

Appendix  
to Resolution No.137/2022  
of the Council of Ministers  
21 of June 2022



**Ministry of Family and Social Policy**

**National Action Plan for Employment for 2022  
(government programme)**

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**Warsaw, 2022**

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## I. INTRODUCTION – LEGAL GROUNDS AND PURPOSE OF DRAWING UP THE NATIONAL ACTION PLAN FOR EMPLOYMENT FOR 2022

The National Action Plan for Employment is developed under the Act of 20 April 2004 *on Employment Promotion and Labour Market Institutions* (Journal of Laws of 2004, item 690, as amended). The provisions of Article 3(1)-(3) of the above act oblige the minister responsible for labour to prepare the National Action Plan for Employment in cooperation with, in particular, the ministers responsible 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, as well as the priorities to be implemented under the National Action Plan for Employment, 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)*.

*The Strategy for Responsible Development (SRD)* 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>3</sup>. The priorities in the area of the labour market and human capital in general are specified in detail in the *Human Capital Development Strategy 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 *Human Capital Development Strategy* is to deal with the challenges facing Poland as regards human capital and social cohesion 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 to be a country where a high level of

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<sup>1</sup> The 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 page 16.

<sup>3</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 competencies 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 2020, 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-na-rzecz-odpowiedzialnego-rozwoju>).

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 National Recovery and Resilience Plan, implemented under the Recovery and Resilience Facility (RRF). The National Recovery and Resilience Plan is a programmatic document setting objectives related to the reconstruction and building of social and economic resilience in Poland after the crisis caused by the pandemic. As for the labour market, the National Recovery and Resilience Plan is to ensure – as a result of implemented reforms – 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 Human Capital Development Strategy 2030 (with the labour market constituting one of its four components) is a strategy that requires cooperation of numerous ministries and implementers, the National Action Plan for Employment also requires complementary cooperation of a number of ministries and their subordinate institutions, as well as local government units.

The development of the National Action Plan for Employment for 2022 once again takes place in a special situation and changing conditions, due to the protracted state of the pandemic<sup>4</sup>. Moreover, due to the Russian invasion of Ukraine in February 2022 and Poland's involvement in support for refugees from Ukraine, the draft National Action Plan for Employment must include the Polish Public Employment Services' activities aimed at professional integration of the above-mentioned groups of people in the Polish labour market<sup>5</sup>.

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<sup>4</sup> Despite the much smaller constraints and social and economic effects of this situation than at the turn of 2021, the uncertainty related to the pandemic affects the ability to formulate long-term forecasts, while requiring good planning and implementation of measures to restore the economy after the slowdown caused by the pandemic.

<sup>5</sup> On 14 February 2022, the stage of public consultations on the draft NAPE 2022 was completed – the document was then to be transferred for work at the forum of the Council of Ministers and its relevant committees. Due to the situation that occurred after 24 February 24 (i.e. the day of Russia's invasion of Ukraine), it was decided to include in the draft NAPE information on activities in the labour market addressed to refugees from Ukraine, as these issues will be an important aspect of the employment policy and the PES tasks in 2022.

## II. DIAGNOSIS AND KEY CHALLENGES OF THE LABOUR MARKET

### II.1. SITUATION IN THE LABOUR MARKET IN 2021

The outbreak of the COVID-19 pandemic, initially in China at the turn of 2020, and its rapid spread around the world, including Europe (from February 2020) and Poland (from mid-March 2020), not only made it necessary for particular countries to intervene in the health care sector on a previously unknown scale, but it also necessitated government actions (including restrictions ensuring social isolation) to prevent a rapid increase in the disease prevalence. As a result, in 2020, a negative supply and demand shock was recorded in the economy on a global scale.

In 2021, the Polish economy revived after a temporary slowdown in 2020. Gross domestic product (GDP) in 2021 was in real terms 5.9% higher than in 2020, compared to a decrease of 2.2% in 2020 (constant prices of the previous year). The 2020 recession in Poland was one of the shallowest among the EU countries. This confirms that the Polish economy coped relatively well during the difficult time of the pandemic. In 2021, gross value added in industry increased by 14.2% relative to 2020 (compared to a decrease by 3.3% in 2020), in construction – by 1.3% (compared to a decrease by 7.8% in 2020), and in trade and repairs – by 6.0% (compared to a decrease of 3.6% in 2020).<sup>6</sup> In line with the spring economic forecast for 2022<sup>7</sup>, the European Commission expects in Poland real GDP growth of 5.9% in 2021 and 3.7% in 2022.

