



# European Network of Public Employment Services

BENCHLEARNING INITIATIVE

EXTERNAL ASSESSMENT

Poland

2016

SUMMARY REPORT



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The European Network of Public Employment Services was created following a Decision of the European Parliament and Council in June 2014<sup>1</sup>. Its objective is to reinforce PES capacity, effectiveness and efficiency. This activity has been developed within the work programme of the European PES Network. For further information: <http://ec.europa.eu/social/PESNetwork>.

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<sup>1</sup> DECISION No 573/2014/EU

# **Benchlearning Initiative External Assessment**

Summary report - Poland



# **Benchlearning Initiative External Assessment**

## **PES of Poland**

### **Summary Report**

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## 1. Introduction

This report outlines the results of the Benchlearning (BL) external assessment of the PES of Poland (PSZ), conducted between May 23<sup>rd</sup> and 25<sup>th</sup>, 2016. The team of seven external assessors comprised three peer PES staff (Danish, Swedish, and Hungarian PES), two from the European Commission (three on day one), and two experts from ICON-Institute (the supporting contractor). The programme of the three-day visit included meetings at the Ministry of Family, Labour and Social Policy with the State Secretary, the Director of the Labour Market Department and senior management, and a visit to the regional labour office in the Warsaw region. On the second day of the visit, one part of the group of assessors went to visit the local labour office in Mława, while the other visited the local labour office in Radom.

The time and resources invested in the preparation for the Benchlearning visit by the PSZ, and in particular the internal self-assessment, were crucial to its success. The team gratefully acknowledges those efforts.

The Act on Employment and Labour Market Institutions of April 20, 2004 together with subsequent amendments (the last one of March 14, 2014) constitutes the legal basis for the activities and organisation of employment services in Poland. Pursuant to the Act, the Minister competent for labour drafts the National Action Plan for Employment (NAPE), which is then approved by the Council of Ministers. Based on this, each region elaborates a regional action plan (RAPE).

The responsibility for the unemployment services in Poland (PES) is distributed between the government, the regions (Voivodships), and the local level (Poviats). The Ministry of Family, Labour and Social Policy is responsible for the legal framework by issuing laws and other legally binding regulations for the employment services. They also establish overarching goals and priorities, distribute resources, and follow up the activities. The government administration also includes offices at the regional level, but with exclusively administrative tasks.

The Voivodship Labour Office, under the supervision of the Marshall of the Voivodship, carries out administrative and some limited operational activities at the regional level.

The Poviats Labour Office, under the supervision of the Poviats Starosts, delivers employment services at the local level.

The Voivodships and Poviats are self-governed autonomous bodies. Therefore, the organisational structure of the employment service shows a high degree of complexity and needs to be explicated as a very important contextual factor.<sup>2</sup>

The main duty of PES, especially at the local level, is the activation of unemployed. PES is also responsible for the disbursement of unemployment benefits and other relevant social benefits related to the activation measures of the unemployed. All recipients of unemployment benefits are obliged to register with the PES, which also performs several additional tasks like registration and transfer of health insurance contributions to the National Health Fund, or registration of firms that plan to employ third country foreign workers who needn't work permits, etc.

The main source of ALMP funding is the Labour Fund, which is administrated by the Ministry of Family, Labour and Social Policy. The remaining source of funding is the budget.

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<sup>2</sup> See below chapter 3.

Social partners are involved in the tripartite Labour Market Council. These councils exist at the national, regional, and local level. At national level, the Labour Market Council expresses opinions and advises the Minister competent for labour concerning all issues related to labour market policy. The Councils are also consulted during the elaboration of the National Action Plan for Employment.

