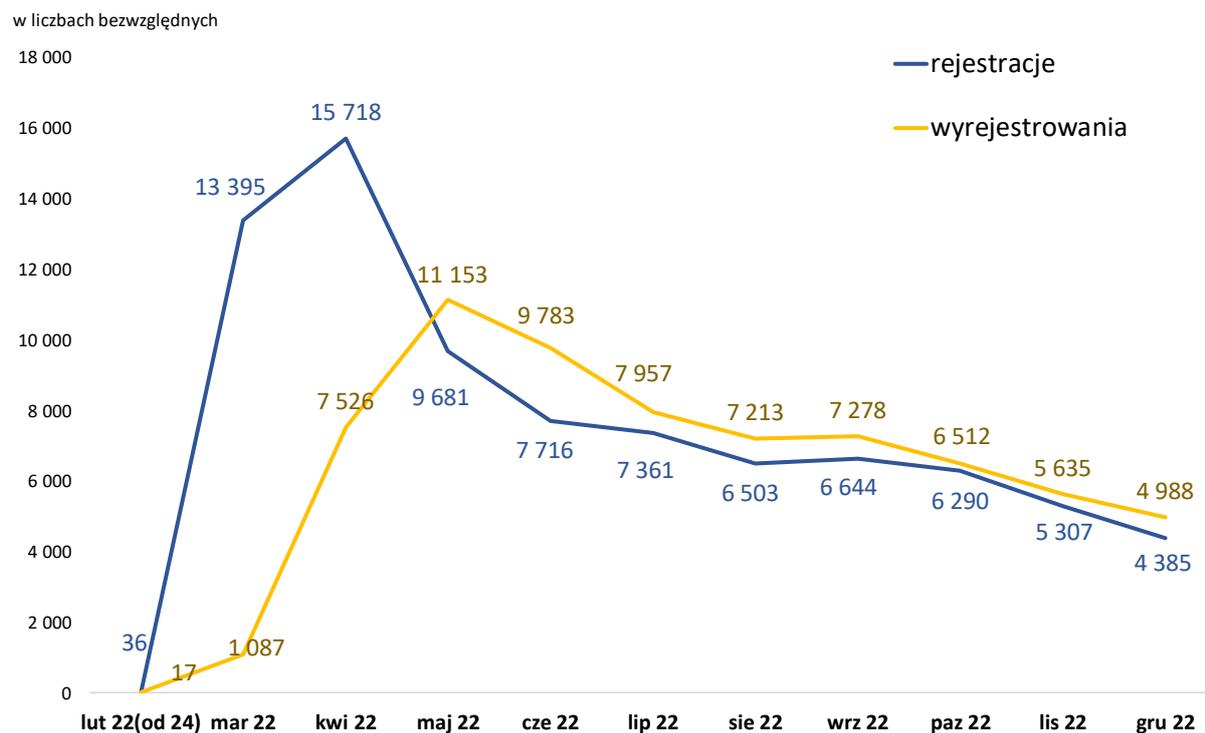
Besides the aforementioned notification, an additional condition for assigning legal work to a Ukrainian citizen is that the work should be entrusted with a working time of not less than that indicated in the notification or a number of hours not lower than that indicated in the notification and with a remuneration not lower than the remuneration set at the rate specified in the notification, proportionally increased in the event of an increase in the working time or the number of working hours<sup>17</sup>.

Each Ukrainian citizen may register with the labour office as an unemployed person or jobseeker on the same terms as a citizen of the Republic of Poland. A total of 83 thousand Ukrainian citizens registered with labour offices from 24 February to 31 December 2022, of which approximately 90% of Ukrainian nationals registering with labour offices were women, approximately 30% had tertiary education and 73% were aged under 45. On the other hand, 69.2 thousand people were de-registered, including approximately 22 thousand Ukrainian nationals who started to participate in the so-called active forms (most often traineeships, training and intervention works) and 18.9 thousand people from this country were de-registered due to starting unsubsidised work or unsubsidised economic activity.

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<sup>17</sup> This condition, as well as additional elements of the notification, were introduced as a result of the amendment to the Act on assistance to Ukrainian citizens in connection with an armed conflict in the territory of that state which entered into force in July 2022 (Act of 8 June 2022 amending the Act on assistance to Ukrainian citizens in connection with an armed conflict in the territory of that state and certain other acts of law; Journal of Laws 2022, item 1383). Work on this amendment was undertaken on the initiative of the National Labour Inspectorate (NLI). As a result of the work of a team of experts representing various institutions concerned, including, inter alia, the Ministry of Labour and Social Policy and the NLI, a draft amendment to the aforementioned Act was developed - with the aim of ensuring an adequate standard of protection of the rights of Ukrainian citizens related to their work in the territory of Poland and, above all, limiting the possibility of exploitation by dishonest employers or becoming a victim of human trafficking, as well as enabling labour inspectors to conduct effective control activities in this regard.

**Chart 3. Registration and deregistration of Ukrainian citizens by month, from 24 February to the end of 2022.**



Source: own study, Ministry of Family and Social Policy

| W liczbach bezwzględnych | In absolute numbers                 |
|--------------------------|-------------------------------------|
| rejeestracje             | Registration                        |
| Wyrejestrowania          | de-registration                     |
| Lut 22(od 24)            | February 22(from 24 <sup>th</sup> ) |
| mar                      | March                               |
| kwi                      | April                               |
| maj                      | May                                 |
| Cze                      | June                                |
| Lip                      | July                                |
| Sie                      | August                              |
| Wrz                      | September                           |
| Paz                      | October                             |
| Lis                      | November                            |
| gru                      | December                            |

On 25 February 2023, the Ministry of Family and Social Policy launched an activation programme for foreigners for 2022-2025. It is aimed at the professional activation, integration and social activity of foreigners legally residing in Poland, who face difficulties such as finding a job or language and integration barriers in the society. 112 projects are implemented under the Call for Proposals *Together We Can Do More - First Edition of the Activation Programme for Foreigners for 2022-2023*. The Ministry has allocated nearly PLN 102 million for the implementation of projects under the competition. At least 43 thousand foreigners are to be covered by assistance activities

in the first edition of the Activation Programme for Foreigners for 2022-2023 "Together We Can Do More".

65% of the projects implementing tasks under the Competition relate to the Integration and Social Activity priority and the remaining 35% - to Professional Activation. The largest group of entities are non-governmental organisations, i.e. 58% of the bidders, while local government units and labour market institutions account for approximately 21% of the bidders. The main target group in the projects are citizens of Ukraine, two projects are addressed to citizens of Afghanistan. At least one project will be implemented in each voivodeship, with the largest number of projects in the Mazowieckie, Wielkopolskie and Śląskie voivodeships (more than 10% of the total number of offers), in case of 5 offers, activities will cover the entire country.

Many similar programmes have been launched by other public entities, including local governments, NGOs (including international organisations). Within this process, a considerable social potential has been activated and many organisations have also gained competence in supporting foreigners, which will be an important asset for the future.

The Polish labour market, which has been experiencing staff shortages in some industries for a long time, could offer jobs to Ukrainian nationals. In 2022, significant staff shortages referred to jobs in the following sectors: construction, manufacturing, TFL (transport, forwarding, logistics), education, accounting and catering. Staff shortages were also recorded in healthcare (doctors, nurses and midwives, physiotherapists and masseurs, carers for the elderly or disabled, psychologists and psychotherapists, paramedics) and in catering (cooks and bakers). In the context of the aforementioned integration of Ukrainian representatives into the Polish labour market, solutions enabling a good match between the skills, competence and professional qualifications of Ukrainian candidates and the job offers announced by employers were particularly important.

Due to the fact that Ukrainian citizens definitely dominate among foreigners performing work in the Polish labour market, they constitute the most numerous group of foreigners whose illegal employment was found by labour inspectors - 3,754 persons, i.e. 75.7% of the total number of foreigners who were illegally entrusted with work (according to the results of NLI inspections for 2021). In the period from September to October 2022, control activities were implemented targeting entities employing Ukrainian citizens on the basis of the notification referred to in the Act of 12 March 2022 on assistance to Ukrainian citizens in connection with an armed conflict in the territory of that state (Journal of Laws 2023, item 185). These actions consisted of ad hoc, emergency inspections, covering in particular entities operating in the sectors of the economy where the work was most frequently entrusted to Ukrainian citizens on the basis of notifications in the recent period, i.e. industrial processing and administrative and support services (including employment agencies).

In connection with the massive inflow of Ukrainian nationals to Poland as a result of the armed conflict in the territory of that country, the Labour Inspectorate has taken additional measures to provide the necessary information to refugees intending to work in our country. The management of the NLI adopted a document entitled “Strategy for the functioning of the State Labour Inspectorate under the circumstances of an increased inflow of foreigners into the territory of the Republic of Poland following the hostilities in Ukraine”. One of the main objectives set out in the aforementioned document - in addition to carrying out effective control and supervisory activities aimed at eliminating irregularities and abuses committed to the detriment of working foreigners - is also to improve the availability of knowledge about the rules and principles of assigning work to foreigners under the conditions compliant with the applicable labour law and about the legality of employment<sup>18</sup>.

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<sup>18</sup> A leaflet was issued for Ukrainian citizens, containing basic information - provided in their native language - on the principles of performing legal work on the territory of Poland, with particular emphasis on the new legal regulations in this area, contained in the Act on assistance to Ukrainian citizens. Subsequent materials prepared in Ukrainian include a leaflet: “New Employee - Employer's Responsibilities” and a number of leaflets containing information on the principles of safe and hygienic working practices in many sectors of the economy. These information materials are available on the website of the National Labour Inspectorate. They are successively issued also in paper form and distributed to, among others, social partners (employers' organisations and trade unions) and labour offices, so that Ukrainian citizens can easily access them.

## II.2 THE EUROPEAN CONTEXT

### II.2.1. NATIONAL RECOVERY AND RESILIENCE PLAN

*National Recovery and Resilience Plans* (NRPs) developed and implemented by EU Member States contain reforms and supporting investment to respond to the European economic crisis caused by the pandemic.

The amount allocated to Poland for 2021-2026 is PLN 158.5 billion (PLN 106.9 billion in the form of grants and PLN 51.6 billion in the form of preferential loans). on 17 June 2022, the Polish NRRP was approved by the EU Council.

The NRRP consists of six main components:

- resilience and competitiveness of the economy,
- digital transformation,
- green, smart mobility,
- green energy and reduction in energy consumption,
- effectiveness, availability and quality of the health care system
- improvement of the quality of institutions and conditions for the implementation of the National Recovery and Resilience Plan.

The first of the above-mentioned components provides for the modernisation of labour market institutions so that the Polish economy can cope with long-term challenges and support structural changes caused by the accelerating digitisation and green transformation. The main objective of the planned changes is to increase the potential of labour market institutions, including public employment services (PES) at the local, regional and national levels, and to increase the effectiveness of labour market policies, among others, by covering economically inactive people with them.

The main activities included in the above-mentioned modernisation of the Polish labour market will include:

- development and adoption of a package of new regulations regarding the labour market, procedures for admitting foreigners to the labour market, and regulations regarding the conclusion and settlements of certain types of employment contracts electronically (the above-mentioned provisions will, among others, replace the applicable Act of 20 April 2004 on Employment Promotion and Labour Market Institutions);
- digitisation of processes and tools used by the PES – this will involve the modernisation of the existing or implementation of new IT solutions used by the PES and supporting clients of the PES, expansion of the PES ICT infrastructure, as well as implementation of new tools (including IT) for communication with clients of labour offices;
- development of new working methods and standards for the operation and coordination of the PES system, in accordance with the above-mentioned new regulations, preparation of PES staff in this regard, as well as information and promotion measures to disseminate new solutions introduced in the legislative

package among stakeholders (e.g. employers, foreigners, economically inactive people).

Approximately PLN 52 million has been allocated in the NRRP for the above-mentioned activities in 2022-2025.

The NRRP also provides for complementary areas of measures that will strengthen the Polish labour market. These include:

- measures to increase the territorial availability of institutions providing care to children up to 3 years of age (nurseries, children's clubs) and the development of long-term care;
- development of competencies of employees aged 45/50+ in order to facilitate their longer activity in the labour market and a system of tax incentives to continue employment for a longer time;
- strengthening economic activation of people at risk of social exclusion, through the development of social economy entities, among others in the area of deinstitutionalisation of social services and green transformation, as well as in other industries;
- introduction of remote work into the provisions of the *Labour Code* on a regular basis;
- support to the adaptation of employees/enterprises to remote work;
- measures to reduce segmentation in the labour market;
- development of modern vocational training.

The amount of approximately EUR 870 million has been earmarked under the NRRP for measures in the above area for the years 2021-2026.

## II.2.2. EU OBJECTIVES AND NATIONAL OBJECTIVES IN THE SOCIAL AREA – AN ACTION PLAN TO IMPLEMENT THE EUROPEAN PILLAR OF SOCIAL RIGHTS

The European Pillar of Social Rights (EPSR) was jointly proclaimed on 17 November 2017 by the European Parliament, the Council and the European Commission at the Gothenburg Social Summit for Fair Jobs and Growth.

The EPSR is to act as a compass to guide the process of social and economic convergence towards better living and working conditions in the EU. It sets out twenty basic principles and rights relating to equal opportunities and access to the labour market, fair working conditions and social protection and inclusion. The Pillar relates to nationals of Member States as well as third-country nationals legally residing in the EU. The responsibility for the implementation of the Pillar rests on the European Commission, the governments of the Member States and social partners, both at the national level and at the EU level. The Pillar is not legally binding – it is a recommendation from the European Commission.

On 4 March 2021, the European Commission published the *Action Plan for the EPSR*. It sets out three main targets to be achieved by the EU by 2030:

- at least 78% of people aged 20 to 64 should be in employment;
- at least 60% of all adults should participate in training every year;
- the number of people at risk of poverty or social exclusion should be reduced by at least 15 million.

Member States will be required to meet their agreed national targets<sup>19</sup>, thus contributing to the accomplishment of the aforementioned indicators at the level of the entire EU (as in the case of the headline indicators for the Europe 2020 Strategy).

The national targets proposed by Poland are as follows:

**1. Employment: Target for Poland by 2030: 78.3%**<sup>20</sup>, which means that this is the percentage of people in Poland, aged 20-64, who will be employed by 2030.

In order for 78% of people aged 20-64 to be in employment by 2030, Poland has to take numerous activities at various levels. This target will be achieved, among others, through the aforementioned modernisation of the Polish labour market, by increasing the efficiency of the PES operation, supporting people who have not been vocationally active so far, as well as addressing a better-quality and more modern offer to employers and people who already have a job, but would like to, e.g. improve their skills or change the present job. Therefore, the new regulations will enable people from traditionally

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<sup>19</sup> [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights/european-pillar-social-rights-action-plan\\_en#national-targets](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights/european-pillar-social-rights-action-plan_en#national-targets)

<sup>20</sup> The target value of this indicator was calculated based on Statistics Poland data concerning the forecast of the population and the rate of the population change in the 20-64 age group until 2030, which made it possible to calculate the annual change in the Polish population in this age group. Based on the actual data concerning the population of Poland since 1997, five-year moving averages have been determined for the proportion of the population aged 20-64 in the total working population. The average shares over the last two decades ranged between 96.2-97.8%. In the last year, i.e. 2019, the five-year average was 97.4% and it was this value that was used to determine the number of the working population in the following years. For this purpose, a forecast of the total working population was generated by the forecasting tool for the Polish labour market.

disadvantaged groups to be better integrated into the labour market: women, young people, the long-term unemployed, people with disabilities, people aged over 50 and people with low or outdated skills.

**2. Skill development<sup>21</sup>: The target for Poland by 2030 has been set at a level of 51.7% of all adults participating in training every year<sup>22</sup>.**

The national target of 51.7% is very ambitious given the current values of adult participation in education and training in Poland and trends in this respect. It can be, however, achieved, provided that the specific characteristics of non-formal education (i.e. education outside the formal school system and the formal tertiary education system) will be more widely recognised. In the EU, adult participation in such education outweighs participation in formal education several times. It is especially important to promote such education where adults function on a daily basis, i.e. in the workplace and in various communities. It is necessary to further develop the flexibility of formal education for adults and to more broadly validate knowledge and skills acquired through experience (including work experience). This should be complemented by collaboration of different sectors (supported by sectoral competence councils), government departments and various institutions and organisations for skills and adult learning, among others through building partnerships at different levels (including regional and local), as one of the main directions of the implementation of the Integrated Skills Strategy 2030. There is also a need for effective coordination of the activities undertaken, as well as reaching out with the educational offer to people who have limited opportunities (internal or external) to undertake development activities. The increase in spending for lifelong learning of employees and jobseekers as well as the potential of public employment services are also important.

**3. Social protection: The target for Poland by 2030 provides for a reduction in the number of people at risk of poverty and social exclusion by 1.5 million, including a reduction in the number of children at risk of poverty or social exclusion by 300 thousand<sup>23</sup>.**

The real outcome of poverty reduction in Poland will depend on a number of variables, including the social policy conducted in the period concerned, the social benefit growth

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<sup>21</sup> Skills should also be understood as competence and qualifications. Nevertheless, for the sake of clarity, the authors use the term “skills”.

<sup>22</sup> For the purpose of setting the target until 2030, the methodology proposed in the EC Guidance Note on the implementation of the provisions of the European Pillar of Social Rights in the EU was used, the first of which concerns education and lifelong learning. The value of the indicator from the Adult Education Survey 2016 (latest data available at EU level) was assumed as the starting point. This survey refers to adult participation in education and training during the year, rather than during 4 weeks, as was the case with the indicator from the Labour Force Survey, used in the EU so far. This change is to enable a more complete diagnosis of adult participation in non-formal education. This type of education is more flexible than formal education and is usually provided in short cycles.