In 2021, the risk factors for the macroeconomic outlook depended mainly on how the labour market and companies would respond to the gradual withdrawal of support under economic policy<sup>8</sup>. The further course of the pandemic and the vaccination process were also important risk factors. In 2021, following the COVID-19 pandemic and business difficulties, the EU labour market gradually returned to the situation from before the pandemic. In December 2021, the harmonised unemployment rate in the EU<sup>9</sup> was 6.4% (in the Euro zone, this figure was 7%), compared to 6.7% in 2019. The unemployment situation was influenced by the introduction of solutions aimed at protecting jobs, among others, short-time working arrangements or temporary unemployment instruments in a number of Member States.

The decline in the activity of the domestic economy in 2020 caused a temporary deterioration also in the labour market in Poland. After six years of growth, in 2020 there was a decrease – compared to the previous year – in the average employment in the enterprise sector. The number of unemployed people registered in labour offices increased from 920 thousand as at the end of February 2020 (before the outbreak of the pandemic in Poland) to 1,046.4 thousand as at the end of 2020, and the registered unemployment rate increased then from 5.5% to 6.3%. The number of the unemployed grew particularly visibly in the second quarter of 2020. Over the year, the level of registered unemployment in 2020 increased by over 180 thousand people, i.e. by 20.8%. On the other hand, **from March 2021 to the end of that year, both the number of the registered unemployed and the registered unemployment rate**

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<sup>6</sup> Information from Statistics Poland on the updated estimate of GDP by quarters for 2020-2021, 22 April 2022

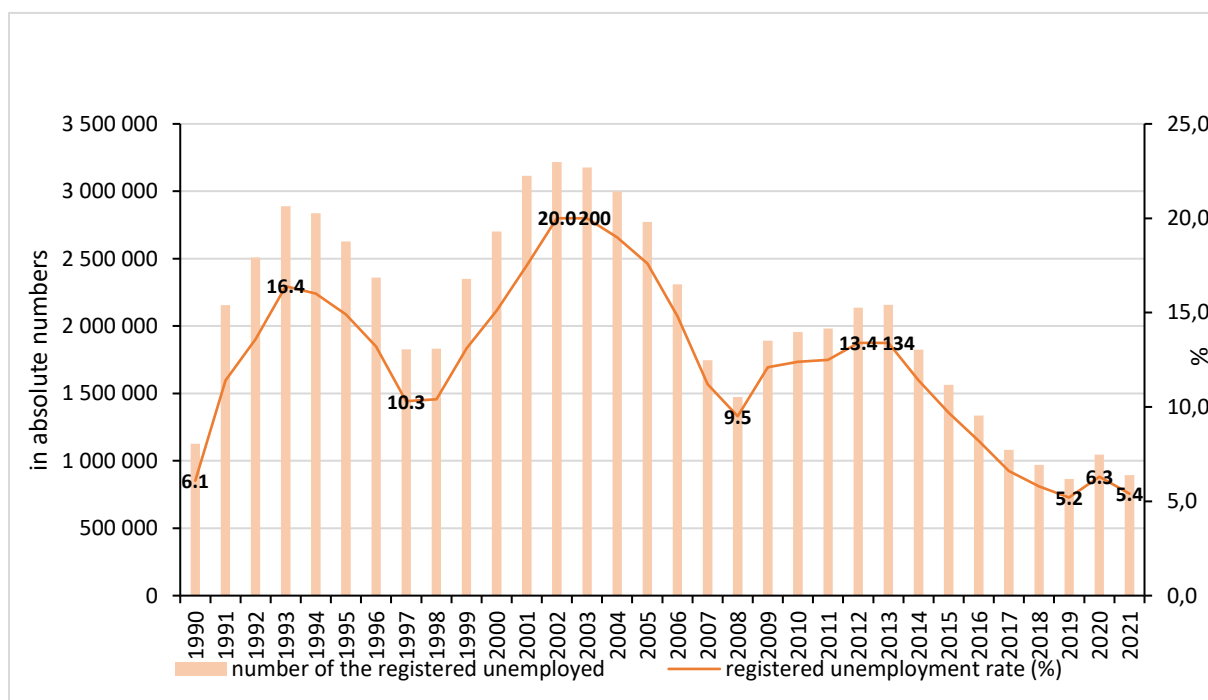
<sup>7</sup> European Economic Forecast, Spring 2022, 23 May 2022. The forecast includes, among others the impact of Russia's invasion of Ukraine.