## **2. Strengths**

### **Legal framework and planning**

The employment service is based on a comprehensive and robust legal framework laid out in the Act on Employment, Promotion and Labour Market Institutions of 20 April 2004. Pursuant to the Act, the Minister competent for labour drafts the National Action Plan for Employment (NAPE) in collaboration with several other concerned ministers, which results in a broad consensus of priorities and goals for the public employment services. NAPE is approved by the Council of Ministers and has a three-year perspective. The current plan for 2015-2017 is well-structured with a well-performed diagnosis of the current situation and the challenges for the coming years. The mission, objectives and priorities are closely related to this analysis. The Regional Action Plan (RAPE) follows the same structure and priorities as NAPE. There is also an annual action plan at the Poviats level for employment promotion and local labour market activation, which includes a Poviats strategy to address social challenges.

### **Local flexibility**

The organisation of PES intends to give a large space for the local employment offices to adapt their activities to local conditions. Each local office must, however, comply with procedures established in the Act on Employment, Promotion and Labour Market Institutions of 20 April 2004 and the relevant ordinances, especially the Ordinance of 14 May 2014, which details conditions of the realisation, procedures, and methods of initiating of labour market services.

### **Rewarding well-performing local offices**

The distribution of resources from the National Labour Fund is mainly based on an algorithm, which contains various elements. One of the elements is intended to reward well-performing offices by giving an incentive to the local employment offices that perform efficiently.

### **Wide variety of tools to support the clients**

The unemployed and jobseekers registered with Poviats labour offices have access to a wide range of tools to support them, including a placement service, individual placement counsellors, vocational guidance, training, subsidised employment and support to take up self-employment.

### **Well-educated staff**

The staff has a high level of education, a university degree in most cases, and seems to be well-motivated to do their best to support unemployed, jobseekers and employers.

### **Partnership with social partners**

The involvement of social partners is working very well and generates high added value in the decision-making processes dedicated to ALMP measures management. The cooperation of the Labour Market Councils at all levels provides valuable contribution to the activities.

### 3. Contextual influences

#### General organisational structure

The PES consists of employment authorities within governmental administration (Minister competent for labour), territorial self-government administrations (Voivodship Marshals) and local self-government administrations (Poviat Starostes) together with the offices that serve them (Ministry of Family, Labour and Social Policy, Offices of the Voivods, Voivodship (regional) Labour Offices, Poviat (local) Labour Offices).

The Minister competent for labour coordinates the PES. The system of employment authorities consists of the central government, the regional and local self-governing bodies. Its characteristic feature is the independence of each organisational unit. This results in a detached model of public employment services.

The Ministry of Family, Labour and Social Policy (inter alia):

- prepares and coordinates the policy of the state in the field of labour market,
- coordinates the PSZ activities,
- determines instruments stimulating the development of lifelong learning,
- implements tasks concerning the function of the Labour Fund administrator,
- creates, recommends and disseminates tools, methods and stocks of information (taking into account the services offered by labour offices) for career counselling, job placement, organisation of trainings, help in active job-seeking, vocational training of adults and other forms of support,
- plans and implements tasks in order to promote employment, in collaboration with the Minister competent for regional development, (including combating unemployment, mitigating the effects of unemployment and vocational activation of unemployed) that are implemented by labour market institutions and are co-financed by ESF funds,
- ensures uniform application of the law by clarifying and defining the standard of services provided by labour offices,
- strives to obtain high-level development of human resources, and
- introduces and develops ICT systems in public employment services to ensure a coherent system for supporting the labour market and maintain an available online database of job offers.

Offices of Voivodes (representatives of the government in the regions) are responsible for supervising the implementation of tasks by the local and regional labour offices and other entities. Furthermore, they are responsible, inter alia, for organising and financing training for employees of the regional and local labour offices. Offices of Voivodes also issue work permits for foreign workers.

The 16 regional labour offices (wojewódzki urząd pracy - WUP), inter alia,

- determine and perform regional programmes and strategies for the implementation of the National Action Plan for Employment,
- coordinate vocational activation programmes using regional finances,
- allocate the Labour Fund budget in consideration of priorities determined in Regional Action Plan for Employment,
- coordinate the participation of unemployed in programmes financed by the reserve of the Labour Fund that remains at the disposal of the Minister competent for labour,

- carry out tasks related to ESF absorption,<sup>3</sup>
- initiate and perform pilot projects,
- initiate and carry out projects to alleviate the effects of upcoming mass redundancies in companies,
- perform tasks relating to the right of free movement of workers between Member States that regard EURES network,
- keep a register of private employment agencies,
- issue validation certificates for job placement services, vocational guidance, personal advice for private employment agencies, and
- undertake research and analysis of the labour market.