<sup>23</sup> The national poverty target for 2030 was calculated based on an analysis of the structure of the sources of disposable income of households (approximating disposable income, based on which Eurostat calculates AROPE) nationwide. For this purpose, the results of a representative household budget survey conducted by Statistics Poland were used. Subsequently, macroeconomic indicators that may affect the income of individuals were searched for. The following characteristics were selected: gross domestic product, inflation rate, registered unemployment rate, average wage in the economy, minimum wage, indexation of old-age and disability pensions, a binary variable amounting to 1 since 2019 and 0 in other cases (13th old-age pension), and a decline in the total population.

rate and various other factors, such as the inflation rate, the average wage in the economy, the minimum wage, or the indexation of disability and old-age pensions. The economic situation, uncertainty factors related to the pandemic, as well as changes related to the age structure of the population will also matter in this regard.

It should be emphasised that in recent years, Poland has gained important, positive experience in combating poverty, in particular among children and adolescents. Poland has shown considerable improvement in the indicators of material deprivation of children and adolescents, significantly increasing its rating in this respect compared to other EU countries, by introducing the “Family 500+” programme. It is worth mentioning, among others, the universal nature of the Polish programme obtained after the elimination of the income criterion in access to the benefit for the first child in 2019.

As regards counteracting social exclusion, an important function is performed in this respect also by the social economy sector, i.e. entities undertaking civic and social actions, that through economic and public benefit activities facilitates the economic and social integration of people at risk of marginalisation, job creation, provision of social services, and local development. The activities of social economy entities, primarily social enterprises, social cooperatives as well as Centres and Clubs for Social Integration, effectively complement the work of the PES, helping people who are away from the labour market to return to it.

### **II.2.3 JUST TRANSITION MECHANISM**

The key elements of the financial architecture supporting the transformation process towards a climate neutral economy include the Just Transition Mechanism (JTM). Its most important element is the Just Transition Fund (Pillar I of the JTM – support in the form of grants). The allocation planned for Poland under the JTF in 2021-2027 is EUR 3.85 billion. In order to spend these funds it is necessary to draw up territorial just transition plans (TJTP) that need to be approved by the European Commission.

On 5 December 2022 the EC adopted five Polish operational programmes with territorial just transition plans. These plans, with the value over EUR 3.85 billion and financed under the JTM, relate to the support for the climate transformation of mining areas in Silesia, Małopolska, Wielkopolska, Lower Silesia and Łódź regions: EUR 2.4 billion for Silesia and western Małopolska; EUR 415 million for Wielkopolska; EUR 581.5 million for Lower Silesia; EUR 369.5 million for the Łódź region.

## II.2.4 EU COUNCIL RECOMMENDATIONS FOR POLAND FOR 2022-2023 IN THE AREA OF THE LABOUR MARKET

In July 2022, the Council adopted further *country-specific* recommendations (CSRs) for Member States. In the case of Poland, the recommendations in the area of labour are as follows (compared to previous years):

**Table 1.** Content of the EU Council recommendations for Poland in the area of the labour market<sup>24</sup>.

| Area of recommendations                       | 2019 (CSR2)  | 2020 (CSR2)   | 2022 (CSR3)  |
|---|--|---|--|
| <b>Access to childcare and long-term care</b> | Taking measures to increase labour market participation, including by improving access to childcare and long-term care.                    | x   | Increasing labour market participation, including by improving access to childcare and long-term care.   |
| <b>Crisis effects</b>                         | X  | Mitigating the impact of the crisis on employment, particularly by improving flexible forms of work organisation and reduced working hours. | x  |
| <b>Labour market Segmentation</b>             | Elimination of persistent barriers to more sustainable forms of employment.  | x   | Removal of persistent barriers to more sustainable forms of employment.  |
| <b>Skill development</b>                      | Promoting high quality education and developing skills that respond to the needs of the labour market, especially through adult education. | Improving digital skills.   | Promoting high quality education and gaining skills that respond to the needs of the labour market, especially through adult education and improving digital skills. |
| <b>Targeting of social benefits</b>           | X  | Better targeting of social benefits and ensuring that those   | Better targeting of social benefits and ensuring that those in   |

<sup>24</sup> Country recommendations were not issued in 2021, as this was the year when Member States submitted their NRRPs.

|  |  |                                       |                                    |
|--|--|---------------------------------------|------------------------------------|
|  |  | in need have access to such benefits. | need have access to such benefits. |
|--|--|---------------------------------------|------------------------------------|

*Source: Compiled on the basis of Council Recommendations: of 9 July 2019 on 2019 National Reform Programme of Poland and delivering a Council opinion on the 2019 Convergence Programme of Poland (2019/C 301/21), of 20 July 2020 on 2020 National Reform Programme of Poland and delivering a Council opinion on the 2020 Convergence Programme of Poland (2020/C 282/21), of 12 July 2022 on 2022 National Reform Programme of Poland and delivering a Council opinion on the 2022 Convergence Programme of Poland (2022/C 334/21).*

## II.2.5 NEW COUNCIL RECOMMENDATIONS IN THE AREA OF THE LABOUR MARKET

In 2022, the Council of the EU adopted two new labour market-related recommendations that will be monitored as part of the European Semester:

### COUNCIL RECOMMENDATION OF 16 JUNE 2022 ON ENSURING A JUST TRANSITION TOWARDS CLIMATE NEUTRALITY

The starting point for this recommendation was the adoption by the EC of the Communication on the European Green Deal on 11 December 2019. This is the EU strategy aimed at achieving climate neutrality by 2050, i.e. the state in which greenhouse gas emissions are balanced by their equivalent absorption.

The key tool to ensure that this is achieved in an effective and equitable manner is the Just Transition Mechanism. It consists of three pillars,

- Just Transition Fund (Pillar I);
- a special scheme under the InvestEU Programme of loans to the private sector (Pillar II);
- a public sector loan facility provided by the European Investment Bank (EIB) to introduce additional investment in the regions concerned (Pillar III).

The Just Transformation Fund (JTF) is the key tool to support the areas most affected by the effects of transformation in their strive for achieving climate neutrality and preventing the widening of regional disparities. Its main objective is to mitigate the effects of the transition by financing the diversification and modernisation of the local economy and mitigating the negative effects on employment. To achieve this goal, the JTF will support investment in areas such as digital connectivity, clean energy technologies, emission reduction, industrial area reclamation, worker retraining and technical assistance.

The JTF will provide support to all member states. The allocation criteria are based on industrial emissions in carbon-intensive regions, employment in industry as well as coal and lignite extraction, peat and oil shale production and the level of economic development. Member States that have not committed to the 2050 climate neutrality target will only receive 50% of the planned allocation. The level of co-financing of projects will be determined according to the category of the region where the projects are implemented.

In December 2020, the European Council endorsed a new EU target to reduce greenhouse gas emissions by at least 55% by 2030 compared to 1990. On 14 July 2021, the EC published a package of legislative proposals to align selected areas with the new 55% GHG reduction target<sup>25</sup>.

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<sup>25</sup> The “Fit for 55” package, combined with measures implemented at the Union level to support and encourage the necessary public and private investment, is expected to enable the promotion and acceleration of the development of new markets, for example clean fuel and low-carbon vehicles, thereby leading to lower costs of a sustainable transition for both businesses and citizens.

On 16 June 2022, the Employment, Social Policy, Health and Consumer Affairs Council adopted the Council Recommendation on ensuring the just transition towards climate neutrality. It sets out detailed guidelines to assist Member States in developing and implementing policy packages that ensure a fair transition towards climate neutrality by comprehensively addressing the relevant employment and social aspects of the transition.

The Recommendation pays particular attention to meeting the needs of individuals and households that are highly dependent on fossil fuel and who are likely to be most affected by the green transition.

In order to fully exploit the potential of the green transition in terms of employment and social policy, it is necessary to use all available tools and implement appropriate policies at the EU, national, regional and local level. In the Recommendation, Member States are encouraged to take a variety of measures with a view to just transition, including:

- supporting access to quality employment, including tailored job search assistance and learning courses that also target green and digital skills;
- making effective use of targeted and well-designed hiring and transition incentives, including by considering the adequate use of wage and recruitment subsidies and incentives linked to social security contributions, to accompany labour market transitions across sectors and labour mobility across regions and countries;
- promoting entrepreneurship, including enterprises and all other entities of the social economy, in particular in regions facing transition challenges and, where appropriate, in sectors promoting climate and environmental objectives such as the circular economy;
- integrating the employment and social aspects of the green transition, including potential labour shortages, in the development and implementation of the relevant national strategies addressing skills challenges;
- developing up-to-date labour market and skills intelligence and foresight, which will enable identifying and forecasting occupation-specific and transversal skills needs;
- introducing or strengthening support schemes for apprenticeships and, where possible, for paid quality traineeships, in particular in micro, small and medium-sized enterprises, including those contributing to climate and environmental objectives and in sectors facing particular skill shortages, such as construction and ICT;
- increasing adult participation in training throughout the working life, in line with the upskilling and reskilling needs for the green transition, by ensuring that support is available for training within jobs, professional transitions and for transversal skills;
- active involvement of social partners, civil society, regional and local authorities and other stakeholders;
- optimal use of public and private funding.

## **COUNCIL RECOMMENDATION OF 16 JUNE 2022 ON INDIVIDUAL LEARNING ACCOUNTS**

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The recommendation on individual learning accounts was adopted by the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) on 16 June 2022. It aims to respond to the training needs of citizens and increase the proportion of people who participate in training each year. Member States are advised to consider establishing individual learning accounts as a possible means for enabling citizens to participate in labour-market relevant training thereby facilitating access to or retention of employment.

According to the Council Recommendation, the accounts should be available to all citizens of working age (20-64) and should be used to accumulate funds for training and educational forms. The concept of an account system should be developed in consultation with social partners and other stakeholders. A portal available to each eligible person should also be created, where the above-mentioned amounts for training and information on an individual's training activities to date would be collected.

The Council Recommendation represents a further step towards making lifelong learning more widespread in the European Union, following the Action Plan for the European Pillar of Social Rights adopted on 4 March 2021 which set a target of 60% of adults participating in training each year by 2030. Poland has committed to the target of 51.7%.

## II.2.6 SUMMARY OF ACTIONS ENVISAGED IN THE NAPE FOR 2022

The following challenges regarding labour market policy were formulated in the NAPE for 2022:

1. Insufficient matching of staff skills to labour market requirements.
2. Wage and non-wage working conditions and work efficiency in Poland.
3. Incomplete use of labour market resources.
4. Insufficient efficiency of the labour market institutions and active labour market policies.
5. Migration processes in the labour market.

As mentioned above, most of the aforementioned challenges remain valid also for 2023. In this context, the following activities implemented in 2022, envisaged for continuation in 2023, deserve special attention:

### 1. Better matching of staff skills to labour market requirements:

- a forecasting tool was made available in November 2022 (at <https://prognozy.praca.gov.pl/>), which supports PES in planning effective labour market activities. The tool makes it possible to forecast labour demand, labour supply and the demand-supply gap with an outlook up to 2050. In 2022, the Ministry of Family and Social Policy also developed assumptions of the project aimed to develop and implement a system for forecasting skill needs in the area of green and digital economy. The project will be launched under the European Funds for Social Development 2021-2027 (EFSD) programme in the second half of 2023;

- at the end of 2022, arrangements were continued at the EU level to establish 2023 as the European Year of Skills. The Polish party supported the launch of this initiative and was actively involved in the work. At the national level, extensive awareness-raising activities have been planned for 2023 and 2024 to raise awareness among employees, employers and the public about the importance of improving skills;

- in 2022, analytical work was carried out at the Ministry of Family and Social Policy on the mechanism of individual learning accounts, resulting from the Council Recommendation of 16 June 2022 on Individual Learning Accounts, which recommends Member States to implement the above-mentioned instrument aimed at the development of lifelong learning in EU Member States.

2. Raising the quality of employment and work efficiency in Poland - on 1 December 2022, the Sejm of the Republic of Poland enacted the Act amending the Labour Code and certain other acts (Journal of Laws 2023, item 240), aimed, among others, at introducing legal solutions to the Labour Code allowing remote work (the new Labour Code provisions on remote work entered into force on 7 April 2023).

### 3. Effective and equitable use of human capital in Poland:

- on 16 November 2022, the first of the acts of law comprising the implementation of the milestone for labour market reform in the NRRP was passed by the Sejm - the Act on the ICT system for handling certain contracts (Journal of Laws item 2754)<sup>26</sup>. Its main assumption is to provide an ICT system to handle the process of concluding and storing contracts and providing access to employee records;
- in 2022, work was carried out on the adoption of new legal regulations providing for the extension of the group of customers of labour offices to include the economically inactive and to identify and reach out to the economically inactive who could potentially become economically active. The forthcoming legislation also provides for increased access to lifelong learning for jobseekers by financing training costs from the Labour Fund and certifying the acquisition of knowledge and skills, including professional qualifications. The drafts of two new acts of law (i.e. the draft Act on Labour Activity and the draft Act on Employment of Foreigners) were referred to the government for processing at the end of 2022, following the completed public consultation;
- 2022, the TODDLER+ programme was transformed into a long-term programme for 2022-2029. TODDLER+ is a programme integrating the European funds (NRRP and EFSD) and the state budget funds. The budget of the programme amounts to PLN 5.5 billion. Such a high pool of funds will enable to subsidise the creation and operation of 102 thousand care places;
- in August 2022, the Minister of Family and Social Policy approved the *“Update of the Youth Guarantee Implementation Plan in Poland”*. The work on updating the *Plan* - first adopted in 2014, following the EU Council Recommendation of 22 April 2013 on the establishment of a *Youth Guarantee* - was initiated due to the need to adapt the directions of support for young people to current trends in labour markets, as indicated, among others, in the new *Council Recommendation on the Bridge to Jobs - Reinforcing the Youth Guarantee of 2020*, which replaced the previous recommendation of 2013;
- On 30 October 2022 the Act of 5 August 2022 on the social economy entered into force<sup>27</sup>. The Act was accompanied by the entry into force of the implementing regulations for the Act.

### 4. Modernising the operation of the PES and increasing the effectiveness of active labour market policies:

- as mentioned above, a package of three new acts of law was completed in 2022 to replace the current Act on Employment Promotion and Labour Market Institutions. The main assumption of the new legislation is to reorient the implementation mechanisms of employment policy and the functioning of the PES towards supporting the development of skills, professional activation (also of persons so far professionally inactive), better matching of forms of support to the needs of the contemporary labour market and effective cooperation with employers;

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<sup>26</sup> The Act entered into force on 23 January 2023.

<sup>27</sup> Journal of Laws 2022, item 1812).

- as part of the implementation of the NRRP milestone entitled A52G *New standards and performance framework on functioning and coordination of the Public Employment Services* (reform element A.4.1 *Effective institutions* for the labour market), a legal basis for the target system of the management performance framework has been proposed - this is a provision of the draft Act on economic activity, obliging the minister competent for labour to prepare three-year Development Plans for Public Employment Services (the plans will, on the one hand, specify the priorities of employment policy and directional activities of PES, and on the other hand, contain a part describing the management performance framework for the PES system in Poland); a preliminary draft of the aforementioned PES Development Plan has also been prepared, which will be consulted with PES and social partners in 2023;

- in the second half of 2022, work was carried out on implementation of investment A4.1.1. of the NRRP entitled *Investments to support the reform of labour market institutions* in the part concerning new IT solutions, related to the proposed legislation and new IT tools;

- work was continued in the scope of existing systems and tools, including the Central Database of Job Offers (CDJO), which is maintained and made available by the Minister of Family and Social Policy for everyone on the website [www.praca.gov.pl](http://www.praca.gov.pl).

#### 5. Effective and targeted labour migration management:

- in March 2022, legal and organisational solutions were introduced to enable rapid integration of refugees from Ukraine into the Polish labour market - procedures for employing Ukrainian citizens were simplified and refugees from that country were provided with a possibility to benefit from the support offered by the Public Employment Services, on the same basis as Polish citizens;

- from 25 February 2022, the activation programme for foreigners "Together We Can Do More - First Edition of the Activation Programme for Foreigners for 2022-2023" was implemented;

- in January 2022, legal regulations were amended, simplifying the rules and procedures for assigning work to foreigners who are citizens of Ukraine, Belarus, Moldova, Georgia or Armenia (and, until 28 October 2022, also Russia) on the basis of declarations entered in the records in the district labour offices. The possibility for a foreigner to perform work on the basis of a single declaration has also been extended to 24 months (from six months in a consecutive 12-month period).

### III. CHALLENGES FOR THE LABOUR MARKET IN POLAND

The COVID-19 pandemic exacerbated some of the previously identified challenges and indicated new ones that require an additional redefinition of the approach to the labour market and social policy. The effects of the pandemic crisis now overlap with further challenges caused by Russia's aggression against Ukraine, such as the arrival in Poland of significant numbers of refugees in need of social and employment policy support, as well as the energy crisis and related commodity and food prices.

In the coming months, the above-mentioned conditions will require careful monitoring of indicators in the labour market and a flexible response to emerging potential problems. At this stage, a slowdown in the investment and residential construction sector is apparent, which could translate into a downturn for consecutive industries in 2023, including the finishing industry and suppliers of equipment and goods to the construction sector. In this context, the mobilisation of investment foreseen in both the NRRP and the EU Cohesion Policy programmes for 2021-2027 becomes very important.