<sup>8</sup> In accordance with the above-mentioned spring forecast for 2022, the condition of the Polish economy in 2022 will be significantly affected by Russia's invasion of Ukraine, lasting since February 2022.

<sup>9</sup> Eurostat database, access date: 31 March 2022

**decreased rapidly.** In June 2021, for the first time in more than a year, the number of the registered unemployed fell below one million. At the end of 2021, 895.2 thousand unemployed people were registered with poviats labour offices, i.e. 151.2 thousand (14.5%) fewer than as at the end of 2020 and by 24.7 thousand (2.7%) fewer than as at the end of February 2020, i.e. before the outbreak of the COVID-19 pandemic.

**Chart 1.** The number of the registered unemployed and the registered unemployment rate in 1990-2021 (as at the end of the year)



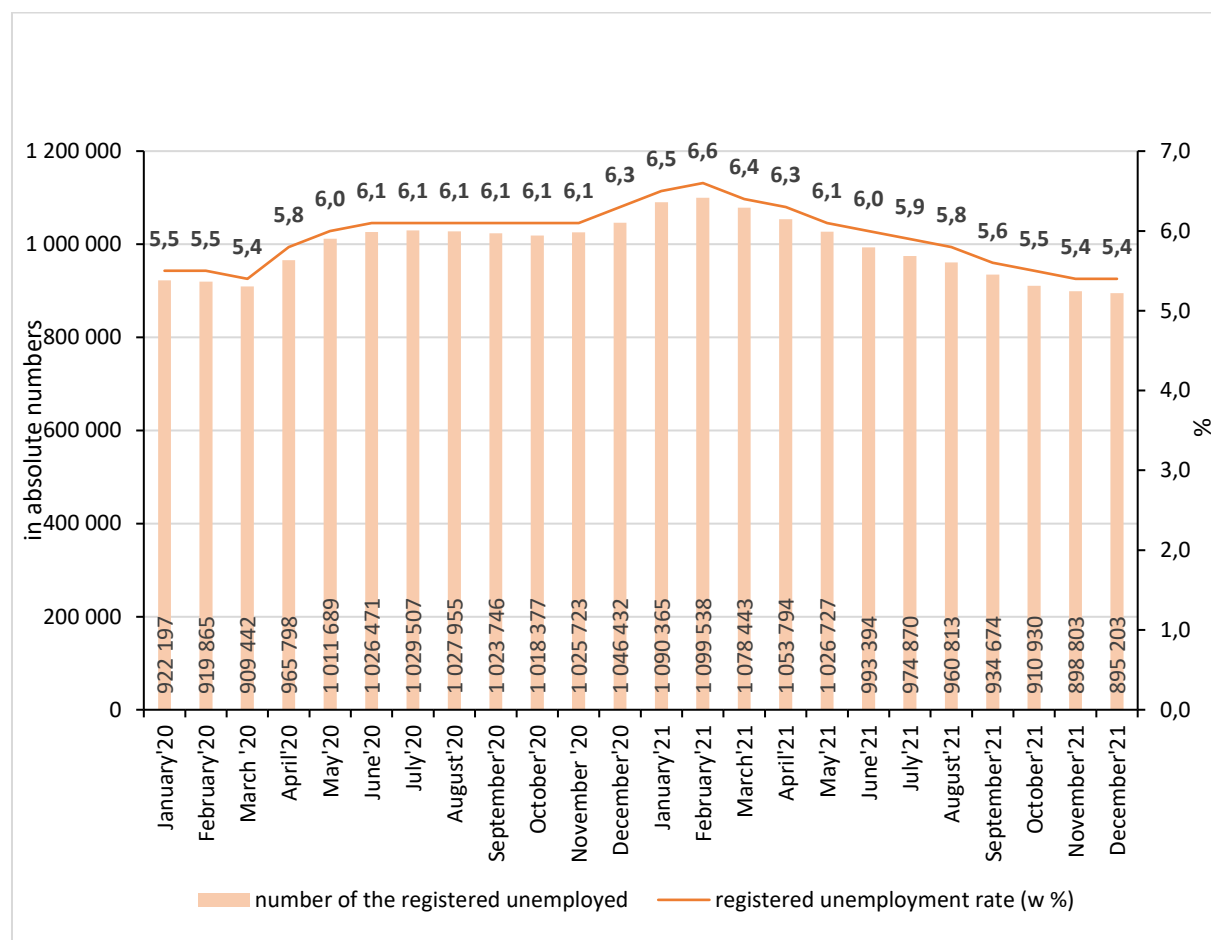
number of the registered unemployed

registered unemployment rate (%)