Regional Labour Offices are the connecting institution in charge of benefits for the unemployed within the coordination of social security systems. They also support local labour offices in offering vocational guidance (in specific situations), disseminating updated vocational information and providing information about the opportunities provided by labour offices. The regional offices deliver some services directly to clients, such as special vocational training, and they administer the EURES activities. Finally, they are responsible for initiating and implementing regional programmes and commissioning services to private employment offices with a view to promoting employment.

Local labour offices (powiatowy urząd pracy - PUP) operate in local areas. There are about 340 units in total. They provide support and various services to the unemployed, jobseekers, and employers, including the registration of the unemployed and jobseekers and the disbursement of unemployment benefits. The duration of unemployment benefits varies between six months and one year based on the unemployment level of the Poviats and the personal situation of the unemployed. This duration isn't connected with the profiling category. They are also responsible for the support of the clients in a form of job placement, vocational counselling, trainings, etc. PUP implements regional programmes (co-agreed with the regional labour offices and co-financed by the European Social Fund) and can initiate and implement special and pilot projects.

## **Budget and personnel**

Due to the fact that most services in Poland are delivered by the detached offices, information on funding sources and budgetary allocations is very limited. Available information shows that the main source of PES funding is the Labour Fund, which is administrated by the Ministry of Family, Labour and Social Policy. The total budget for 2015 was around 1,978 million Euro.

PES had 22,957 staff in 2015, and has been relatively stable the last years. The proportion of client-facing staff has increased from 34% in 2009 to 44% in 2014.

## **Economic context<sup>4</sup>**

The Polish economy continues to experience a stable economic expansion. Driven by domestic demand, real GDP is expected to grow at robust rates of 3.5% per year in 2016 and 2017, well above the EU average. These growth rates will add to a long period of uninterrupted economic expansion, stretching as far back as 1992 — with Poland being the only EU country that weathered the post-2007 global financial and economic crises without undergoing any recession.

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<sup>3</sup> It is worth noting that on an annual basis the ESF partially replaces the Labour Fund and it represents from 35% to 70% of the total Labour Fund budget. However, the ESF programming is mostly managed by the Ministry of Economic Development.

<sup>4</sup> This section is based on excerpts from 2016 Country Report for Poland, *European Commission 2016*.



Despite its current strong performance, the Polish labour market faces significant challenges. The unfavourable demographic outlook has already translated into a declining working age population. Preserving the positive trend in employment, especially of older workers and in particular women, is therefore essential. The current segmentation of the Polish labour market affects productivity and the accumulation of human capital in the longer term. Shortcomings in the education system and in the design of active labour market policies lead to mismatches between labour demand and supply. Moreover, geographic and occupational labour mobility is hampered by factors such as housing policies, transport infrastructure, access to childcare and skills mismatches. Preferential sector-specific social security arrangements — in particular the highly subsidised pension systems for farmers and miners — also reduce labour mobility and have high budgetary costs. At the same time, the overall size of the Polish system of social protection remains relatively small compared to most European Union Member States and it underperforms in terms of poverty reduction.

#### **4. Present and potential Good Practices identified during the assessment**

PES strengths outlined above are supported by some potentially transferable good practices. These include the following:

- The mid-term National Action Plan for Employment 2015-2017. Based on a comprehensive analysis of the situation and the challenges of the labour market, the plan displays a set of well-structured objectives and targets for the PES.
- Highly individualised composition of the Individual Action Plan and the setting of different instruments and tools. Front-line officers are enabled to select the tools and measures which are most suitable to the needs of jobseekers.
- The bonus part of the algorithm, which considers efficiency, used for resource allocation is an innovative approach that could be a model for others, if it produces the expected results.
- Management of partnership with institutions involved in the implementation of Youth Guarantee at national level is working well. This fact is confirmed by the results achieved up to the end of 2015, under this instrument by Poland. However, as described below in detail, the implementation at local level shows some room for improvement.