In the medium term, it is still a challenge to create high-quality places and conditions that are conducive to adapting to the processes resulting from the digital transformation and the transition to the “green economy”, technological advances, including automation and robotisation, as well as demographic processes (including an ageing population and labour migration). The development of staff skills occupies an important place in this process. Bridging the gap in the labour market should also be achieved by promoting spatial and sectoral mobility among rural residents by supporting transition from agriculture to other sectors of economy.

Many of the challenges for the Polish labour market were identified at the stage of preparing the NRRP, the aim of which, as already mentioned, is to rebuild the economy after the pandemic and strengthen its resilience so that it is better prepared for potential events of a similar nature in the future. At the same time, it should be noted that the NRRPs had been prepared in the reality of post-pandemic recovery and soon after they were drafted, another crisis emerged in the form of the war in Ukraine, affecting economic issues primarily through shortages of energy resources and the need to accelerate the energy transition in many sectors. For this reason, a revision of the countries' National Recovery and Resilience Plans is scheduled for 2023, particularly in the context of the introduction of a new component in the NRRP as part of the REPower initiative, the main objective of which is to make Europe independent of Russian fossil fuels before 2030.

The disruption to the supply of energy raw materials caused by the war in Ukraine has contributed to a significant increase in their prices, resulting in an increase in production costs and a gradual reduction in production and employment.<sup>28</sup> It is predicted that the increase in the price of gas between March and August 2022 may contribute to an average 3% reduction in EU production and 1.5% reduction in employment after one year. In individual countries, the decline in employment will depend on the response of

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<sup>28</sup> European Commission, “*Labour market and wage developments in Europe. Annual review*”, 2022.

output and real wages to the price shock, the intensity of gas use and other structural characteristics of the labour market, such as the percentage share of temporary contracts, the share of employment in production and the openness of the economy. The greater the impact of gas price increases on production volumes and real wages, the stronger effect it will have on employment size. It has been estimated that in Poland, an increase in gas prices could lead to a reduction in employment of approximately 1.5%, which should be recognised as a medium-sized effect compared to other EU countries. In the case of Latvia, Spain, Ireland and Luxembourg, a decrease in the number of jobs of approximately 2.5% is expected.

The European market in 2022 was already showing signs of a deterioration in business sentiment, triggered by rising energy commodity prices. Compared to the peak reached in 2021, retail employment intentions fell in October 2022 in all EU Member States. A particularly pronounced deterioration in this respect was observed in Denmark, Germany, Finland, Slovenia and Latvia, as well as in Poland.

When defining the priorities of the Polish employment policy, it is also necessary to refer to the national objectives until 2030, set in connection with the *EPSR Action Plan*, with the greatest challenge for Poland being skill development, i.e. to reach 51.7% of adults participating in training every year.

At the same time, the structure of employment policy priorities in 2022 will be influenced by the situation in Ukraine and the influx of Ukrainian citizens to Poland (see: subsection II.1.1 pp. 9-11).

Based on the above general considerations, the main challenges for the Polish labour market in 2023 should be defined as follows.

### III.1 STAFF SHORTAGES DUE TO INSUFFICIENT MATCHING OF SKILLS TO LABOUR MARKET REQUIREMENTS

In the context of sustainable and equitable socio-economic development, skills development is becoming a key issue, responding, in fact, to a number of challenges for contemporary labour markets. Equipping the workforce with the right skills to keep them up to date will ensure both that citizens are able to take up quality employment and that employers are able to attract suitably qualified staff and thus grow their businesses.

This prioritisation of skills is reflected in the national employment policies of all developed countries (and, of course, many developing countries), as well as in macro-regional policies, including the European employment policy. For the EU, the focus on skill development has been highlighted both by adopting skills development as one of the three main social goals by 2030 (alongside raising the employment rate and tackling poverty) and by establishing 2023 as the European Year of Skills<sup>29</sup>.

From the perspective of supporting labour market development and supporting relevant skills, an important issue is the appropriate management of the supply and demand for skills, including identifying and counteracting labour shortages in specific industries. In Poland, systems for monitoring and forecasting demand for skills and occupations have been improving in recent years.

The survey carried out by the labour offices under the title *Occupations Barometer*<sup>30</sup>, shows that in 2023, staffing deficits will occur in 27 occupations (down from 30 in 2022) in the following industries:

- Construction - shortages in the following occupations: carpenters and joiners (permanent shortage) - roofers and construction tinsmiths, fitters of building installations, bricklayers and plasterers, earthmoving equipment operators and mechanics, workers doing finishing works in construction, construction workers;
- Medical care and nursing - staff shortages in the following professions: physiotherapists and masseurs, medical doctors, carers of the elderly or the disabled, nurses and midwives, psychologists and psychotherapists<sup>31</sup>;
- Production - shortages in the professions of: electricians, electromechanics and electrical fitters, machine tool operators, welders, locksmiths;
- Transport, forwarding, logistics - bus drivers, truck and truck tractor drivers, warehouse workers, car mechanics;

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<sup>29</sup> [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/european-year-skills-2023\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/european-year-skills-2023_en)

<sup>30</sup> The Occupations Barometer is a short-term (one-year) forecast of the demand for employees in selected occupations, carried out at a district level. The survey is qualitative - it is carried out using the expert panel method (<https://www.barometrzwodow.pl>).

<sup>31</sup> Data of the Ministry of Health show that the profession of a paramedic should also be classified as a deficit profession.

- Education - teachers of practical vocational training, teachers of vocational subjects, teachers of general subjects, teachers of special schools and inclusive units;
- Finance - staff shortages in the professions of independent accountants, accounting and bookkeeping staff;
- Food and catering - staff shortages in the cook profession.

Of the 27 deficit occupations in the 2023 forecast, eight occupations are recognised as facing long-term deficit (carpenters and joiners, roofers and tinsmiths, nurses and midwives, machine tool operators, welders, bus drivers, truck and tractor drivers, independent accountants). This means that the shortage of workers in these professions has been recorded continuously since the 2016 forecast.

Compared to the previous forecast, the deficit occupations no longer include concrete and steel erectors and pavers, bakers, paramedics, woodworkers and carpenters. However, teachers of general education subjects and teachers of special schools and inclusive units appeared in this category.

There are no surplus occupations identified in the 2023 forecast (as a year ago). The results of the Occupational Barometer indicate that the demand for workers will decrease in 2023. However, given previously sustained deficits, a high increase in unemployment is not expected to translate into staff surpluses. The labour market situation will move towards the equilibrium.

Invariably, truck and truck tractor drivers (sought in 363 districts out of 380 in the country) and nurses and midwives (sought in 336 districts) will remain at the top of the deficit professions.

### Adult learning in Poland

The national target for Poland as regards skills development (51.7% of all adults participating in training each year)<sup>32</sup> is very ambitious given the current values and trends of adult participation in training and education in Poland. It should be noted, however, that these trends are based on the findings of research focused on an overly simplified model of adult learning, based on expository forms of education, with insufficient consideration of flexible forms of non-formal education, including learning by doing, among others, in the workplace, which should be closely related to the system of validation and certification of learning outcomes<sup>33</sup>.

It is feasible, provided that the Integrated Skills Strategy 2030, based on a broader model of adult learning (see Section II.2, page 16), is implemented, and the expenditure on lifelong learning of employees and jobseekers and on the capacity of public employment services increases.

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<sup>32</sup> See subsection II.2.2. page 15.

<sup>33</sup> In Poland, this approach is only just being developed.

According to the Adult Education Survey 2016, that is currently the basis for the new European adult learning indicator, the gap between Poland and the EU in organised adult learning is visible in non-formal education. In Poland, the rate of participation in such learning was 22.9% compared to 41.4% in the EU, and was one of the lowest in the EU. Such a gap is not visible as regards participation in formal education (4.5% and 5%, respectively). At the same time, the main barrier for adults was the lack of motivation to structured learning. Approximately three-fourths of adults in Poland and in the EU did not want to participate in education or training (in their formal and non-formal forms), and most of them did not see such a need. In Poland, 61.5% of adults did not participate and did not want to participate in education or training (almost 45% in the EU). Half of the 25.5% of adults who admitted to participating in education and training did not wish to continue their participation therein (in the EU, clearly more than half of the almost 44% of those who admitted to participation in education or training).

Moreover, those who participate in organised adult learning usually already have high qualifications. These are people with higher education, working in specialist, managerial and technical positions. Therefore, the challenge is the low participation in structured learning by low-skilled, unemployed adults or adults at risk of unemployment.

The lack of adults' motivation for structured learning may be due to the fact that in Poland, it is traditionally limited to education in schools, continuing education institutions, vocational training centres, and participation in formal training. Meanwhile, the lifelong learning strategy concerns learning at all stages of life, but in various forms (not only as part of formal education) and in all areas that are important for living in a modern society.

Financial issues and the availability of time are other barriers to improving skills and attitudes towards lifelong learning. To meet these challenges, investment in structured learning needs to be increased, both from public and employers' funds and private funds. Therefore, it is also necessary to create conditions motivating to invest in learning in various forms, as well as optimising the acquisition and use of new competencies and qualifications. Building social awareness of the need for lifelong learning and social dialogue facilitating the reconciliation of the expectations of employers and employees will be important in this process. There is a need to match the skills and qualifications of farmers and farm workers to enable them to implement the principles of Agriculture 4.0, including in low-skilled people.

In recent years, significant progress has been made in the development of various components of the lifelong learning system (including the Integrated Qualifications System, the Integrated Qualifications Register, the National Training Fund – NTF, the system of Sectoral Competence Councils, Development Services Database). Vocational schools, higher education institutions and other entities being part of this system, in particular vocational and academic universities offering study programmes in engineering and technical sciences, also have a significant impact on preparing employees of the future for industry and services. Currently, the challenge remains to

motivate adults, employees and employers to use the available tools and to further expand the educational offer.

As part of the NTF, supervised by the Ministry of Family and Social Policy, 2% of the revenue of the Labour Fund is allocated annually to lifelong learning, in accordance with the above-mentioned Act on Employment Promotion and Labour Market Institutions. In 2023, this figure rose to 4%. With funds from the NTF, approx. 96 thousand working people participate in lifelong learning every year.<sup>34</sup>

### Digital skills and new technologies

Technologies based on artificial intelligence, automation and robotisation are already changing the realities of the labour market. For entrepreneurs, this means the implementation of smart technologies in company management – from production, through marketing, to the recovery of raw materials. Artificial intelligence will have an impact on the development of companies' strategies, it will increasingly and more accurately define the groups of recipients of goods and services. It will also control product life cycles and promote circular economy.

In the era of progressing changes, there is a need for better, long-term matching of employees' skills and qualifications with the requirements of the "Industry 4.0" model. According to the aforementioned concept, transformation takes place not only in production process, but also in work organisation. Changing technologies have a significant impact on the changes taking place in occupations, which in turn will affect the level of wages and skills required from employees. The effects of the use of artificial intelligence, for example in the financial (banking) sector or trade, are also becoming increasingly visible in the labour market<sup>35</sup>.

The occupations most prone to automation are related to physical activity, where most forecasts predict the replacement of simple activities in productive work by modern technologies. This phenomenon also applies to simple office activities, such as, for example, registration, document verification, basic customer service and, ever more, to those professions in which intellectual human work can be replaced by applications based on artificial intelligence (financial sector, sales sector). Although work automation will not be possible in all industries, in some industrial sectors it will help relieve tensions related to the shortage of employees. According to the OECD report, approximately 20% of the work currently performed in Poland will be automated<sup>36</sup>. However, this does not have to mean a decline in employment in these industries, as previously unknown jobs will gain in importance. This will cause pressure to change the current occupation or retrain. The process of replacing human work with new technologies will to a large

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<sup>34</sup> This year's budget of the NTF is PLN 277.5 million. One of the priorities of the NTF spending in 2021 is support for lifelong learning in connection with the use of new technologies and work tools in companies, including digital technologies and tools.

<sup>35</sup> *Policy for the development of artificial intelligence in Poland from 2020 [Polityka dla rozwoju sztucznej inteligencji w Polsce od roku 2020]* <https://www.gov.pl/web/ai/polityka-dla-rozwoju-sztucznej-inteligencji-w-polsce-od-roku-2020>.

<sup>36</sup> *The future of work. OECD Employment Outlook 2019*, OECD 2019. Cited data of labour types and workloads analysed up to 2019.

extent depend on the adaptability of employees and development of their new skills. This may, to a large extent, apply to low-skilled workers (including foreign ones), as they relatively more often work in industries and positions at risk of automation. The above transformations will significantly increase the demand for highly qualified employees, technicians and specialists. For this reason, it is important to have properly prepared staff that will be able to use modern technologies in their daily work. The above also justifies taking action to adapt competencies and qualifications to the market needs. The participation of entrepreneurs is of great importance in this process, as they, firstly, have the necessary knowledge of what competencies they need, and secondly, have a direct impact on improving the competencies of their employees.

The ability to use modern technologies will allow for the introduction of a number of improvements to facilitate work, which may contribute to economic activation of people who are in a specific situation in the labour market. As regards soft skills, the greatest demand will occur for self-organising, interpersonal and cognitive skills<sup>37</sup>. Continuous learning and development will prove to be inseparable elements of functioning in the labour market. In this respect, an important role is and will be played by the National Training Fund (NTF), as well as the system of sectoral competence councils, Human Capital Balance Research, and the Development Services Base. Solutions relating to remote work, that are part of activities for a family-friendly labour market that facilitates the reconciliation of roles, will also be crucial in this respect.

In the *Policy for the Development of Artificial Intelligence in Poland from 2020* published and adopted by the Council of Ministers, the authors report that artificial intelligence combined with automation will have a major impact also on the labour market. It is possible that by 2030, as much as 49% of working time in Poland will be automated with the use of already existing technologies. On the one hand, it means an opportunity to increase work efficiency, and on the other hand, it poses, especially for the youth and adult education system, challenges related to the adaptation of employees and their competencies to the new labour market and the creation of adequate tools to counteract technological unemployment. In line with the AI Policy, in the short term, the application of AI-based solutions may lead to a decline in employment in some sectors, and in the long term – to an increase in total employment and in its quality (i.e. creation of higher-quality jobs).

The COVID-19 crisis and the associated temporary lockdown have highlighted shortcomings in Poles' digital skills. Currently, the digital competencies of Poles are among the poorest in Europe and it is necessary to fill the gap in the digital skills of Polish employees as soon as possible<sup>38</sup>.

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<sup>37</sup> Human Capital Balance [Bilans Kapitału Ludzkiego], PARP 2020, <https://www.parp.gov.pl/component/publications/publication/zarzadzanie-kapitalem-ludzkiem-w-polskich-firmach-obraz-tuz-przed-pandemia>.

<sup>38</sup> The demand for work that will arise in connection with the implementation of the European Green Deal should also be noted. It will be important to identify areas that offer the opportunity to retrain employees in declining sectors.

It is also deemed necessary to develop human resources for the needs of the Polish space sector as a special sector that combines various branches of the economy<sup>39</sup>. At the current stage of development of the space sector in Poland, the development of human resources requires coordination and support, starting from popularisation among the youngest, through the appropriate development of study programmes and student internships, as well as supporting research groups, to the international exchange of scientists and specialists. The sector is so young that there has been not enough time to educate a sufficiently big group of specialists who could carry out large projects in the upstream area. As part of the National Space Programme for 2022-2026 in preparation, it is assumed that the development of human resources in the space sector will take place, among others, through international cooperation and cooperation with industry. The development of human resources in the space sector is promoted also through the use of modern solutions in the higher education and science system, such as the “Implementation Doctorate” programme.

### Green skills and green jobs<sup>40</sup>

In December 2019, the EC presented the European Green Deal (EGD), i.e. an action plan aimed at balancing EU economies for climate neutrality in 2050. To support the transformation, the EC has adopted strategies and planned financial support, including the European Green Deal Investment Plan (EGD investment pillar), to mobilise over EUR 1 trillion for sustainable investments over a decade (including EUR 100 billion in 2021-2027 under the Just Transition Mechanism to address the social and economic effects of the transformation).

Greening economies will have a big impact on labour markets – new jobs will appear, others will disappear or lose their importance. It is not yet fully known which jobs and sectors will be most affected by this process and to what extent. Two assumptions seem realistic: (1) the net employment effect is likely to be slightly positive or neutral, (2) sector and occupational shifts may be significant. Measures aimed at good supply and demand management of green jobs, with the use of systems forecasting structural changes in the economy and in the labour market, are important in this regard. Given the considerable turbulences in the energy and commodity market in 2022, it must be stated that predicting the impact of changes in the energy sector on the labour market has now become even more complicated, due to the need for ongoing changes in the assumptions of energy policies of many countries, including Poland<sup>41</sup>.

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<sup>39</sup> Insufficient staff supply for the space sector can be combined with Table 1, in which, e.g., in the manufacturing industry, electricians, electromechanics and wiremen were indicated as scarce professions. However, the shortage of staff for the space sector is much more extensive and goes beyond the professions indicated in the NAPE.

<sup>40</sup> So far, neither the EU nor any other international organisation has developed a definition of green jobs and green skills. No system of indicators for monitoring changes in employment in sectors related to green economy has been developed either. These issues are currently being analysed by EU working groups dedicated to labour market and skills issues.

<sup>41</sup> The change in geopolitical circumstances provided the rationale for the preparation of the assumptions for the update of the Energy Policy of Poland 2040 at the end of March 2022, according to which EPP2040 must take energy sovereignty into account.

Green transition will require varying adaptation from employers and employees, therefore active labour market policies will be needed to target specific sectors and address challenges arising from the following general scenarios:

- employers preparing for changes in their production (e.g. transition from the automotive industry to electromobility) will need relevant skills of their employees;
- employees in sectors where jobs will be lost on a massive scale will need support for rapid and sustainable reintegration into employment;
- sectors with growing demand for labour (e.g. photovoltaics) will need qualified staff.