Source: own study, Ministry of Family and Social Policy

As at the end of 2021, the registered unemployment rate was 5.4%, which means that compared to the previous month, it remained unchanged, and compared to the end of 2020, it was lower by 0.9 pp, while compared to February 2020, it decreased by 0.1 pp.

**Chart 2.** The number of the registered unemployed and the registered unemployment rate from January 2020 to December 2021 (as at the end of the month)



Source: own study, Ministry of Family and Social Policy

According to Eurostat, Poland was at the forefront of countries with the lowest unemployment rate in the EU – in December 2021, the harmonised unemployment rate in Poland was one of the lowest in the EU (3.0% compared to the EU average of 6.4%; only the Czech Republic recorded a lower rate (2.1%)).

Despite the pandemic, the employment rate in Poland continued to increase – at the end of the fourth quarter of 2021, this rate was 76.2% for people aged 20-64 (LFS) and was higher than the EU average (74.1%).



### **II.1.1. SUMMARY OF THE ACTIONS UNDER THE CRISIS SHIELD IN THE PERIOD UNTIL THE END OF 2021**

Bearing in mind the potential social and economic effects of the pandemic described above, the Government of the Republic of Poland took steps to counteract the economic effects of COVID-19 as early as in March 2020. At the end of March 2020, regulations were adopted to enable the launch of an Anti-Crisis Shield.<sup>10</sup> The purpose of the adopted solution package was to protect jobs and security of employees, support the financial liquidity of entrepreneurs who suffered losses due to the pandemic, strengthen the financial system, public investments, and to protect health.

The actions envisaged in the Shield to maintain existing jobs in connection with COVID-19 included:

- co-financing part of the costs of employee remuneration and social insurance premiums on this remuneration for micro-entrepreneurs as well as small and medium-sized enterprises in the event of a decline in economic turnover,
- co-financing part of the costs of running a business by entrepreneurs being natural persons who do not employ any employee in the event of a decline in economic turnover,
- low-interest loan for micro-entrepreneurs to cover ongoing costs of running a business,
- exempting premium payers from the obligation to pay unpaid social insurance premiums, health insurance premiums, premiums to the Labour Fund, the Solidarity Fund, the Guaranteed Employee Benefits Fund or the Bridge Pension Fund,
- idle time pay for people running a non-agricultural business and people working under civil law contracts who were deprived of income as a result of COVID-19,
- co-financing part of the costs of employees' remuneration and social insurance premiums on this remuneration for a wide range of entities mentioned in Articles 15g, 15gg and 15ga of the special COVID-19 Act (including entrepreneurs within the meaning of Article 4(1) or 2 of the Act of 6 March 2018 – Entrepreneurs Law, cultural institutions, water companies, non-governmental organisations, etc.) in the case of a decline in economic turnover or income.

Support under the shield, provided on an ongoing basis by the Social Insurance Institution (ZUS) as well as poviats and voivodeship labour offices, was also addressed directly to employees and protected them against loss of their jobs. This helped maintain economic activity and ensured material security during the crisis.

Having regard to the temporary increase in the number of unemployed people forecast in 2020, the Act on the Solidarity Benefit was adopted in June 2020<sup>11</sup>. The main objective of the aforementioned act was to provide financial support to people who lost their source of income

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<sup>10</sup> The Act of 31 March 2020 amending the Act on special solutions related to preventing, counteracting and combating COVID-19, other infectious diseases and emergencies caused by them and certain other acts (Journal of Laws, item 568, as amended).

<sup>11</sup> The Act of 19 June 2020 on the solidarity allowance granted to counteract the negative effects of COVID-19 (Journal of Laws of 2020, item 93).

due to the economic situation caused by the crisis induced by the COVID-19 epidemic, in the form of a monthly benefit of PLN 1,400, granted for a period of 3 months (from 1 June to 31 August 2020). According to the data of the Social Insurance Institution, 231.1 thousand benefits were paid.