#### **5. Areas where improvements may further enhance PES operations and outcomes**

The organisation of public employment services consists of three levels, the national, regional (Voivodships) and local level (Poviats). One purpose behind the model is to combine national priorities with strong regional/local influence. However, the implementation does not seem to be optimal and the links between the levels are more based on administrative conditions than evidence-based performance. The strength in the system is that it gives strong support to local initiatives. The weakness is that it does not efficiently steer the services towards national priorities and does not guarantee the citizens an equal quality of services. The algorithm used for resource allocation does not seem to fully achieve this.

The current system for allocating financial resources is primarily based on retrospective data. This makes sense in the current setup. However, an area for improvement for the Polish PES is to establish a clearer connection between the operational planning at the local and regional level and the ambitions expressed in the National Action Plan for Employment. A stronger operational link between the three levels without touching the given organisational structure seems to be necessary for further development.

The legal framework, NAPE and RAPE together with the algorithm used for resource allocation from the Labour Fund, form the main tools for steering public employment services. Follow-up, often carried out in the form of audits, is largely based on compliance with the legal regulations. However, this is not sufficient to bring about equal and good service quality at the local level, as the assessors observed during their visits to two local offices. The variation in the delivery of services in terms of quality is very high.

National targets and local performance could be better linked to each other by translating them into indicators that clearly express what is expected from local performance. The indicators should be clearly communicated with staff to give them guidance in their daily activities.

The NAPE, and to some extent RAPE, reflects a good thorough understanding of labour market challenges and development. It would be useful for local targeting to introduce more labour market analysis and forecasting at the local level.

## 6. Recommendations

With the reforms implemented in 2014, the PES intended improvements in terms of effectiveness and quality of services. New tools and instruments have been introduced, while services for employers received an enhanced status. The reform is currently undergoing a comprehensive evaluation. The hitherto implemented reforms are an intermediate step toward a modern PES. The assessors are convinced that the overall approach of the reform is appropriate and will lead to improved PES performance. As a result, the assessors' general recommendation is to continue the reform process.

The following recommendations are some ideas for the configuration of further reform steps within the given organisational and structural constraints. In the context of the Benchlearning process, the recommendations and also the detailed analysis and proposals in chapter 8 (must) have the character of reference points for further development and cannot serve as detailed instructions for further proceeding. However, European PES have gained a lot of experience with reform processes. For instance, the PES from Austria, Estonia, and Germany have excelled in the establishment of performance management systems. Belgium (VDAB) has made notable progress in the field of designing processes and channels around customer needs, while Swedish PES has developed and applied advanced tools for the evidence-based design of services.<sup>6</sup>

Hence, it might be helpful for the further reform process to discuss concrete and specified issues with some peer PES in order to use their experience to identify the best way to proceed. This could be a valuable follow-up of the Benchlearning process as agreed by the European PES in December 2015.

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<sup>6</sup> These are exemplary references without any claim of being complete.

## **Governance, allocation of resources, and strategy**

The three structural levels should be better linked with each other. The following recommendations aim primarily at an improved interlinkage between the levels. They also consider the allocation of resources, the amendments of the overall strategy, and the necessary capacities for analysis and research as requirements for developing and implementing changes:

- Establish a strong operational link between the different levels of the organisation to generate an evidence-based model to assess the added value of PES and different active measures (out of the 40 currently used) to solve the challenges of the labour market across various levels, in particular in regions and Poviats. To this end, it might be a starting point to isolate the most important elements from the NAPE and translate them into operational targets for the levels below. It will be crucial to harmonise the planning cycles and create a core set of targets for the whole organisation to which the regional and local level can add their own targets. Develop an algorithm that links money to the achievement in those nationally relevant fields. The most relevant targets support economic growth by providing the right employees and making unemployment a time of investment in skills and qualifications.
- Use the model of the efficiency indicators and extend it to other targets reflecting the labour market impact of PES. An idea might be to build on the existing indicators established and decided on by the Council and the EU Parliament for the Benchlearning project. It would be helpful for the further development of the available indicators for performance management to start using them to make operational deductions to change procedures, services of individual behaviour to achieve the agreed result levels.
- Establish a clear link between anticipated results related to the individual indicators and the allocation of resources by adopting the existing algorithm. Strengthen the labour market research and analysis capacities to forecast developments in the labour markets and deduce quantifiable operational targets for national and regional development. Moreover, the use of recommendations from independent research and evaluations could bring more transparency and added value to decision making process.
- Establish a system of performance expectations based on quantified indicators to assess the current contribution of the different levels and units to solve labour market challenges. Discuss performance on a regular basis in a counter stream procedure top-down, bottom-up to identify what works and what does not, comparable to a SWOT-analysis strictly linked to operational requirements. Strengthen the statistical/analytical in-house capacities of the central level in order to empower the Ministry to run, control, and analyse the national system of PES.
- Develop a specific national strategy for employer services based on a thorough continuous analysis of the recruitment needs in terms of the possibilities to identify and recruit potential employees and support them with relevant qualification programmes to jobseekers.

## **Design of services and channel strategy**

Regarding the design of services and the organisation of their delivery, the following recommendations are given:

- Establish a more systematic information system that covers how customers experience public employment services. This should bring useful input into the continuous adaption of services, methods, and programmes regarding the needs of customers and the labour market. Regular customer

surveys, customer journeys, pilot projects, and focus groups are tools that could be used for this purpose.

- Systematically evaluate how the numerous labour market programmes are used in various local conditions. The local employment offices have access to a large number of labour market programmes. An evaluation of how they work in different contexts would bring useful information for the future design of ALMPs.
- Develop a national strategy for the service to employers as an issue of high priority. The observations during the visits to local offices indicated that the services delivered not only to jobseekers but also to employers differs greatly from one office to another. A national strategy in combination with strategies to implement it would strengthen PES' influence on the labour market and its capacity to contribute to efficient matching.
- Elaborate a more proactive approach of offices at Poviats level in terms of the Youth Guarantee. A more proactive attitude of the local offices may generate a valuable contribution toward the achievement of the YG's targets and objectives.

PES has developed an internet portal with useful information and applications, and plan to develop the portal further. At the moment, there is not an elaborated strategy detailing how the portal will develop and how different service channels should interact with the clients in the future. There is already some interaction between the internal IT-system and the portal, but there is a lack of strategy which should be addressed:

- Elaborate a strategy detailing how to blend different service channels in order to increase the accessibility, quality, and cost-efficiency of the services. A well-established and agreed national multi-channelling strategy (MCM) could pave the way for better client interfaces on both sides (employers and employees/jobseekers). This should be supported by a modernisation of the ICT-platform in order to take it to the next level and allow a higher degree of interaction with customers.

## **Social partners and stakeholders**

Although the cooperation at national level with social partners and external stakeholders of the PES system is well-established and structured, the same processes could be strengthened at local level. This could allow local PES to build up a higher degree of confidence among service providers and customers. Therefore, it is recommended to:

- Introduce quality analysis of the cooperation on a regular basis and help the improvement of external relations with PES entities.

## **Staff**

The staffs are highly educated and should be prepared to take more responsibilities. This would improve both the efficiency and quality of service delivery for clients. The assessors recognised some potential starting points:

- Develop systematic staff training in order to support a reorientation of staff responsibility.
- Consider delegating tasks and responsibilities as near as possible to the executive level in direct customer contact after front line staff have received specific training.
- Improve the information on staff satisfaction with their working conditions and make better use of the creativity of the staff.