### Skills required in the health and care services sectors

When analysing the demand for future qualifications, the group of professions and competencies necessary in the context of demographic changes, such as the ageing of the society, cannot be ignored. As the number of elderly people grows (and their proportion in society as a whole), it is necessary to provide adequate public services in the area of elder care and health care. Current analyses at the European level show that there will ever greater shortages of staff practising professions related to the care of the elderly and people with disabilities, such as social workers and workers in the broadly understood health service sector. The aforementioned professions will be subject to insignificant automation in the coming years, hence it is necessary to include in training and education programmes competencies necessary to perform them.

The COVID-19 pandemic, which has affected most countries in the world, shows how important it is to ensure well-functioning and crisis-resilient social protection systems, especially as regards health care, social assistance and care, including long-term care. The effects of the pandemic, both in its health as well as social and economic dimensions, will be particularly acute for people from the most vulnerable groups<sup>42</sup>. Therefore, it is of particular importance to ensure the availability of qualified staff in the above-mentioned areas, and to ensure due prestige, also as regards remuneration, to occupations in the sectors of health services and care services<sup>43</sup>.

During the COVID-19 pandemic, the negative effects of the small number of medical and nursing staff relative to the actual needs related to specialist protection of patients infected with SARS-CoV-2 and those suffering from COVID-19 were revealed. Increasing the availability of doctors and nurses through better working conditions,

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<sup>42</sup> Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Fund 2020 European Semester: Country-specific recommendations, 20 May 2020, [https://ec.europa.eu/info/publications/2020-european-semester-commission-communication-country-specific-recommendations\\_en](https://ec.europa.eu/info/publications/2020-european-semester-commission-communication-country-specific-recommendations_en).

<sup>43</sup> The Commission Communication 2020 European Semester: Country-specific recommendations reads: “ Overall, it has exacerbated existing structural challenges related to effectiveness, accessibility and resilience of health systems. (...) The crisis has put additional strain on health systems’ revenues, which risk deepening inequalities in access, particularly for disadvantaged groups. In many Member States, shortages of healthcare staff have become critical due to working conditions that discourage the attractiveness of these professions. ”.

incentives to return from emigration and counteracting economic emigration of people educated in these areas is a prerequisite for improving the health security of citizens<sup>44</sup>.

In recent years, measures have been taken to maintain an optimal number of staff in the labour market, adequate to meet social needs for medical services. For example, regulations obliging medical entities to gradually increase the basic salaries of employees performing medical professions have been introduced. Actions are also being taken to increase the number of nurses and midwives in the health care system, to make these professions more attractive and prestigious.

### Development of systems for forecasting the demand for professions and skills

Rapid changes in the labour market, resulting mainly from the digital and green transformations as well as demographic changes, make it particularly important to have effective systems for forecasting the demand for professions and skills over a long period. As mentioned at the beginning of this subsection, since 2015, the *Occupational Barometers* survey has been carried out to provide a one-year forecast of the situation in particular industries and occupations. Moreover, the implementation of the project entitled “*Polish Labour Market Forecasting System*”<sup>45</sup>, whose purpose is to implement an innovative method of forecasting labour demand, labour supply and the demand-supply gap, and to develop a new tool for determining detailed forecasts for the labour market until 2050, has come to an end.

Since 2009, the Polish Agency for Enterprise Development (PARP) and the Jagiellonian University have been implementing together the Human Capital Balance (HCB) survey to monitor the demand for competencies in the labour market. Currently, the HCB includes nationwide cross-sectional surveys of entrepreneurs, the population and the training and development sector, providing information on the situation and activities of these groups in the labour market, as well as industry research in three sectors: financial, IT and tourism. Based on this experience, in 2017 PARP started the implementation of industry HCB surveys (IHCB and IHCB II) in another 14 industries: (1) construction, (2) chemicals, (3) water and sewage management and reclamation, (4) trade, (5) marketing communication, (6) fashion and innovative textiles, (7) automotive and electromobility, (8) modern business services, (9) health care and social assistance, (10) raw material recovery, (11) aerospace, (12) telecommunications and cybersecurity, (13) development services; (14) high-quality food. All 17 industry surveys are to identify current and future competency needs and the challenges facing each industry. Industry HCB surveys are conducted with respect to industries for which Sector Competency Councils have been established.

The current edition of the nationwide and industry HCB surveys ends in 2023. HCB surveys are planned to be continued also in the next EU financial framework.

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<sup>44</sup> [https://www.oecd-ilibrary.org/social-issues-migration-health/health-at-a-glance-europe-2020\\_82129230-en](https://www.oecd-ilibrary.org/social-issues-migration-health/health-at-a-glance-europe-2020_82129230-en).

<sup>45</sup> Project co-financed by the EU under the European Social Fund, Operational Programme Knowledge, Education Development 2014-2020, Priority axis II *Effective public policies for the labour market, economy and education, Measure 2.4 Modernisation of public and non-public employment services and their better adaptation to the needs of the labour market.*

Moreover, since 2019, the minister competent for education has been announcing the forecast of the demand for employees in vocational education occupations in the national and voivodeship labour markets<sup>46</sup>. This document includes an alphabetically arranged list of vocational education occupations for which, due to their importance for the country development, particular demand for employees is forecast in the domestic labour market – the occupations on this list are additionally financed throughout the student’s learning period. The forecast also covers occupations for which significant and moderate demand for employees is forecast in particular voivodeship labour markets. Based on this forecast, it is possible to develop the vocational education offer adapted to the needs of the national and voivodeship markets.

With the increasing pace and importance of the two transformations - digital and energy - it is becoming particularly necessary (and at the same time complicated - as mentioned above) to forecast employment changes in highly digitalised sectors and in the so-called green economy. In order to aggregate the data collected regularly in the systems described above, the Ministry of Family and Social Policy has planned to implement a project co-financed by the European Social Fund+ for 2021-2027 (ESF+) to launch a system for strategic forecasting of the demand for digital and green skills in a multi-annual perspective. The data obtained from the aforementioned system will be used to formulate directions for skill development in Poland.

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<sup>46</sup> Article 46b of the Act of 14 December 2016 – Education Law (Journal of Laws of 2023, item 900, as amended).

### III.2 INSUFFICIENT EFFECTIVENESS OF THE LABOUR MARKET INSTITUTIONS AND ACTIVE LABOUR MARKET POLICIES

An increase in economic activity is inhibited by an organisational and systemic problem resulting from the insufficient adaptation of labour market policy instruments so that they can effectively respond to the challenges described above. It is therefore necessary to further modernise the activities of the Public Employment Service (PES).

The PES system in Poland is highly decentralised and based on the cooperation of central and local government administration. The minister competent for labour is the PES coordinator. At the end of 2022, 340 district labour offices and 16 voivodeship labour offices operated in Poland. District labour offices are part of the combined district administration and operate under the district governor's /city mayor's supervision. Although the PES system is assessed generally positively and played a significant role in reducing high unemployment in the 1990s and the first decade of the 21st century, there are more and more opinions that it is not adapted to transformations in the labour market related to, among others, technology and demography. Its effectiveness is limited (e.g. due to insufficient coordination). Support is provided in forms that are not adapted to the current needs of the labour market and are excessively focused on the registered unemployed, without paying enough attention to the high percentage of economically inactive people. The fact that the right to health insurance depends on obtaining the status of an unemployed person is also criticised, as many registered unemployed people are not interested in activation measures<sup>47</sup>. The Polish system is characterised by a large proportion of foreigners who are enabled access to the Polish labour market (district labour offices carry out each year over 2 million different procedures related to it), but activities in this respect focus mainly only mere admission to employment, while those actually supporting integration of foreigners in the labour market are very limited.

The main challenge identified in the external evaluation carried out in 2018 at the initiative of the European PES network<sup>48</sup> is the lack of an overall and coherent strategy that defines performance measures and service delivery objectives, as well as the roles of labour market actors at all levels and the principles of cooperation between them. With regard to the performance measures, an analysis of the effectiveness of spending of the Labour Fund resources by district labour offices for financing basic forms of economic activation is being carried on the grounds of the currently applicable Act on Employment Promotion and Labour Market Institutions. Two types of effectiveness are identified: cost effectiveness and employment effectiveness<sup>49</sup>.

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<sup>47</sup> Currently, work to decouple unemployment status without the right to benefit from insurance is the subject of analysis and arrangements.

<sup>48</sup> *External evaluation of the benchlearning initiative in the second cycle - summary report - Poland*, PES Network, 2018.

<sup>49</sup> <https://www.gov.pl/web/rodzina/informacja-o-wartosciach-wskaznikow-osiagnietych-przez-powiatowe-urzedz-pracy-w-2021->

A precise definition of service delivery objectives would ensure uniform standards of operation for entities at all levels (the authors of the report state: *“It seems that the implementation of procedures – with the exception of standardised ones – differs depending on the local office”*). According to the recommendation, uniform service standards, including guidelines and requirements for service delivery procedures, would ensure greater clarity as to how services are to be delivered and greater consistency in the PES operating system without lessening the administrative autonomy of the particular levels.

The report also draws attention to the legitimacy of implementing a communication strategy that would define communication rules for all levels of the PES and their responsibilities, as well as the forms of dialogue, including the rules for providing feedback. Another missing element is a consistent quality management system that would enable the provision of high-quality PES services, also by improving the skills and competencies of the staff<sup>50</sup>. The aforementioned system of evaluation also needs to be strengthened effectiveness of the PES and for this purpose a set of indicators should be implemented, concerning both the evaluation of the implementation of individual processes and the work of those responsible for them<sup>51</sup>.

These recommendations were - in principle - repeated on the occasion of the next external evaluation of the Polish PES, which took place in October 2022.<sup>52</sup>

Above all, despite the decentralisation of PES, the relevance of introducing a more homogeneous system of management, monitoring, motivation and involvement of all levels of the PES in the processes was again highlighted. It was recommended to introduce a strategy for the PES defining goals for all levels of the organisation (also long-term), including a strategy for disadvantaged groups (e.g. against long-term unemployment, defining services for employers), a communication strategy, a marketing strategy, a customer satisfaction survey.

A lot of attention has been paid to ensuring high data quality, exploiting the full potential of the data and using the indicators to continuously improve labour market services. It was recommended to intensify cooperation with the scientific community, e.g. for randomised trials.

It was suggested that the Ministry of Family and Social Policy should have a leading role in the management of human resources in the PES at all levels: this would allow the introduction of a coherent corporate culture, strengthen the image of the PES as an

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<sup>50</sup> The authors of the report state: *“Staff training should be carried out in a more structured way. The key elements of structured training programmes include the definition of training objectives, the development of internal courses or the selection of external trainers, the implementation of training measures, as well as the review and evaluation of results. Croatia and Germany are examples of countries where structured employee training takes place. In Croatia, there is a well-designed and well-structured system of employee training, including a framework for key competencies. The German PES has developed a uniform and detailed competency model. Under this model, the initial stage and the following stages of training are well structured and organised”*.

<sup>51</sup> The report stated that: *“Bonuses are available for offices reaching certain performance thresholds, but the assessment methodology does not allow for considering any individual contributions of employees, nor does it allow for a meaningful comparison of offices.”*

<sup>52</sup> Benchmarking evaluation report

attractive service provider and employer and enhance the brand identification of the PES as such.

A prerequisite for the strengthening the Polish labour market is a change in the functioning of labour market institutions, including the PES - by increasing the effectiveness of the functioning of these institutions and creating conditions for them to provide professional services, computerised to a greater extent. The PES should be oriented towards implementing active labour market policies geared towards people who actually want to work. It is essential to target support not only at the unemployed, but also other groups, i.e. jobseekers (in their case, it is about extending support), the economically inactive, and employers.

The PES should focus, on the one hand, on the implementation of active labour market policies, and on offsetting the supply of and demand for skills and qualifications, on the other hand. It is important to provide practical opportunities for skills improvement and professional reorientation in areas that are important from the economic point of view and are part of the green and digital transformation. Flexibility should be provided to entities implementing specific activities in the area of activation and support in the labour market, as these entities know best what set of tools will be most effective with respect to such categories of PES clients as: the economically inactive, the low-skilled, women, young people (up to 30 years of age), the elderly, people with disabilities, the long-term unemployed, and migrants, including returning ones.

In 2022, a package of three new acts of law was developed to replace the current Act on Employment Promotion and Labour Market Institutions. The main assumption of the new legislation is to reorient the implementation mechanisms of employment policy and the functioning of the PES towards supporting the development of skills, professional activation (also of persons so far professionally inactive), better matching of forms of support to the needs of the contemporary labour market and effective cooperation with employers. In other words, the new model of employment policy, implemented by the provisions of the above-mentioned package of acts, will provide for active management of the situation in the labour market rather than mitigating the effects of unemployment and preventing the occurrence of unemployment by extending extensive forms of support to people who are already working (so that they can improve their skills and thus be protected against unemployment), people entering the labour market (so that from the very beginning they have a good starting point for further professional development) and people remaining so far, for various reasons, outside the system of labour market policies (i.e. professionally inactive people).

The aforementioned regulatory package comprises three acts of law<sup>53</sup>, one of which, the Act of 16 November 2022 on ICT systems for handling certain contracts (Journal of Laws item 2754) entered into force in January 2023, and the other two (the Act on Employment of Foreigners and the Act on economic activity) were referred to the

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<sup>53</sup> The aforementioned package of three acts of law is a part of the implementation of milestone A51G of the NRRP, under reform A4.1. *Effective institutions for the labour market* referred to in subsection II.2.1. on page 13.

Committees of the Council of Ministers at the end of 2022 after public consultations had been completed.

### III.3. QUALITY OF WORK AND WORK EFFICIENCY IN POLAND

The determinants of an employee's or an unemployed person's readiness to take up or change a job include the quality of the offered job, understood as wage conditions, job stability and non-wage working conditions.

The OECD 2016 job quality assessment, based on three dimensions – the quality of wages, labour market security and the quality of the working environment, shows that the quality of jobs in Central and Eastern Europe is significantly lower than in highly developed countries. As regards the quality of wages<sup>54</sup>, out of 34 surveyed countries, Poland was ranked 6th from last. As for labour market security, Poland was ranked 10th again from last (2016). Labour market security includes those aspects of economic security that are related to the risk of losing one's job and its cost for employees<sup>55</sup>.

In terms of the quality of the working environment, differences arise from countries' ability to match high-demanding jobs with the right resources making it possible to perform the necessary tasks. In this respect, Poland was ranked 9th from last (2015). The quality of the work environment covers the non-economic aspects of the quality of the job, and it is expressed by the level of stress at work, which may affect the health of employees and their satisfaction with life.

Popularisation of flexible (in terms of establishing and terminating employment relationships) forms of employment in the economy may also result in a low level of job security within such flexible forms. This was the reason for introducing amendments to the labour law in 2016 (the 33 and 3 rule was introduced – i.e. limiting the duration and number of contracts concluded for a definite period). Moreover, on 1 January 2017, provisions regarding the payment of remuneration under mandate contracts and contracts for the provision of services, introducing the obligation to apply the minimum hourly wage (the wage rate was related to the increase in the minimum wage for work and increased every year; in 2021, this rate was PLN 18.30, in 2022 - PLN 19.70 while in 2023, as of 1 January 2023 - PLN 22.80 and as of 1 July 2023 - PLN 23.50) entered into force.

Poland remains a country that competes with low labour costs compared to the economies of highly developed countries. An economic model based on such competitive advantage results in a limited innovation development. In 2020, the work efficiency index in Poland amounted to 81.9% of the EU-27 average<sup>56</sup>, although in recent

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<sup>54</sup> The quality of earnings describes the extent to which earnings contribute to the satisfaction of an employed person with their life (this amount is determined by average earnings and their statistical distribution in the working population).

<sup>55</sup> In 2020, the sense of security in Poland and the world deteriorated. The previously cited Labour Market Barometer survey from August 2019 indicated that 11.6% of people were afraid of losing their jobs, in August 2020, this figure was 15.9%.

<sup>56</sup> EUROSTAT data,

<https://ec.europa.eu/eurostat/tgm/table.do?tab=table&plugin=1&language=en&pcode=tesem160> (access: 17

years dynamic upward trend, one of the largest in the EU, has been recorded (in 2015, this rate was 74.6%, and in 2018, it was already 76.9%). As the advantages of the model described above are exhausted, Poland will face the need for transformation towards a model in which labour costs are higher, jobs are of high quality, and the advantage of the economy results from the innovations and technologies it uses. Currently, besides the factors described above, such transformation is also hampered by limitations in access to capital for investments in the implementation of new technologies.

One of the consequences of this state of affairs, apart from the expenditure on innovation (in relation to GDP) that is lower in Polish economy than the EU average, may be the lack of adequately qualified staff (both in terms of the needs of foreign investors and innovative domestic projects) in connection with the observed rapid technological progress<sup>57</sup>.

With regard to measures to support and promote employment based on the forms provided for in the labour law (Labour Code), bringing the best (measurable) benefits to all parties involved in the labour market, above all in areas at risk of depopulation - education plays a major role. Therefore, the NLI takes action to foster a safety culture among children and young people. Since 2006, the "Culture of Safety" educational programme has been implemented, the aim of which is to raise the level of knowledge of legal labour protection among school and university students and to popularise issues related to the observance of labour law, especially the problem of concluding employment contracts, including civil law contracts, taking up seasonal and holiday work and the problem of the legality of employment among young people planning to take up their first job.