The aforementioned act also increased, from 1 September 2020, the amount of the unemployment benefit to PLN 1,200 per month in the first 90 days of being entitled to this benefit and to PLN 942.30 per month during subsequent days of being entitled to this benefit.

Due to the second wave of the pandemic that began in mid-September 2020, it was necessary to introduce, in the second half of October 2020, partial restrictions applied already in spring, including the suspension of operation of fitness clubs, catering establishments and cultural institutions. In November, more severe restrictions were introduced, among others, a ban on the provision of services by hotels (except for business trips) and shopping centres (with certain exceptions). At the same time, targeted support was planned for industries most affected by the effects of the above-mentioned limitations. Amendments introduced under the Act of 9 December 2020<sup>12</sup> (industry shield) were to slow down the negative economic effects for those entrepreneurs whose industries experienced limitations in running business due to the safety rules introduced by law. The support was addressed mainly to catering, fitness, fair, stage, film, entertainment and recreation, photography, and physiotherapy sectors. Tour guides and tourist guides providing services to museums, who suffered losses due to the pandemic, were also entitled to exemption from the payment of premiums for July, August and September 2020.

In 2021, measures to support employees and employers continued, with support targeted at sectors and groups most affected by the pandemic, in the form of a subsidy under the Industry Shield, intended for entrepreneurs who experienced, as a result of the pandemic, at least a 40% decrease in revenue, provided that they operated in specific industries included in the Polish Classification of Activities (*Polska Klasyfikacja Działalności – PKD*). From 23 July 2021, support under the Anti-Crisis Shield was extended to include also entrepreneurs selling food and stationery products to students in educational institutions (so-called school shops).

From the launch of the Industry Shield, the extent of support provided under it was extended several times – a total of 65 industries were covered. By the end of 2021, over 608 thousand subsidies in the amount of over PLN 3 billion were granted, with the proviso that a single entrepreneur was entitled to more than one subsidy. The subsidy amounted to up to PLN 5,000 and was non-returnable, as long as the entrepreneur continued its business activity for at least 3 months from the date of support receipt.

The government's response to employers' and employees' problems related to the COVID-19 outbreak was quick and adequate, and the wide interest in the Anti-Crisis and Financial Shield instruments aimed at securing jobs proves the effective targeting of the support forms offered.

In total, as part of the subsequently launched instruments, Polish companies received over PLN 242.62 billion by the end of Q3 2021. These were funds under the Financial Shield of the Polish Development Fund (approx. PLN 71.4 billion under the programme of liquidity and preferential loans for large employers (249+) and as part of the redemption of 100% of

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<sup>12</sup> The Act of 9 December 2020 amending the Act on special solutions related to preventing, counteracting and combating COVID-19, other infectious diseases and emergencies caused by them and certain other acts.

the value of subsidies for micro and small and medium-sized enterprises for 54 industries), liquidity and *de minimis* guarantees of Bank Gospodarstwa Krajowego (BGK) for enterprises (approx. PLN 97.8 billion), support under the instruments provided by the Social Insurance Institution (PLN 36.7 billion), financing from the *Second Chance Policy* programme from the Industrial Development Agency (approx. 0.3 billion), and support under the instruments of the Ministry of Labour (approx. 35.5 billion PLN).

As regards instruments supervised by the Ministry of Labour, poviats and voivodeship labour offices granted **support to approx. 8.3 million jobs for the above-mentioned amount of approx. PLN 35.5 billion** (some jobs could be supported more than once or under several instruments, and therefore could be counted several times), including:

- 1.7 million jobs affected by economic downtime and reduced working hours were supported with co-financing from the Guaranteed Employee Benefits Fund for the amount of PLN 6.8 billion;
- 2.2 million jobs were granted support from the Guaranteed Employee Benefits Fund as part of benefits for the protection of jobs (Articles 15gg, 15gga, 15gga1) for the amount of PLN 9.3 billion;
- 1.9 million micro-enterprises were granted loans (Article 15zzd) in the amount of PLN 9.4 billion;
- 1.5 million employees received aid as part of co-financing part of the costs of employee salaries (Articles 15zzb and 15zze) in the amount of PLN 5 billion;
- 0.4 million self-employed persons received a subsidy for part of the costs of running a business (Article 15zzc) in the amount of approx. PLN 2 billion;
- 0.6 million subsidies were granted to micro and small enterprises (Article 15zze4, regulation, and Article 15zze4a) for a total amount of PLN 3 billion.

### **II.1.2. CHANGES IN THE TAX SYSTEM ADOPTED IN 2021**

The main elements of the national development programme intended to provide a new impetus for economic development, entitled „Polish Deal”, included a set of amendments to tax regulations. The Act of 29 October 2021 amending the Act on Personal Income Tax, the Act on Corporate Income Tax and certain other acts (Journal of Laws, item 2105, as amended), implementing the tax part of the social and economic “Polish Deal” programme, entered into force on 1 January 2022. The aforementioned act amended, among others, the Act on Personal Income Tax<sup>13</sup> (the PIT Act).

The key amendments to the PIT Act include:

- increasing the tax-exempt amount to PLN 30,000 for all taxable persons calculating their tax according to the tax scale,
- increasing the income threshold beyond which the 32% tax rate applies to PLN 120,000,
- making it no longer possible to deduct health insurance premiums from income tax on natural persons,
- introduction of the so-called “middle class allowance”,
- introduction of the exemption referred to as „PIT-0 for families 4+”,

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<sup>13</sup> Act of 26 July 1991 on Personal Income Tax (Journal of Laws of 2021, item 1128, as amended)

- introduction of the exemption referred to as “PIT-0 for old-age pensioners”<sup>14</sup>,
- introduction of the exemption referred to as “return allowance”.

It should also be mentioned that on 17 December 2021, the Sejm adopted an act on a shield allowance<sup>15</sup>. It is an important element of the government Anti-Inflationary Shield, aimed at limiting the effects of rising energy, gas and food prices. The support will cover nearly 7 million households, which accounts for almost half of all households in Poland. The amount of funds allocated for this purpose is over PLN 4 billion. The support is addressed to households whose average monthly income does not exceed PLN 2,100 in a single-person household or PLN 1,500 per person in a multi-person household.

### **II.1.3. MEASURES TAKEN AT THE EU LEVEL IN RESPONSE TO THE SOCIAL AND ECONOMIC IMPACTS OF THE COVID-19 PANDEMIC**

Besides government programmes to limit the impact of the crisis on the employment of natural persons and in the sectors most severely affected by it in particular EU countries, the EC has launched a number of initiatives to support Member States, including an initiative to reduce the risk of unemployment in connection with an emergency caused by COVID-19 (as the second line of defence).

#### **SURE**

Support to mitigate Unemployment Risks in an Emergency is an additional temporary facility allowing the EU to grant financial aid to Member States affected by the pandemic in the form of loans of up to EUR 100 billion (this instrument is advanced with guarantees provided by Member States according to their respective share in total EU GDP). Financial aid provided on favourable terms under SURE helped cope with sudden increases in public spending for short time work schemes and similar measures, as well as increased spending for ensuring safe working conditions due to the pandemic.

The EC presented a proposal to create a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak on 2 April 2020. The Council Regulation establishing SURE was adopted by the Council on 19 May 2020 and entered into force on 20 May 2020.

The instrument was made available on 22 September 2020, after guarantee agreements had been signed by all Member States. The first disbursements of SURE funds took place on 27 October 2020. Most of the assistance under SURE was distributed within the first 7 months of its operation. This was the first time when the EU issued social bonds to finance financial assistance (from March to May 2021, the EC successfully issued social bonds on behalf of the EU in the amount of EUR 36 billion; the average maturity of these bonds is approx. 14.5 years).

So far, a total of 19 Member States have requested assistance under SURE. Over 94% of the financial envelope has been distributed, of which the EC has already paid out almost EUR 90 billion. Approximately EUR 6 billion is still to be allocated.

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<sup>14</sup> See: p. 47.

<sup>15</sup> Act of 17 December 2021 on a Shield Allowance (Journal of Laws of 2022, item 1, as amended)

The three largest beneficiaries of the SURE instrument are as follows: Italy – EUR 27.4 billion, Spain – EUR 21.3 billion and Poland – EUR 11.2 billion. In their case, the requested assistance amount has been reduced in line with the assistance limit of EUR 60 billion for the three largest beneficiaries, as specified in the Regulation.

The SURE instrument has been used by the Member States in different ways: 16 of the 19 MSs have been using SURE loans to finance short time work schemes or similar measures. In the first half of 2021, many Member States used SURE funds to counter the effects of subsequent waves of the pandemic. Six countries have applied for new assistance or changed support measures and programmes or indicated new ones.