Moreover, in 2021, the National Labour Inspectorate was involved in the European Labour Authority's (ELA) information campaign called "Rights all year round". It was intended to draw attention to the need to disseminate information on fair and safe working conditions for seasonal workers who are employed in European Union countries. The project was addressed to a group of workers, including foreigners, and employers, including employment agencies offering this type of work. The main objective of the project was to promote registered seasonal work and combat undeclared seasonal work<sup>58</sup>.

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December 2020). This indicator is measured with the gross domestic product according to the purchasing power parity per worker. [https://ec.europa.eu/eurostat/databrowser/view/tesem160/settings\\_1/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/tesem160/settings_1/table?lang=en) (access: 5 November 2020)

<sup>57</sup> <https://www.gov.pl/web/przedsiębiorczosc-technologie/systematycznie-nadrabiamy-dystans-pod-wzglem-nakladow-na-badania-i-rozwoj> of 22-05-2019, Ministry of Entrepreneurship and Technology, (access 5 November 2019)

<sup>58</sup> In connection with the involvement of the National Labour Inspectorate in the "Rights all year round" campaign, in Regional Labour Inspectorates all over Poland, actions were taken to implement the assumptions presented above, including, among others: inclusion of foreigners in training organised for employees and employers as part of prevention and promotion activities, legal advice and counselling on seasonal work, promotion of the assumptions and the campaign website in local media, organisation of conferences, seminars and information meetings on seasonal work, independently and in cooperation with institutional and social partners. The said activities were implemented from 1 August to 31 October 2021, and particularly intensified during the period 20-24 September 2021. - defined by the European Labour Office as Action Week.

## Reducing segmentation in the Polish labour market

EU recommendations for Member States issued in the course of the European Semester, in case of Poland have repeatedly pointed to the problem of labour market segmentation and have called for action to eliminate persisting obstacles to more sustainable forms of employment.

The *Strategy for Responsible Development (SRD)* has also pointed to the imbalance in access to stable forms of employment. This applies not only to people employed under fixed-term contracts, but also under civil law contracts. The latter group faces a higher risk of job loss and poverty, and has poorer prospects for promotion and acquisition of new skills<sup>59</sup>. It is also related to the adequacy of the amount of future old-age pensions of people belonging to these groups.

Two-thirds of people with more than one social insurance entitlement are over 40. The average income of the population covered by the concurrence of these types of insurance is PLN 7.5 thousand. Over 1 million of the insured (6.4% of the total) combine work under a contract of employment, contract of mandate or self-employment, which enables them to pay lower premiums. This is most often the concurrence of a contract of employment and a contract of mandate (55%) and the concurrence of a contract of employment with running a business (approx. 33%). In the vast majority of such cases (88%), generated revenue exceeds PLN 7.5 thousand<sup>60</sup>.

The provisions of the *Labour Code* already provide for restrictions counteracting the segmentation of the labour market (i.e. prohibition of concluding civil law contracts in conditions characteristic of an employment relationship – Article 22§1 of the Labour Code, and restrictions on the conclusion of fixed-term employment contracts – Article 25<sup>1</sup> of the Labour Code). As part of measures to counteract the abuse of civil law contracts and protect persons receiving the lowest wage, the Act of 22 July 2016 amending the Act on the minimum wage for work and certain other acts was adopted (Journal of Laws, item 1265, as amended). This act introduced, as at 1 January 2017, a minimum wage guarantee for specific civil law contracts. The obligation to apply the minimum hourly rate covers contracts of mandate and contracts for the provision of services to which the mandate provisions apply.

The guarantee of receiving the minimum hourly wage rate covers natural persons who do not conduct business activity, as well as self-employed persons, i.e. natural persons who conduct business activity and do not hire employees or do not conclude contracts with contractors.

Changes have been introduced also in social insurance to provide enhanced insurance protection for persons performing contracts of mandate. On 1 January 2016, the Act of 23 October 2014 amending the Act on the Social Insurance System and certain other acts (Journal of Laws, item 1831, as amended) introduced the accumulation of insurance titles (with the exception of health insurance, as in this case insurance titles have always

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<sup>59</sup> *Strategy for Responsible Development up till 2020 (with an Outlook to 2030)*, Warsaw 2017, p. 156.

<sup>60</sup> The InStrat Foundation report for 2020 "Full Income - Partial Contributions".

been accumulated), to achieve – under a contract of mandate – a premium amount basis not lower than the lowest wage for work.

These solutions have improved the insurance situation of persons performing contracts of mandate, however, the amount of both short-term benefits (sickness and maternity benefits, where these persons are subject to voluntary sickness insurance) and long-term benefits (disability pension, old-age pension) is much lower than the revenue generated from the performed civil law contracts.

### Social dialogue

Poland faces the challenge of increasing social participation, improving communication, social dialogue and civic dialogue, and developing cooperation between public administration and non-governmental organisations.

Broadly understood social dialogue deals with the joint development of professional relations, working conditions, wages, social benefits, as well as other issues covered by economic policy that are the subject of interest and competence of all parties, as well as relations between partners and their mutual obligations. Dialogue allows, however, for searching for a practical consensus and making balanced decisions, which facilitates their social acceptance. Social dialogue can be defined as the entirety of mutual relations between the main social partners: trade unions – that are to fully implement the interests of both employees associated in trade unions and other employees working for the employer, operating at all levels of social dialogue; employers – representing the interests of employers, most often associated in employers' organisations; the government – on the one hand, represents the interests of the state in general, and on the other, creates an institutional platform for dialogue between other parties by developing relevant institutions. Moreover, voivodeship social dialogue committees include additionally representatives of voivodeship marshals, i.e. representatives of local governments.

The core principles of social dialogue include independence and balance between the parties. Both workers' and employers' organisations should be fully independent from each other and equal before the law. Such legal situation of the parties allows for a real dialogue, aimed primarily at exchanging thoughts, positions and information, as well as working out, by consensus or compromise, provisions regarding professional relations, working conditions and pay, and developing a position on current problems of social and economic policy.

The fundamental rule is the principle of mutual trust and compromise. In accordance with this principle, the parties to the dialogue should be respectful in their mutual relations and conduct dialogue in good faith. The dialogue should end with an agreement accepted by all parties involved. Moreover, the parties must be ready to abide by the agreements reached.

The key postulate that has been voiced in public space for years is to improve the process of programming public activities so that decisions regarding a given policy are made with the broadest possible involvement of stakeholders and in cooperation with them, in

particular by improving the consultation process and other forms of citizen involvement in governance.

### New forms of employment - platform work

Online platforms matching the supply of labour with the demand for it enable the exchange of labour for consideration via online payment environments, impose rules governing the relationship between market participants, and apply a recommendation or rating system aimed at building and maintaining trust between the parties. Platform work works best where tasks are assigned by an online platform that connects companies, organisations and institutions with people ready to provide specific services in return for pay. Employers using online platforms gain employees who can complete tasks quickly, in various locations, even remote ones. With platforms, tasks can be commissioned on a permanent or ad hoc basis, without having to make permanent commitments to employees.

Platform work is still a minor phenomenon in the labour market. Research commissioned by the EC in 2018 showed that, although every tenth employee used a platform while seeking orders, the job found in this way is the main source of income for no more than 2% of the workforce in 14 European countries surveyed. On the other hand, the demand for online platform work is growing by 20% every year – it is estimated that an increasing number of people employed in gig economy are looking for a job through platforms.

The growing popularity of platform work is one of the factors conducive to the spread of new forms of employment. Besides the classic form of a full-time job or various variants of a contract for mandate, it is possible to share one job between several employees and share one employee by several employers. Voucher-based work is also possible, i.e. the purchase of a work package from an intermediary between a potential employer and an employee. Above all, however, self-employment is increasing, so is the popularity of work performed simultaneously for multiple clients.

As this is a fairly new form of work in many countries, including Poland, there are no clear legal regulations regarding this form of employment. Platforms are not willing to assume the role of an employer, as it involves obligations and costs, therefore employees cannot count on regulations available to all employees under the *Labour Code*, i.e. the minimum wage guarantee, working time standards or those related to occupational health and safety rules.

There is a need to regulate platform work in Poland, still it is a complex issue, also due to the cross-border nature of this form of work. The EU is also working on the regulation of platform work, recognising that digital corporations have developed a model in which they bypass the basic employee guarantees enshrined in labour codes.

The NLI's experience shows that the new scheme of entrusting work - via mobile apps - lacks the classic relationship: the entity entrusting the work - the person providing the work. In fact, contracts are concluded with the persons performing the work (a large proportion of whom are foreigners), usually for the lease of a car and the provision of an

app, but this is not tantamount to employing the person at the entity. The complicated (especially for foreigners) system of financial settlements resulting from the aforementioned contracts often leads to situations where those performing the work do not receive the remuneration due or are subject to fines. It would therefore be very important to lay down rules regulating the rights of persons working using mobile applications and the obligations of those who entrust such persons with work.

### Flexible forms of employment, including remote work

The COVID-19 pandemic has affected all areas of social life, including labour relations. The restrictions related to maintaining the social distance accelerated computerisation and work automation in a great deal of enterprises. Universal access to the Internet, remote access to the IT infrastructure of companies, and the popularisation of many modern solutions make it very easy to switch to remote work. Even after the pandemic is over, many employers and employees are expected to wish to use this form of work. Further improvement in flexible forms of employment, including, in particular, the introduction of remote work, will also increase the ability to take up economic activity by certain groups of people.

During the pandemic, remote work in Poland could be performed under Article 3 of the Act of 2 March 2020 on special solutions related to preventing, counteracting and eliminating COVID-19, other infectious diseases, and emergencies caused by them (Journal of Laws of 2021, item 2095, as amended). This regulation was introduced on an ad hoc basis due to the occurrence of an epidemic and may be applied for the duration of an epidemic threat or epidemic announced due to COVID-19 and for a period of 3 months after their cancellation. Enabling the performance of work on a remote basis under the Anti-Crisis Shield, certainly helped to preserve Polish jobs. As a result of the popularisation of remote work during the pandemic and noticing the advantages of such work, both employees and employers' organisations requested for introducing regulations governing remote work as a permanent solution. The Ministry of Labour and Social Policy therefore undertook legislative work to make remote working a permanent part of the *Labour Code*, which resulted in the enactment of the amendment to the Labour Code on 1 December 2022<sup>61</sup> and the introduction of provisions regulating remote working.

On 27 January 2023. The President of the Republic of Poland signed the Act amending the Act - Labour Code and certain other acts (Journal of Laws 2023, item 240). The provisions of the act concerning of remote work entered into force as of 7 April 2023.

The introduction of the solutions provided for in this act is a partial implementation of the reform A.4.4 *Making forms of employment more flexible, including the introduction of remote work*. This reform is included in the NRRP (milestone A65G is the *entry into force of the amendment to the Labour Code permanently introducing remote work into the Labour Code and flexible forms of working time organisation*).

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<sup>61</sup> Act of 1 December 2022 amending the Act - Labour Code and certain other acts.

## Key changes introduced to the Labour Code regarding remote work:

### 1. Introducing a definition of remote work

Remote work will consist of working fully or partly at a location designated by the employee (including the employee's home address) and agreed with the employer on a case-by-case basis.

The Act stipulates both full remote work and hybrid remote work (partly at home, partly in the company), according to the needs of the individual employee and the employer.

### 2. Agreement on remote work between the employee and the employer

Remote work may be agreed:

- when concluding an employment contract or;
- in the course of employment (in the form of an amendment to the terms of the employment contract; no written form will be required).

### 3. Allowing an employer to instruct an employee to work remotely in special cases

The employer will be able to instruct (rather than agree with) the employee to work remotely in specific circumstances during, among others:

- the state of emergency, state of epidemics or state of epidemic emergency and for a period of 3 months after their revocation;
- where, for reasons of force majeure (e.g. fire or flooding of the workplace), it is temporarily impossible for the employer to provide safe and hygienic working conditions at the employee's existing workplace.

### 4. Principles of remote work

The Act introduces an obligation to set out the rules for remote work in:

- The agreement between the employer and the company trade union organisation(s), hereafter TUO;
- The regulations established by the employer - if there is no agreement with the TUO and in the case where there is no TUO operating in the employer's company (then the regulations would be established after consultation with the employees' representatives).

### 5. Allowing remote working at the employee's request also in case where no agreement or regulations have been concluded setting out the rules for performing remote work

In the event that the employer does not have an agreement or regulations in place for remote work - it may be applied at the request of the employee concerned .

### 6. The employer will, in principle, have to take into account the application for remote work submitted by:

- an employee-parent of a child with, among others, a disability certificate or a moderate or severe disability certificate;
- a pregnant employee;
- an employee upbringing s child below the age of 4;
- an employee caring for another member of his or her immediate family or another person in the common household who has a disability certificate or a severe disability certificate.

The employer will only be able to refuse such an employee to work remotely if it is not possible to do so due to the nature of the work or the work organisation. The employer will have to inform the employee of the reason for the refusal.

#### 7. Occasional remote work:

- occasional remote work will be granted at the employee's request (non-binding, the employer will be able to refuse it);
- 24 days per calendar year;
- due to its specific nature, certain provisions on remote work (e.g. the obligation to provide work materials and tools) will not apply.

#### 8. The employer will be required to:

- provide the remote worker with the materials and working tools, including technical equipment, necessary for the remote work;<sup>62</sup>
- provide for the installation, servicing, maintenance of work tools, including technical equipment, necessary for remote working, or to cover the necessary costs related to the installation, servicing, operation and maintenance of work tools, including technical equipment, necessary for remote working, as well as the costs of electricity and necessary telecommunications services;
- cover other costs directly related to the remote work, if such an obligation is set out in an agreement (concluded with trade unions) or regulations (or, in the absence of an agreement or regulations, in an order issued or an agreement concluded with the employee);
- provide the remote worker with the necessary training and technical assistance to carry out such work;
- allow the remote employee to stay on the premises of the workplace, to communicate with other employees and to use the employer's premises and

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<sup>62</sup> The Act also provides for the possibility for an employee to use private work tools (e.g. a computer) in the event that both parties to the employment relationship so agree, provided that the employee's private technical devices and other work tools used by the employee for work are safe for work. In such a case, the employee will be entitled to a cash equivalent as agreed with the employer.

facilities, the company social facilities and the social activities carried out (according to the rules adopted for all employees).

#### 9. Right to withdraw from remote work.

The Act provides that if remote working is agreed upon during the course of employment, both the employee and the employer may submit a binding request to return to traditional on-site working.

The employee and the employer agree on a time limit for the reinstatement of the previous working conditions (i.e. traditional work, e.g. on the company's premises) and, if they do not reach an agreement, this is done 30 days after the employee's or employer's request to do so.

#### 10. Occupational health and safety solutions.

The employer will, with respect to the remote employee, implement the obligations under Section Ten of the Labour Code with the exception of:

- the duty to organise the workplace in accordance with health and safety regulations and rules (this duty is incumbent on the employee);
- the duty of care for the safe condition of the work premises and technical equipment Chapter III obligations apply to work premises and building facilities;
- the obligation concerning sanitary facilities and personal hygiene products.

The inception health and safety training for those recruited to work remotely in administrative and office positions may take place entirely via electronic communication means.

All remote workers will be subject to periodic OSH training (with some exceptions for occasional remote work).

Work tools and materials used by remote workers will have to comply with the requirements set out in Chapter IV of Section Ten of the Labour Code (whether they are provided by the employer or the employee will use private equipment).

It will not be permissible to outsource remote work in the following work categories:

- particularly hazardous work;
- work which results in exceeding the permissible standards of physical factors for living spaces;
- work with substances that are harmful to health, corrosive, radioactive, irritant, allergenic or other substances with an unpleasant odour, dust or intense dirt.

Prior to allowing remote working, the employer will be obliged to prepare an occupational risk assessment (the employer will be able to draw up a universal occupational risk assessment for each group of remote working positions) and, on the basis of this, to draw up information containing the principles of safe remote working and familiarise the employee with it.

Such information should include:

- principles and ways to properly organise a remote workstation;
- principles for safe and hygienic remote working;
- activities to be carried out once the remote work has been completed;
- principles for dealing with emergency situations involving risks to human life or health.

The provisions on accidents at work will be applied accordingly to the investigation of a remote working accident - taking into account the employee's constitutional right to privacy and non-disturbance.

The employer will be obliged to appoint, among others an accident team to determine the circumstances and reasons of the accident at work<sup>63</sup>.

In addition, as part of the implementation of the provisions of Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU into the Polish legal order, further solutions have been introduced into the provisions of the *Labour Code* aimed at extending the use of flexible working arrangements for parents of children up to the age of 8 and for persons caring, for example, for relatives requiring care or support for serious medical reasons. The solutions provided for in the above-mentioned Directive regarding flexible working arrangements imply the possibility for an employee to adapt his or her work organisation by working remotely, and include the use of flexible work schedules or reduced working hours. Employees caring for children up to a certain age will therefore have the possibility to work away from the employer's premises, e.g. at home, which can make it much easier for them to care for a young child or dependent family member. It will also be possible to adjust working hours according to the employee's preference or for the employee to work reduced hours according to his or her individual needs.

The introduction of the solutions provided for in this draft act will be also constitute the a partial implementation of the reform A.4.4 “Making forms of employment more flexible, including the introduction of remote work”. This reform is included in the National Recovery and Resilience Plan- milestone A65G, “entry into force of the amendment to the Labour Code permanently introducing remote work into the Labour Code and flexible forms of working time organisation”.

On 10 January 2023, a draft act amending the Labour Code and certain other acts was adopted by the Council of Ministers. On 9 March 2023, the act had been passed by the Sejm and entered into force on 26 April 2023.<sup>64</sup>

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<sup>63</sup> The inspection of the accident scene should, in accordance with the applicable accident procedure, take place immediately, but the date of the examination in the case of remote working will be agreed between the employee and the accident team. At the same time, in the event that the accident team considers that it is not necessary to carry out an inspection of the accident scene because, for example, the medical records, explanations or other evidence presented by the employee are sufficient to establish the circumstances and causes of the accident, it will be able to withdraw from the inspection.

<sup>64</sup> Journal of Laws 2023, item 641.

Flexible forms of employment are also a tool that improves the employability of people in vulnerable situations on the labour market - the elderly, people caring for family members, parents of young children, single parents, people living in peripheral areas with difficult access to the workplace, etc. Such measures can help to better reconcile family and work responsibilities, respond to crisis, and provide support for people from groups with lower participation rates to find permanent employment. They can also contribute to the resilience of the labour market in case of future downturns.

### III.4 INSUFFICIENT USE OF HUMAN RESOURCES POTENTIAL IN THE LABOUR MARKET

In 2022, Poland's labour force participation rate was slightly lower than the EU average (73.5% vs. 74.5% for the age category 15-64), indicating that there is still significant potential for the professional activation of the population - especially in view of the staff shortages currently observed.

According to the Labour Force Survey (LFS) carried out by Statistics Poland, in 2022, approximately 4.1 million people in the working age population in Poland remained economically inactive, and 0.4 million people in this group were economically inactive due to retirement. This shows the need to focus labour market policies on this group and to involve labour offices in the activation of economically inactive people.

According to the LFS data (for 2022), besides students and retired people, the population of economically inactive people included mainly those inactive due to learning and supplementing qualifications (1.2 million), illness and disability (1.0 million) as well as family and household responsibilities (0.8 million). Additional information on the challenges facing groups particularly at risk of economic inactivity is presented below.

#### Long-term unemployed people

At the end of 2022, there were 672.5 thousand unemployed people in a special situation on the labour market in Poland. Of these, 62% were long-term unemployed (419.7 thousand people). For both the economically inactive and the unemployed, the fact of being outside the labour market is often linked to the social exclusion they experience. Apart from individual factors, e.g. health condition, age, family situation, there may be other circumstances leading to exclusion, e.g. the place of residence.

#### Employment of women

The economic activity of women in Poland is lower than that of men, but it has increased significantly over the years. There is still a distance to the EU average in terms of the female labour force participation rate in Poland, but convergence is relatively fast (i.e. the increase recorded each year in Poland is higher than in the EU; for the last 12 months, the change in the activity rate was +1.7 pp in Poland compared with +0.9 pp in the EU-27). The employment rate is 1.4 pp higher than the EU average and the annual growth is also faster than in the EU as a whole (+1.8 pp vs. +0.8pp). There is a gap in relation to male labour force participation, but the convergence process is well visible (an increase in the participation rate, respectively: +1.8 pp vs +1.1 pp; employment index: +1.4 pp vs +0.3 pp), especially for younger age groups (in the most productive age groups(30-54),the female labour force participation rate was higher in Poland than in the EU).

Poland shows a high proportion of 15-24 year-olds undertaking both secondary and university education. There is a particularly high share of young women in education, which translates into entering the labour market - women in Poland enter the labour market slightly later.

The unemployment rate for women in Poland has been decreasing much faster than in the EU; the unemployment rate for women aged 15-64 in Poland in 2022 was at almost the same level as for men, amounting to 2.9% for women (EU 6.5%) and 2.9% for men (EU 5.9 per cent).

In the case of women aged 25-54, family responsibilities are the most common reason for economic inactivity - 52.6% of economically inactive women of this age indicated this as a reason for inactivity in 2022. Barriers to economic activity of women, especially less educated women, women living in smaller towns and cities, mothers of young children - are inflexible working hours, financially and physically unattractive jobs, burden of household and caring responsibilities, lack of educational institutions and care services for young children.

At the end of 2022, 436.4 thousand unemployed women were registered with labour offices. On an annual basis, the number of unemployed women fell by more than 45.5 thousand, i.e. by 9.4% (with the number of unemployed men falling by 9.0%). The share of women in the total number of unemployed at the end of 2022 was 53.7% (previous year - 53.8%). What is noteworthy, however, is that women accounted on average for almost 55% of those activated between 2015 and 2022. In 2022, 179.0 thousand unemployed women (58.2% of the total activated people) started participating in active labour market programmes.

The need to care for family members, including the youngest children, makes it difficult to return to work. Despite a systematic and significant increase in recent years, the territorial availability of care facilities of crèches, children's clubs and day care centres still needs to be strengthened. Currently, such institutions operate in approximately 51% of municipalities. Approximately 23% of children under the age of three are in care (various forms of care). It is necessary to further increase the number of places where care is provided. The relatively low use of the existing solutions allowing for reconciling work with private life (flexible working time arrangements, parental and paternity leaves, forms of care for children up to 3 years of age) resulted in difficulties in reconciling professional responsibilities with family ones.

### Longer stay in employment

One of the major challenges faced by the Polish labour market is to encourage employees to stay professionally active for longer. It needs to be noted that the social insurance system allows for receiving an old-age pension and working at the same time. Continuation of economic activity after reaching the retirement age (60 years for woman and 65 years for man), regardless of income from work, does not have any negative consequences on the amount of the old-age pension received.

Already now, longer economic activity is promoted by popularising age management strategies in companies. In the social insurance system, longer economic activity is promoted by the formula for determining the old-age pension amount in the new old-age pension system. Longer economic activity is also favoured by the tax solutions provided for in the Act of 29 October 2021 amending the Act on Personal Income Tax,

the Act on Corporate Income Tax and certain other acts, that, among others, introduces PIT-0 for people who stay in employment after reaching retirement age. PIT-0 for seniors is an incentive to stay in the labour market<sup>65</sup>. It is available to those employed on a full-time basis, working under contracts for mandate as well as entrepreneurs who, despite gaining the entitlement to an old-age pension, will abandon it and will continue to be economically active.

The economic activity and the employment rate of people at post-working age is increasing year on year. According to the Labour Force Survey (LFS) conducted by Statistics Poland, in 2022, the economic activity rate among people at post-working age amounted to 9.3% and the employment rate to 9.2%.

According to data published by the Social Insurance Institution (ZUS), the post-working age population included approx. 826 thousand economically active people, including 536.3 thousand people employed under an employment contract. This rate has increased by 44% since 2015 (575.4 thousand pensioners worked in December 2015).

The problem of ceasing economic activity is often exacerbated by horizontal skills mismatch among people aged 60+, especially given new expectations of employers. There is also a lack of appropriate incentives for people approaching retirement age - they are often not interested in taking action to adapt their skills to changing requirements, are often unaware of the existence of such opportunities, do not see the benefit in taking up learning shortly before retirement, and there are few examples and role models to spread this approach.

### Employment of people with disabilities

The level of economic activity of people with disabilities remains low and significantly differs from that of people without disabilities. In Q4 2022, one of three disabled people of working age remained economically active and the employment rate in this age group was 31.6%.

At the end of 2022, 59.6 thousand of disabled unemployed people (i.e. 7.3%) were entered in the registers of labour offices, an annual decrease of 1.4 thousand was recorded (2.3%). For this reason, it is still a group to which activities supporting functioning in the labour market should be addressed (in the form of support programmes, subsidised employment, etc.).

Within the framework of the *Strategy for Persons with Disabilities 2021-2030*, which was adopted by Resolution No. 27 of the Council of Ministers of 16 February 2021, the indicator monitoring the implementation of the main objective of the *Strategy* (priority area 4: Labour) is the labour force participation rate for disabled people at working age. According to the assumptions of the *Strategy*, it is projected to rise to 35% in 2025 and to 45% in 2030.

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<sup>65</sup> This solution consists in exempting from PIT the taxable person's income of up to PLN 85,528 in the fiscal year, if the taxable person is subject to social insurance within the meaning of the Act on the Social Insurance System (Article 21(1)(154) of the PIT Act).

## Young people in the labour market

The labour market is always more demanding for young people, and this is especially true in times of recession. In 2020, there was some increase in youth unemployment due to the crisis triggered by the COVID-19 pandemic. The reasons for this situation can be seen in the fact that young people have contracts that are easier to terminate (fixed-term contracts, civil law contracts), or work in industries more affected by the pandemic, e.g. tourism and gastronomy, where typically young people are employed.

Both the economic activity rate and the employment rate of young people, especially those aged 15-24, have remained low for many years. In 2022, the economic activity rate in this group amounted to 31.1% and the employment rate - to 27.8%. To some extent, this is linked to continuing education and the high proportion of young people gaining higher education.

The youth unemployment rate according to the LFS, although significantly higher than that of people of working age, has decreased significantly over the years - in 2002 it was 43.9% in the 15-24 age group and 10.8% in 2022<sup>66</sup>.

The number of young people registered with labour offices as unemployed was also decreasing steadily (with the exception of 2021, the increase related to the pandemic-induced recession). At the end of 2022, there were 100.4 thousand unemployed up to the age of 25 registered in labour offices and they accounted for 12.4% of the total registered unemployed (more than 30% by the end of 2000).

The number of unemployed under 30 was 194.5 thousand (23.9% of the total registered unemployed).

Despite the general improvement in the situation of young people in the labour market in recent years, also due to the *Youth Guarantee* programme implemented since 2014, still in 2022, the NEET<sup>67</sup> (percentage of young people not in education, employment or training, the so-called NEET Group; for the age group 15-29) of 10) amounted to 10.9% (with an EU average of 11.7%). Compared to 2021, the indicator has decreased by 2.5 p.p., however, bearing in mind both the need to ensure adequate labour resources and to provide young people with employment and appropriate skills for professional development in the following years of life, it is necessary to continue the support targeted at this social group.

In order to support the entry of young people into the labour market, a PIT relief for young people was introduced in 2019. The relief consists in the exemption from PIT of income from work, a contract of mandate, a graduate traineeship or a student internship, earned by a taxpayer up to the age of 26, up to the amount of PLN 85,528 in a tax year

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<sup>66</sup> It should be noted that there were numerous methodological changes in the LFS between these years (including changes in definitions and changes in the basis for generalising the survey results - population and housing censuses), which affected the comparability of the results. The last significant change that took place was the implementation of methodological changes in the LFS, data from Q1 2021 onwards.

<sup>67</sup> Eng. *Not in employment, education or training.*

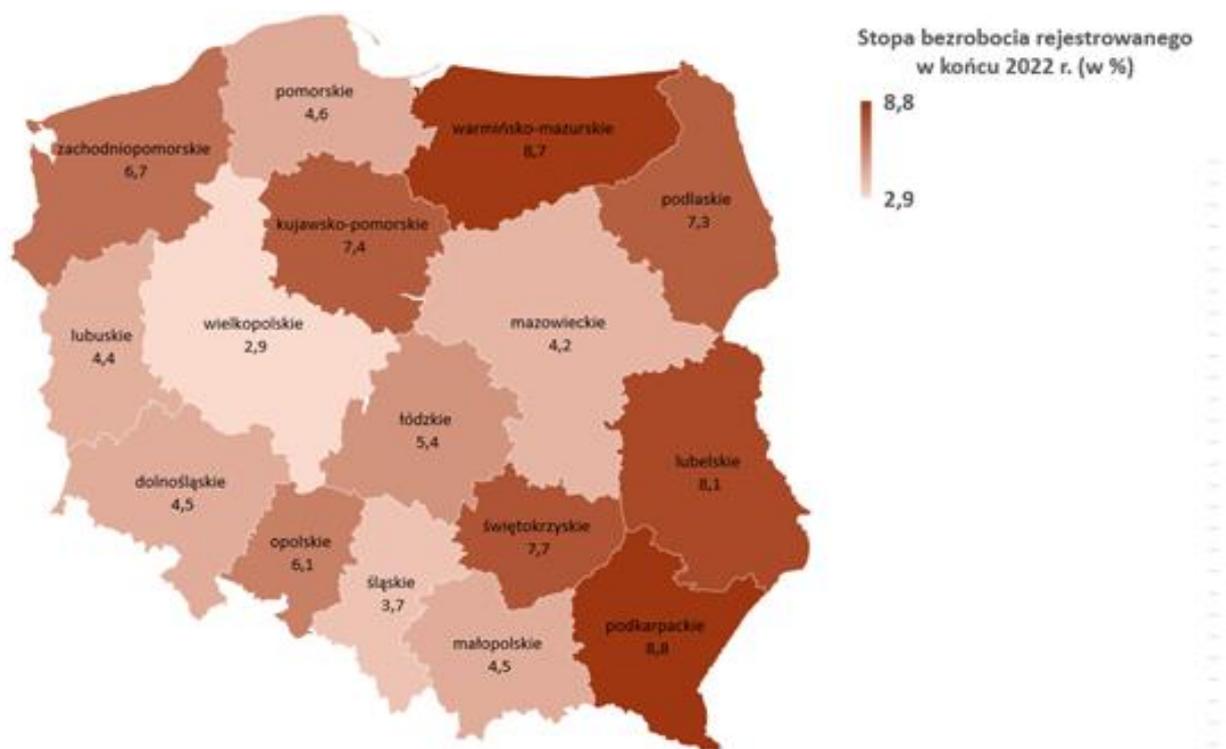
(Article 21(1)(148) of the Act on Personal Income Tax of 26 July 1991 (Journal of Laws of 2020, item 2647, as amended).

### Territorial differences

An important element that can reduce Poland's development capacity is its territorial polarisation - the persistence of areas of permanent marginalisation, both social and economic. Although Poland is not one of the countries with particularly profound differences at the voivodeship level, quite significant differences occur at the district and commune levels. These are multidimensional differences that concern both economic issues (e.g. GDP per capita) and access to social services or the availability of employment opportunities. There are still regions where the registered unemployment rate has been high for years, and the unemployed have a problem with finding a job. At the end of 2022, the differences in the unemployment rate between extreme voivodships more than three-fold (Wielkopolskie: the unemployment rate of 2.9%, Podkarpackie: 8.8%, and Warmińsko-Mazurskie: 8.7% ). Today, next to labour markets in metropolitan areas such as Poznań, Warsaw or Katowice with natural unemployment, there are still unemployment enclaves, where the unemployment rate is almost 5 times higher than the nation-wide average (Szydłowiec district) – at the end of 2022, the lowest unemployment rate was recorded in the districts of , Poznań and the city of Poznań (1.0%), and the highest one – in the Szydłowiec district in the Mazowieckie Voivodeship (25.1%), so the difference between extreme districts was 25-fold.

An important issue is the activation of unemployed people living in areas with poorer public transport coverage, away from the main transport routes, including, for example, former post-state farm areas. In this context, there will be a need to continue to provide funding for active forms of counteracting unemployment for areas away from urban agglomerations.

Map 1. Unemployment rate by voivodships at the end of December 2022.



Source: own study, Ministry of Family and Social Policy

|  |  |
|--|--|
| Stopa bezrobocia rejestrowanego w końcu 2022 (w %) | Registered unemployment rate at the end of 2022 (in %) |
|--|--|

### III.5 MIGRATION PROCESSES IN THE LABOUR MARKET

The system for managing migration in the labour market requires adaptation to changes related to the growing inflow of foreigners and the need to take into account the expectations of entrepreneurs, including those consisting in ensuring long-term access to the labour market instead of short-term access prevailing to date.

According to Eurostat data, for several years, Poland has been the most popular destination for economic migrants arriving in the European Union (EU) countries, as shown by the number of new migrants coming from outside the EU. The increasing scale of the influx of foreigners has not been accompanied by negative consequences on the labour market: the unemployment rate remains one of the lowest in the EU and wage levels were rising.

At the same time, it should be noted that, following Russia's invasion of Ukraine in February 2022, the conditions for managing labour migration have changed. In view of the significant inflow of refugees from Ukraine and the specific nature of this migration (approximately 94% of persons arriving from Ukraine in Poland in 2022 are women and children) the Polish government, in parallel to the first reception activities, launched solutions of a systemic nature, conducive to the integration of Ukrainian citizens into the Polish labour market (these activities are described in subchapter II.1.1.). One of the solutions in this scope was to support refugees from Ukraine through projects under the Together We Can Do More programme.

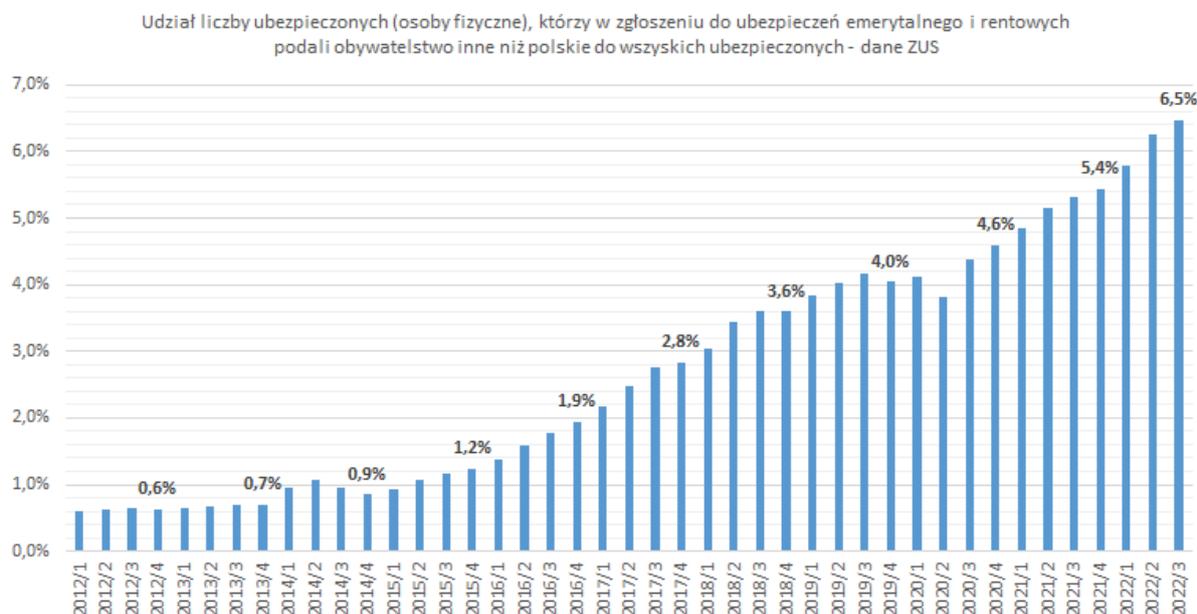
Good management of labour migration in Poland is possible, inter alia, thanks to the so-called simplified procedure for employing foreigners, developed since 2006, which allows short-term work without the need to obtain a work permit. Between 2014 and 2019, the number of relevant declarations increased from approx. 390 thousand to around 1.64 million, to fall to 1.52 million in 2020 due to COVID-19. Throughout 2021, this number decreased to 1.38 million declarations (preliminary data)<sup>68</sup>.