About half of the assistance under SURE was allocated to support short time work schemes, approx. 40% to support similar instruments (including around 1/3 for the self-employed). Only 5% of the assistance was earmarked for health-related expenses, directly resulting from the COVID-19 crisis.

It is estimated that in 2020 approx. 31 million people and 2.5 million businesses were supported through SURE, which accounts for one quarter of total employment in all Member States benefiting from this instrument. In 2020, short time work schemes and similar measures financed under SURE covered approx. 22.5 million employees and approx. 8.5 million self-employed persons.

According to the EC, the measures intended for the labour market and financed under SURE helped reduce the number of the unemployed by 1.5 million due to maintaining jobs in companies and the economic activity of the self-employed during the pandemic.

### **Recovery and Resilience Facility**

The objective of the Recovery and Resilience Facility (RRF)<sup>16</sup> is to support reforms and public investments defined in the National Recovery and Resilience Plans (NRRP) of Member States. The implementation of the facility concerned has been planned for 2020-2026<sup>17</sup>. Funds under the RRF are to total EUR 672.5 billion (in constant prices from 2018), of which EUR 312.5 billion will be allocated to grants, and EUR 360 billion will be granted in the form of loans. The criteria for distributing funds among the Member States include the share in the population, affluence of the society, and the unemployment rate. Poland's share in the RRF will be 8.65%, which will make it one of the largest beneficiaries of this facility.

The main objective of the RRF is to support the social and territorial cohesion of the EU by:

- Increasing resilience and adaptability,
- Mitigating the social and economic effects of the crisis,
- Supporting green and digital transformation.

### **National Recovery and Resilience Plan**

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<sup>16</sup> Assistance is provided also under the Just Transition Fund, ReactUE, from which Poland will also receive funds under NextGenerationEU  
[https://ec.europa.eu/info/strategy/recovery-plan-europe\\_pl](https://ec.europa.eu/info/strategy/recovery-plan-europe_pl).

<sup>17</sup> The initial period of expenditure eligibility is 1 February 2020, and all activities financed from the NRRP should be completed by the end of August 2026, at the latest. The last tranche of the payment from the EC should be disbursed by the end of December 2026.

The National Recovery and Resilience Plans developed by the Member States include reforms and accompanying investments to respond to the pandemic-related economic crisis in Europe.

The amount allocated to Poland for 2021-2026 is EUR 58.1 billion (EUR 23.9 billion as grants, and EUR 34.2 billion as a loan<sup>18</sup>).

The Polish National Recovery and Resilience Plan is composed of five 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.

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).

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;

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<sup>18</sup> Poland has applied for using part of the funds as part of the loan from the amount allocated to it.

- development of competencies of employees aged 45/50+ in order to facilitate their longer activity in the labour market (a set of solutions for the development of competencies of employees aged 45/50+ will be implemented) 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 to facilitate the adaptation of employees/enterprises to changes taking place in the modern economy;
- measures to reduce segmentation in the labour market.

## **II.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 (1) equal opportunities and access to the labour market, (2) fair working conditions and (3) 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* that sets out three main targets to be achieved by the EU by 2030:

- (1) At least 78% of people aged 20 to 64 should be in employment;
- (2) At least 60% of all adults should participate in training every year;
- (3) 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%<sup>20</sup>**, which means that this percentage of

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<sup>19</sup> Poland is currently agreeing these targets with the European Commission. On 29 September 2021, Poland submitted to the EC its initial proposal that had been previously subject to public consultations (in August 2021).

<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



people in Poland, aged 20-64, will be in employment 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 disadvantaged groups to be better integrated into the labour market. These groups include women, young people, the long-term unemployed, people with disabilities, and people with low or outdated skills.

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

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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 proportions 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.

<sup>21</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, and not 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>22</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



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 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.

### **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) with its most important element, i.e. 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.

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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 (13<sup>th</sup> old-age pension), and a decline in the total population.

### **II.3. NATIONAL RECOMMENDATIONS FOR POLAND FOR 2020-2021 IN THE AREA OF THE LABOUR MARKET**

In 2021, no new Council recommendations to Member States were issued as part of the annual process of economic and fiscal policy coordination (known as the European Semester). The validity of the 2020 recommendations was extended instead.