In the case of permits for foreigners' work, the increase was approx. 92 thousand, to approx. 504 thousand (411 thousand in 2020). With the measures taken by the Ministry of Labour, the number of legally employed foreigners increased - comparing the number of foreigners insured with the Social Insurance Institution, an increase can be seen from 651 thousand since the end of 2019 to 725 thousand at the end of 2020 and 875 thousand at the end of 2021. In 2022, the number of legally employed foreign nationals exceeded 1.063 million people (including 746 thousand people of Ukrainian citizenship).

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<sup>68</sup> The decrease in the number of declarations results from the implementation of a new solution legalising the work of Ukrainian citizens on the territory of the Republic of Poland. Under the Act of 12 March 2022 on assistance to Ukrainian citizens in connection with an armed conflict in the territory of that state, Ukrainian citizens may legally work for any employer in Poland without any additional permits. The employer is only obliged to report to the district labour office the fact that a Ukrainian citizen has started to work for them within 14 days of taking up employment. The number of notifications on the assigning of work to a Ukrainian citizen has been increasing, from 15 March 2022 to the end of 2022 it amounted to approximately 780 thousand.

**Chart 4:** Share of the number of insured persons (natural persons) who declared a non-Polish nationality in the application for pension and disability insurance to all insured persons – Data of Social Insurance Institution (ZUS)



Source: Own study of the Ministry of Family and Social Policy based on ZUS data.

|                                   |  |
|-----------------------------------|--|
| Udział liczby ubezpieczonych .... | Share of the number of insured persons (natural persons) who declared a non-Polish nationality in the application for pension and disability insurance to all insured persons - Data of Social Insurance Institution |
|-----------------------------------|--|

The circulation model based on declarations on entrusting work to a foreigner (allowing a foreigner to work for 6 months in the next 12 months), prevailing in the Polish system, worked in the past, but now it should gradually change towards preferring medium- and long-term migration – this approach was the reason for the amendment introduced by the Act of 17 December 2021 amending the Act on Foreigners and certain other acts (Journal of Laws of 2022, item 91)<sup>69</sup>, extending the above-mentioned working period from 6 to 24 months (without specifying the aforementioned reference period, i.e. 12 months)<sup>70</sup>.

At the same time, further efforts should be made to ensure that the employment of foreigners does not adversely affect the situation in the Polish labour market, e.g. by lowering employment standards or crowding out domestic workers (substitution effect), consolidating the model of the Polish economy competitiveness based on low labour costs, and stopping the pursuit of the evolution of the current model of the economy. Efficient management of economic migration will also require ensuring adequate organisational resources for handling procedures related to the legalisation of foreigners’ employment and stay, control of the legality of their work and stay, as well as

<sup>69</sup> The provisions of the Act entered into force on 29 January 2022.

<sup>70</sup> Article 88z(2)(3) of the Act of 20 April 2004 on Employment Promotion and Labour Market Institutions.

providing public services adapted to foreigners' needs. To sum up, an active migration policy involves the state's actions for accepting those workers who are particularly needed for economic reasons<sup>71</sup>.

In accordance with procedures that have been in place for many years, the NLI conducts control activities on the legality of employment of foreigners primarily in entities affected by a particular risk of irregularities in this area. In particular, entrepreneurs operating in industries in which high levels of illegal employment of foreigners have been found in previous years are selected for inspections.

In September and October 2022, labour inspectors carried out 1.4 thousand inspections of the legality of employment of foreigners, during which the legality of entrusting work to 5.3 thousand foreigners working on the basis of notifications was checked. As a result of these inspections, 261 foreigners were found to have been entrusted with illegal work, which represents 5% of the foreigners covered by the inspections who were employed on the basis of notifications (by comparison, for the same period, the percentage of illegally employed foreigners covered by the inspections was 11%). The most frequently detected irregularity was entrusting work to a foreigner without the required work permit (180 identified cases). Such a situation occurs if the entity entrusting the work has not submitted the notification within 14 days from the day the Ukrainian citizen started working, as well as if the foreigner has been entrusted with work at a lower working time or in a lower number of hours than indicated in the notification, at a remuneration lower than that determined in the notification or if, in the case of an increase in the working time or the number of working hours, the foreigner's remuneration has not been increased accordingly.

The NLI monitors on an ongoing basis the functioning of the legislation in the controlled areas, while identifying barriers that reduce the effectiveness of inspections. On this basis, it formulates legislative proposals to the competent authorities to eliminate the impediments mentioned.

In 2023, the NLI will continue with its statutory task of, among others, inspecting the legality of employment of foreigners. Control activities, as in 2022, will be aimed at verifying the legality of entrusting work to Ukrainian nationals, in particular to that group which entered the territory of Poland after 24 February 2022 due to military activities. Labour inspectors will also check the legality of employment of foreigners coming from Asian countries (e.g. India, the Philippines, Bangladesh, Nepal, Vietnam) and those brought to work in the territory of Poland from Latin American countries.

In order to prevent the illegal employment of foreigners and the violation of their labour rights, the NLI - in addition to its control activities - has for many years also been carrying out large-scale educational and informational activities addressed to employers and foreigners, including, above all, a number of activities aimed at raising the legal awareness of Ukrainian citizens performing work on the territory of Poland.

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<sup>71</sup> Recruitment programmes for foreign-origin nurses or IT specialists in Western European countries, for example, are good examples of taking this type of action.

Economic migration is also the embodiment of the freedom of movement and work within the EU – especially in cross-border traffic.

Effective management of economic migration also means creating interesting prospects for returning to professional life in Poland for Poles who have decided to work abroad and have gained professional experience there that they could use after returning to Poland. To this end, it is necessary to intensify further measures for the development of a system of incentives facilitating the return of Polish economic migrants. They are an important resource of workforce for the Polish economy – according to Statistics Poland data, despite a certain decrease compared to 2019, at the end of 2020, only in European countries, there were nearly 2 million Polish citizens staying there temporarily<sup>72</sup>. This number of migrants reduces the development potential of Poland, the more that among them there are many well educated, entrepreneurial people with skills sought-after in the labour market.

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<sup>72</sup> According to the information on the volume and directions of temporary emigration from Poland in 2004 - 2020, at the end of 2020, approx. 2,239 thousand permanent residents of Poland stayed temporarily abroad.

## IV. OBJECTIVES OF THE 2023 NAPE AND TARGETED ACTIONS

### IV. 1. MAIN OBJECTIVE OF THE NAPE AND SPECIFIC OBJECTIVES

The main objective of the 2023 NAPE, responding to the identified challenges, is to increase economic activity and employment.

The main objective of the 2023 NAPE will be implemented through the following specific objectives:

- **Objective 1. Better matching of staff skills to labour market requirements**
- **Objective 2. Modernising the operation of the Public Employment Services and increasing the effectiveness of active labour market policies**
- **Objective 3. Raising the quality of employment and work efficiency in Poland**
- **Objective 4. Effective and fair use of Poland's human resource capital**
- **Objective 5. Effective and targeted labour migration management**

#### IV.1.1 SPECIFIC OBJECTIVE 1: BETTER MATCHING OF STAFF SKILLS TO LABOUR MARKET REQUIREMENTS

In response to the challenges identified in subsection II.5 in the area of: skills structure and their adequacy to the needs of the economy in the coming years, currently observed staff shortages and the under-participation in lifelong learning, the following actions will be taken:

1. **Raising and adapting staff skills to the needs of the labour market**, with particular emphasis on the demand for digital skills, skills necessary for green jobs and in the care and health services sector, as well as local smart specialisations, through:
  - **further increasing the availability of funds from the National Training Fund (KFS) and close linking with the needs of the economy** - focusing on support for employers employing foreigners, on skills connected with skills related to the application of new work processes, technologies and tools in companies, deficit occupations, skills of persons aged over 50, persons returning to the labour market after a break related to childcare and persons who are members of families with many children, as well as skills of persons under 30 years of age in the field of digital competences and those related to the energy sector and waste management; and waste management;
  - **increasing access to lifelong learning for the unemployed, jobseekers and working people** by introducing new forms of support (as part of the modernisation of the labour market and a new package of legal acts) or making the existing ones more attractive (e.g. introducing a new form of assistance – **a voucher for continuing education of up to the average wage**);

- **maintenance and further development of the Development Services Base** and development of cooperation between entrepreneurs, educational institutions, public institutions and employee organisations within the competence council system;
- **further development of the Integrated Qualifications System** in order to improve the skills and competencies of employees and to promote flexible learning paths;
- **support for the development of modern vocational education, higher education and lifelong learning** - including the launch of conceptual work on the creation and support for the operation of 120 industry skills centres (ISC) in 2026, implementing the concept of professional excellence centres (as part of the NRRP), as well as improving and strengthening cooperation with employers' organisations and social partners (e.g. sectoral competence councils) in adapting the vocational education offer to the needs of the labour market, including the introduction of new occupations in vocational education and additional professional skills, modification of vocational education and development/modification of core curricula of education in occupations covered by vocational education and the creation and incorporation of new market qualifications into the ZSK, in line with the needs of the economy;
- **further support and promotion of the quality evaluation of formal education programmes at vocational universities** (as part of the implementation from 2019 of the cyclical undertakings of the minister competent for higher education and science, entitled "Educational Initiative of Excellence"), actively developing higher skills adequately to the needs of employers and regional labour markets and creating forms of education in areas of study with a practical profile;
- **running a system for monitoring the Economic Fate of University Graduates (ELA)** in Poland to enable monitoring of the adequacy of education programmes to the needs and competence desired by employers;
- **supporting the promotion of cooperation between employers and schools and carrying out information activities for parents of students** to raise awareness of changes in the labour market and their impact on future employment;
- undertaking comprehensive analyses, including in cooperation with social partners and other stakeholders, on the feasibility of implementing **personal training accounts in Poland**;
- further promotion of lifelong learning, including **through information activities building public awareness** of the need for lifelong learning;
- **monitoring careers of graduates of post-primary schools in order to provide information on the course of careers of graduates of post-primary schools** for the needs of educational policy of the state at the national, regional and local level, including adjustment of the fields of study and content of education to the requirements of the labour market and preparation of students to choose a profession and direction of study.

2. **Creating and improving methods of forecasting the demand for occupations, competencies and new skills in the long term (e.g. 5 and 10 years) through:**
  - **development of existing forecasting tools, including the development of assumptions of the project on “*The system for strategic forecasting of digital and green skills needs*”,** provided for funding under the European Funds for Social Development 2021-2027 (EFSR 2021-2027) programme;
  - **active involvement of the district and voivodeship labour offices** in monitoring and forecasting these trends;
  - **analytical studies on labour market developments** due to changes in the geopolitical environment.
3. **Developing mechanisms of cooperation and coordination of the lifelong learning policy at the central (national) and regional (voivodeship) levels – coordination of the implementation of the “Integrated Skills Strategy 2030 (detailed section)”.**

## IV.1.2 SPECIFIC OBJECTIVE 2: MODERNISING THE OPERATION OF THE PES AND INCREASING THE EFFECTIVENESS OF ACTIVE LABOUR MARKET POLICIES

A prerequisite for the strengthening of the Polish labour market is the provision of an effectively functioning labour market support/occupational activation system aimed at active forms of assistance for the unemployed, jobseekers, the economically inactive, the employed and employers.

The changes envisaged in the new labour market regulations contained in the Act on economic activity, the Act on Employment of Foreigners and the Act of 16 November 2022 on the ICT system for handling certain contracts will serve this purpose.

Further digitisation of the processes and procedures used by the PES will also contribute to improving the efficiency of the assistance provided, facilitating access and reducing the length of procedures.

Ensuring uniform standards of service provision within the PES will also be an important step. They will help to ensure the quality of the measures taken by the labour offices for those in need of support.

The following activities are planned under this objective:

**1. The entry into force of a package of acts of law on the labour market** that will replace and supplement the current Act on Employment Promotion and Labour Market Institutions<sup>73</sup>.

**2. Development, in consultation with the PES and social partners, a draft Public Employment Service Development Plan<sup>74</sup>, including the management performance framework** that will establish management standards, a system for evaluating performance indicators and methods for inter-institutional coordination (action planned under the NRRP).

**3. Implementation of the first stage of training for PES employees, for the application of the new labour market regulations, new procedures and digital tools** (investment under the NRRP)<sup>75</sup>.

**4. Further development of PES IT systems and electronic services provided to PES clients and job placement services, through:**

- ensuring that everyone, including the unemployed, has access to the job offers contained in the CBOP;
- development of functionality for preparing and sharing CVs in the central CV database;

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<sup>73</sup> The aforementioned acts of law were subject to public consultation and inter-ministerial agreement in 2022. On 16 November 2022, the Act on the ICT system for handling certain contracts was enacted (Journal of Laws 2022, item 2754), while the other two acts of law were subject to the work of committees of the Council of Ministers in Q4 2022.

<sup>74</sup> The Public Employment Service Development Plan (to be developed for a period of 3 years) will result from the provisions of the Act on economic activity and will replace the NRRP currently developed on the basis of the Act on Promotion of Employment and Labour Market Institutions.

<sup>75</sup> The scope of training addressed by this targeted action is described on pages 13 and 14.

- the development of mechanisms for the automatic matching of job offers to jobseekers' expectations.

#### **IV.1.3 SPECIFIC OBJECTIVE 3: RAISING THE QUALITY OF EMPLOYMENT AND WORK EFFICIENCY IN POLAND**

High-quality jobs (stable jobs with adequate wages) should be a priority among actions taken to ensure smart, sustainable and inclusive growth. The following actions will be taken to achieve the aforementioned objective:

##### **1. Further reducing segmentation in the Polish labour market through:**

- undertaking analytical work on possible legal solutions;
- further monitoring of the labour market in this area.

##### **2. Strengthening social dialogue through:**

- active involvement of social partners in consultations on legal provisions and public policies - an action that continues the tasks under the Acts: on the Social Dialogue Council (RDS) and other social dialogue institutions, on trade unions and on employers' organisations. It is envisaged to initiate actions involving the social partners in the lawmaking process, resulting from the analysis of the current legislation and from the agreements reached in the social dialogue;
- carrying out a consultation process with social partners on the potential of collective bargaining agreements - the continuation of the consultation process with the social partners on the potential of collective bargaining agreements (uzp) follows from the NRRP. The implementation of the reform included in milestone A53G implies a further task as described in milestone A54G, which is expected to result in the adoption of solutions strengthening the role of collective bargaining agreements. Likewise, the strengthening of the uzp and the intensification of their application in labour relations, follows from the adopted *Directive on adequate minimum wages in the EU*. Following the development of an expert opinion on the potential of the uzp, which diagnoses their weaknesses and provides directional solutions, the next step will be to hold discussions/consultations within the RDS to work out optimal solutions in this area. In line with the intention of social dialogue, as well as its basic principle, the consensual will of the parties to the dialogue precedes the implementation of the final decisions in this regard.

##### **3. Measures to facilitate flexible yet stable forms of employment, through:**

- **the support for the practical application of remote work provisions as part of the NRRP investment** related to the equipping employees/businesses to enable remote working;
- **continuing analytical work** to prepare potential legal solutions to regulate the rights of employees and employers in emerging forms (e.g. platform work) in a way that safeguards the rights of employees and employers;

-**continuation of the NLI** control, prevention as well as information and education activities.

#### IV.1.4 SPECIFIC OBJECTIVE 4: EFFECTIVE AND FAIR USE OF POLAND'S HUMAN RESOURCE CAPITAL

In order to increase the economic activity rate and further increase the employment level in Poland, measures will be taken to support people who have been inactive so far or face barriers in the market to taking up a satisfactory job:

1. Implementation of **employment support for inactive people** based on new labour market legislation<sup>76</sup>.

2. **Evaluation of pilot projects on innovative forms of support** funded under the Call for Proposals entitled "New View – New Opportunities" completed in 2022 to identify innovative solutions for wider implementation<sup>77</sup>.

3. **Implementation of the pilot project call for proposals entitled "Stable job - strong family"**, announced in October 2021<sup>78</sup>.

4. **Supporting the reconciliation of family and professional responsibilities** by, among others, providing access to various forms of care for dependent persons:

- **further support for care for children up to 3 years of age as part of the extended Toddler+ programme** (combination of three funding sources: the NRRP, the ESF+ and domestic funds to dynamically increase the number of newly created care facilities and ensure their long-term operation);

- **continuing the work on the review of the functioning of the care system for persons in need of support in daily life** (within the framework of the NRRP) - this review will address the legal system governing the provision of social services, but also organisational issues related to the management of services for persons with disabilities, for the elderly, for persons in mental crisis, as well as the provision of long-term health care. On the basis of the analysis, recommendations will be presented for legal changes to ensure that they provide diverse environmental social and health

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<sup>76</sup> A detailed description of the above-mentioned targeted action is presented on page 37.

<sup>77</sup> The pilot projects are addressed to public employment services - e.g. voivodeship and district employment offices that want to implement new methods or ways of assisting the unemployed, jobseekers or employers in order to prepare systemic solutions. The evaluation will refer to projects implemented on the basis of the call for proposals announced in April 2021, in which 43 projects were selected for implementation (in the years 2021-2022), amounting to 43.8 million (with two contractors withdrawing from the pilot projects in 2021). Projects addressed solutions for: people caring for dependent persons; jobseekers under-30; long-term unemployed; business start-ups; activation of older workers; activation of women, including those returning to work after a period of childcare; people with mental disorders; migrants.

<sup>78</sup> Call for pilot projects was addressed to: (1) persons excluded from the labour market due to care for children/dependent persons and seniors, in particular parents returning or entering the labour market, (2) women returning to the labour market after childbirth, maternity or parental leave, period of professional inactivity related to raising children, (3) young people under 30, from the NEET group (i.e. persons not in education, employment or training). Contracts have been signed for the implementation of 71 projects submitted by labour offices, amounting to more than PLN 54.7 million. Pilot projects under the above call are implemented in the years 2022-2023. At present, 69 pilot projects are underway - one project has already ended, while the other project that has ended is the termination of the contract for its implementation due to the withdrawal of the project partner, which resulted in the labour office inability to implement the project as intended.

services that meet the needs of the population. In accordance with the recommendations developed and if the need for changes of a legislative nature is identified, amendments to the relevant acts of law and/or other legislation will be made to implement the changes identified in the review;

- **completion of work on the implementation of the provisions of Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU into the Polish legal order (OJ L 188 of 12.07.2019, p. 79)<sup>79</sup>.** The Directive determines minimum requirements in order to achieve equality between women and men in terms of opportunities on the labour market and treatment at the workplace - by supporting workers who are parents or carers in balancing their work and family life. The aforementioned directive also aims to encourage the equal sharing of caring responsibilities between men and women;

- **implementation of measures introduced by the Act on Family Capital of Care Act** in the form of the Family Care Capital (FCC) and co-financing of the reduction of the fee for a child's stay in a crèche, a children's club or with a day carer (crèche subsidy)<sup>80</sup>;

- **adoption of the Act on the Support Benefit<sup>81</sup>.** It aims to introduce a new benefit for persons with disabilities who have the greatest difficulty in living independently. Changes are also envisaged in the regulations concerning the care allowance, allowing carers of disabled persons entitled to a care allowance, special care allowance or carer's allowance to become professionally active. The draft also introduces a number of protective regulations for those carers of disabled people who cease to receive a care benefit, special care allowance or carer's allowance as a result of the disabled person choosing a supportive benefit.

## 5. Continuation of measures for employment of young people through the implementation of the *Decent Work for Young People* programme, consisting of:

- the **new edition of the *Youth Guarantee***, in line with the updated *Youth Guarantee Implementation Plan in Poland*;

- **programmes addressed to young people**, including a pilot to test the concept of counselling points for young people offering integrated services in the areas of professional activation, psychological support, social assistance, education, housing, health;

- **new institutional and legal solutions in the area of support forms**, as part of the package of acts modernising the labour market (including the establishment of the

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<sup>79</sup> An amendment to the Labour Code in this respect was enacted on 9 March 2023 and came into force on 26 April 2023.

<sup>80</sup> Both benefits provide an additional support instrument to facilitate balancing of family life and work, as well as taking of the decision to expand the family. By 18 April 2023, benefits in the amount of 647.8 thousand were awarded in terms of the family care capital and 172.3 thousand in terms of crèche subsidising.

<sup>81</sup> The Act was passed by the Sejm on 26 May 2023

function of youth employment advisor, creation of youth service points, assessment of young people's digital competencies and their supplementation);

- **Implementation of the call for pilot projects "Time for the Young" - youth counselling points.**

**6. Promoting an inclusive labour market and social economy for disadvantaged groups, based on the new legal framework for the development of the social economy<sup>82</sup>.**

**7. Measures to support persons with disabilities in the work environment<sup>83</sup>.**

**8. Developing the vocational potential of persons with disabilities** by increasing the level and quality of employment for persons with disabilities and those economically inactive due to illness<sup>84</sup>.

**9. Activities for disadvantaged young people carried out by the Voluntary Labour Corps (VLC) concerning, among others, the implementation of:**

- the professional development support programme dedicated to young people staying in care and educational units of VLC, graduates and local youth being in a particularly difficult situation on the education and labour market (among others, vocational counselling, including workshops on reconciliation of professional and family roles; job placement, including organisation of study visits at employers);
- vocational training organised on the basis of local market demand and predispositions of VLC participants and graduates, as well as youth from the local environment, being a supplement to the qualifications for the profession in which the participants are educated (including the organisation of training for youth, in the scope of running a business and shaping entrepreneurial attitudes among young people and familiarising them with issues concerning the procedures of establishing their own business, as well as the basics of running it).

**10. Measures for the employment of persons leaving penitentiary units** - in 2023, a long-term activation and training project will be launched by the Central Board of the Prison Service aimed at improving the qualifications and competences, including above all professional competence of persons serving a prison sentence, in order for them to

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<sup>82</sup> Act of 5 August 2022 on the social economy (Journal of Laws of 2022, item 1812 as amended). This targeted action is described on pages 14 and 17.

<sup>83</sup> Within the framework of the measure, the project "Development and pilot implementation of a model of comprehensive rehabilitation enabling people to take up or return to work: is implemented under *Measure 2.6 High quality policies for social and professional inclusion of people with disabilities OP Knowledge Education Development 2014-2020*. The aim is to develop and test an effective, socially and financially optimal model for rehabilitation and social and vocational activation, which will have an impact on the quality of services provided by providers for the professional and social inclusion of people at risk of incapacity, disability and people with disabilities. The project was carried out in 2018-2019. An expert team for the development of a comprehensive rehabilitation model was established and a preliminary comprehensive rehabilitation model was created and handed over to 4 comprehensive rehabilitation centres for pilot implementation.

<sup>84</sup> The action relates to the competition announced in August 2020 with ESF funds under the OP KED, Measure 1.5. The subject of the competition covers projects to increase the level and quality of employment of non-working and working people with disabilities and those economically inactive due to illness. The direct support implemented for these people is intended to contribute to their professional activation and to improving their situation on the open labour market.

return to the labour market after completing their sentence. The project will be implemented under EFSD 2021-2027 with ESF+ funding.

#### IV.1.5 SPECIFIC OBJECTIVE 5: EFFECTIVE AND TARGETED LABOUR MIGRATION MANAGEMENT

Labour migration policy is supposed to eliminate staff shortage in certain sectors. The influx of specialists from abroad (especially from the EU) encouraged by wage conditions that can be offered, is currently rare. Therefore – in order to increase the qualification flow that will be important for the rate of the development of modern economy in Poland – it is necessary to raise wage standards and other working conditions in Poland to a level that can compete with Western European economies. At the same time, the developing foreigner employment sector makes the issue of efficient management of economic migration processes particularly important.

It should also be emphasised that due to the situation in Ukraine at the end of February 2022 and the influx of a large number of refugees to Poland, a well-planned integration of Ukrainian citizens in the Polish labour market will be particularly important, so that these people have a chance for high-quality social and economic integration (also in the case of temporary stay in Poland).

The following actions will be taken to achieve the aforementioned objective:

- 1. Managing economic migration in a way that favours highly skilled foreign workers and developing foreign workers' skills,**
- 2. Limiting short-term and circular migration in favour of medium/long-term and continuous migration,**
- 3. Including labour migration in the systems of forecasting the demand for occupations,**
- 4. Ensuring the security and legality of employment of foreign workers,**
- 5. Streamlining procedures regarding employment of foreigners – by developing new regulations as part of the labour market modernisation,**
- 6. Supporting the return of emigrants and repatriates, including the development of the [returns.gov.pl](https://returns.gov.pl) portal,**
- 7. Supporting employee mobility in the labour market of EU/EFTA Member States through the EURES network, taking into account the Polish labour market needs,**
- 8. Implementation of economic activation and integration programmes for foreign workers, with particular emphasis on refugees from Ukraine,**
- 9. Participation in the EU initiative called EU Talent Pool, within the EURES network, to encourage Ukrainian refugees with temporary protection in Poland to register their CV on the EURES portal, thus enabling Polish employers to find potential job candidates<sup>85</sup>.**

A synthetic summary of the objectives and measures described above is presented in the Appendix.

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<sup>85</sup> These targeted measures will be a follow-up of those described on pages 54-57.

## IV.2 SYSTEM OF THE IMPLEMENTATION OF THE 2023 NAPE

The objectives and measures provided for under 2023 NAPE will be implemented by a wide range of institutions (ministries, offices, local government units).

Funds for the implementation of the 2023 NAPE will come from the state budget, the Labour Fund (FP), the Social Insurance Fund (FUS), the Guaranteed Employee Benefits Fund (FGŚP), the State Fund for Rehabilitation of People with Disabilities (PFRON), local government units' budgets, the budget of the Voluntary Labour Corps (OHP) and the Recovery and Resilience Facility (as part of the NRRP), the European Social Fund+ and other EU funds. The total estimated amount for 2023 is PLN 11.5 billion, including PLN 9,655.8 million from the FP, PLN 247.5 million from the FGŚP, PLN 809.5 million from the NRRP (an amount of approximately EUR 870 million in the NRRP is planned for labour market measures for 2021-2026), PLN 460 million from the ESF and minimum PLN 300 million from the EFS+<sup>86</sup>.

The implementation of the actions included in the 2023 NAPE will be financed within the expenditure limits of the relevant units of the public finance sector for 2023, without having to apply for additional funds.

### IV.2.1 NAPE MONITORING AND REPORTING SYSTEM

The Act of 20 April 2004 on Employment Promotion and Labour Market Institutions obliges the minister competent for labour to prepare periodic reports on the implementation of the NAPE.

Monitoring and coordination of actions planned to be performed under 2023 NAPE will be carried out on an annual basis.

Monitoring of the implementation of actions included in the 2023 NAPE and assessment of the progress in the accomplishment of the objectives will be carried out with the use of the following set of indicators.

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<sup>86</sup> The schedules of programme activities for 2021-2027 are currently being developed and therefore a more accurate estimate of ESF+ expenditure for 2023 will be possible at a later stage of the project work.

## SET OF INDICATORS APPLICABLE TO THE 2023 NAPE

| Name of indicator   | Data source   | Baseline Value 2022 (or the latest available data) |
|---|---|--|
| Economic activity rate for the 20-64 age group  | LFS, Statistics Poland                                  | 78.9%  |
| Employment rate for the 20-64 age group   | LFS, Statistics Poland                                  | 76.7%  |
| Number of people registered as unemployed   | Report MRiPS-01 on the labour market, Statistics Poland | 812.3 thousand people                              |
| Registered unemployment rate  | Statistics Poland                                       | 5.2%   |
| Unemployment rate for the 15-74 age group   | LFS, Statistics Poland                                  | 2.9%   |
| Economic activity rate for the 15-24 age group  | LFS, Statistics Poland                                  | 31.1%  |
| Employment rate for the 15-24 age group   | LFS, Statistics Poland                                  | 27.8%  |
| Young people not in employment, education or training - NEET rate for the 15-24 age group | Eurostat  | 8.0%   |
| Unemployment rate for the 15-24 age group   | LFS, Statistics Poland                                  | 10.8%  |
| Economic activity rate for the 55-64 age group  | LFS, Statistics Poland                                  | 57.5%  |
| Employment rate for the 55-64 age group   | LFS, Statistics Poland                                  | 56.4%  |
| Unemployment rate for the 55-74 age group   | LFS, Statistics Poland                                  | 1.7%   |
| Territorial differences in the employment rate for people aged 15-64                      | LFS, Statistics Poland                                  | 5.0% (2021)  |

| Name of indicator   | Data source  | Baseline Value 2022 (or the latest available data) |
|---|--|--|
| Proportion of children aged 1-2 years covered by various forms of institutional care <sup>87</sup> .  | Ministry of Family and Social Policy                                       | 32.7% (end of 2022)                                |
| Employment rate of women aged 15-64 with the youngest child up to 5 years of age                      | LFS, Statistics Poland   | 71.9%  |
| Proportion of wage workers employed under a fixed term contract                                       | LFS, Statistics Poland   | 15.5%  |
| Number of people working under civil law contracts  | LFS, Statistics Poland   | 452 thousand                                       |
| Proportion of people working under civil law contracts in the total number of wage workers            | LFS, Statistics Poland   | 3.4%   |
| Proportion of adults participating in education or training (aged 25-64)                              | LFS, Statistics Poland   | 7.6%   |
| Proportion of people trained in IT and computer use as part of training financed from the Labour Fund | Annex 2 to the MRiPS-01 labour market report                               | 4.2% (2022)  |
| Number of foreigners working under contracts subject to social insurance                              | Number of persons insured in ZUS   | 1.06 million (2022)                                |
| Number of Polish citizens staying temporarily abroad  | Statistics Poland, annual information on emigration volumes and directions | 2.239 million (2020)                               |
| Number of Polish unemployed and jobseekers using EURES network services                               | EURES National Monitoring Base   | 88.5 thousand (2021)                               |

<sup>87</sup> The indicator concerns children aged 1 and 2 born in two years. It does not apply to children under 1 year of age due to the fact that in Poland, parental leave is practically used up until a child reaches the age of 1, and the percentage of children of this age in care institutions is approximately 1%.

| Name of indicator  | Data source                    | Baseline Value 2022 (or the latest available data) |
|--|--------------------------------|--|
| Number of the Polish unemployed and jobseekers using the services of the EURES network | EURES National Monitoring Base | 11.2 thousand (2021)                               |

## APPENDIX: CHALLENGES, POLICY OBJECTIVES AND ACTION DIRECTIONS MATRIX

| Challenge  | Employment policy objective for 2022-2023   | Action directions  |
|--|---|--|
| <p><b>1. Staff shortages due to insufficient matching of skills to labour market requirements</b></p>        | <p><b>1. Better matching of staff skills to labour market requirements</b></p>  | <p>1. Raising and adapting staff skills to the labour market needs</p> <p>2. Creating and improving methods of forecasting the demand for professions, competencies and new skills</p> <p>3. Developing mechanisms of cooperation and coordination of lifelong learning policies</p>   |
| <p><b>2. Insufficient efficiency of the labour market institutions and active labour market policies</b></p> | <p><b>2. Modernising the operation of the PES and increasing the effectiveness of active labour market policies</b></p> | <p>1. Entry into force of a package of acts of law on the labour market that will replace and supplement the current Act on Employment Promotion and Labour Market Institutions</p> <p>2. Development of a draft PES Development Plan, including a performance framework system for PES</p> <p>3. Implementation of the first stage of training for PES employees, for the application of the new labour market regulations, new procedures and digital tools</p> <p>4. Further development of PES IT systems and electronic services provided to PES clients and job placement services</p> |

| Challenge   | Employment policy objective for 2022-2023  | Action directions   |
|---|--|---|
| <p><b>3. Quality of work and work efficiency in Poland</b></p>                      | <p><b>3. Raising the quality of employment and work efficiency in Poland</b></p> | <ol style="list-style-type: none"> <li>1. Further reducing of segmentation in the labour market</li> <li>2. Strengthening social dialogue</li> <li>3. Measures to facilitate flexible yet stable forms of employment</li> </ol>   |
| <p><b>4. Insufficient use of human resources potential in the labour market</b></p> | <p><b>4. Effective and equitable use of human capital in Poland</b></p>          | <ol style="list-style-type: none"> <li>1. Implementation of employment support for <b>inactive</b> people based on new labour market legislation.</li> <li>2. Evaluation of pilot projects on innovative forms of support funded under the Call for Proposals entitled "New look - new opportunities" completed in 2022.</li> <li>3. Implementation of pilots for innovative forms of support</li> <li>4. Supporting balancing of family and professional responsibilities</li> <li>5. Continuation of youth employment measures</li> <li>6. Promoting an inclusive labour market and social economy</li> <li>7. Measures to support persons with disabilities in the work environment</li> <li>8. Development of the vocational potential of people with disabilities</li> <li>9. Activities for young people carried out by OHP</li> <li>10. Measures for employment of persons leaving penitentiary units</li> </ol> |

| Challenge   | Employment policy objective for 2022-2023                           | Action directions   |
|---|---|---|
| <p><b>5. Migration processes in the labour market</b></p> | <p><b>5. Effective and targeted labour migration management</b></p> | <ol style="list-style-type: none"> <li>1. Managing economic migration in a way that favours highly skilled foreign workers and developing foreign workers' skills.</li> <li>2. Limiting short-term and circular migration in favour of medium/long-term and continuous migration.</li> <li>3. Including labour migration in the systems of forecasting the demand for occupations</li> <li>4. Ensuring the security and legality of employment of foreign workers</li> <li>5. Streamlining procedures for the employment of foreigners</li> <li>6. Supporting the return of emigrants and repatriates</li> <li>7. Promoting labour mobility</li> <li>8. Implementation of activation and professional integration programmes for foreign workers</li> <li>9. Participation in the EU initiative called EU Talent Pool within the EURES network</li> </ol> |