Due to the COVID-19 pandemic, these recommendations differed significantly from those issued in previous years and focused on two dimensions:

- 1) *ad hoc* one – concerning the response to the health as well as social and economic effects of the pandemic (support for health care, protection of jobs and liquidity of enterprises);
- 2) medium-term one – concerning reforms and investments necessary along with an improvement in the economic situation, aimed at improving the budget condition and strengthening the foundations of economic growth.

At the same time, due to the exceptional nature of the situation, the European Commission proposed to uphold the recommendations issued in 2019, i.e. before the pandemic.

In 2020, four Country Specific Recommendations (CSR) were delivered for Poland for 2020-2021. The labour market is covered by Recommendation 2, that reads as follows:

*Mitigate the employment impact of the crisis notably by enhancing flexible and short-time working arrangements. Better target social benefits and ensure access to those in need. Improve digital skills. Further promote the digital transformation of companies and public administration.*

## II.4. PRELIMINARY SUMMARY OF ACTIONS ENVISAGED IN THE NATIONAL ACTION PLAN FOR EMPLOYMENT FOR 2021

The following challenges regarding labour market policy were formulated in the NAPE for 2021:

**(1) Consequences of the COVID-19 pandemic for the labour market** – in connection with the COVID-19 pandemic, it was predicted that unemployment in Poland would increase due to a decline in turnover in the production and service sectors, and it was indicated that it would be necessary to plan and take action at the right time to limit the negative effects of the epidemics and enable the implementation of effective labour market policy.

**(2) The imbalance in the labour market resulting from demographic changes and territorial differences** – manifested in insufficient labour resources in some sectors and territorial differences in employment has been identified as a major problem. Its causes include demographic changes that do not ensure the replacement fertility rate and increase life expectancy. It was indicated that it is necessary to take action to create attractive jobs, stop the outflow of young people abroad, and ensure economic activation of elderly people and people from groups whose presence in the labour market had been insignificant until then.

**(3) Wage and non-wage working conditions and work efficiency in Poland per employee** – the problem of lower-quality jobs compared to those in highly developed countries was indicated, which is reflected, among others, in: a low position among countries in the ranking of the wage quality, a low level of work safety, widespread use of limited-term contracts and civil law contracts in employment, competing with low labour costs compared to the economies of highly developed countries.

**(4) New skills and qualifications necessary in the changing labour market** – meeting the requirements related to the ongoing digital revolution and industry 4.0, also by improving digital competencies. The challenge was also to ensure staff in professions related to the provision of public services, such as care for the elderly and health care.

**(5) Migration processes in the labour market** – the need for efficient management of labour migration processes was identified. The need to prevent the occurrence of the substitution effect and the consolidation of the Polish economic model based on competitiveness resulting from low labour costs was also indicated.

The thus defined challenges, most of which remain valid also for 2022, were addressed with corresponding actions. Their full summary will be possible after the end of 2021 and the preparation of the annual report on the implementation of the 2021 NAPE. However, those that have been initiated, implemented or in which progress has been made need to be mentioned right now. The description of actions taken with respect to the first of the challenges, i.e. counteracting the effects of the pandemic on the labour market, is presented in subchapter II.1.1. (pp. 7-10).

As for the remaining challenges, particular attention should be paid to the following actions:

1. Continuation of actions conducive to the employment of young people, under the *Youth Guarantee* programme (among others, as part of the new edition of the programme) and other possible instruments addressed to this group – in 2021, the *2015 YG Implementation Plan in Poland* was updated, by aligning the scope of the document with the new Council

Recommendation of 30 October 2020 on a Bridge to Jobs – Reinforcing the Youth Guarantee. The assumptions of the *Decent Work for Young People* programme under the Polish Deal were also developed. Besides the new edition of the YG, the aforementioned programme will include other projects addressed to young people in the labour market as well as a component relating to regulatory changes (included in the above-mentioned package of regulations modernising the Polish labour market, see: subsection II.1.2., pp. 13-14).

2. Intensification of activation measures addressed to groups of unemployed people requiring more than standard actions – important tools for strengthening and modernising the labour market include pilot projects financed by the Ministry of Family and Social Policy, consisting in the implementation of new methods, tools and ways of supporting the unemployed, jobseekers and employers, to prepare systemic solutions. In 2021, the Ministry allocated PLN 100 million for the implementation of pilot projects that concern both solutions addressed to women (e.g. “Active Mother”, “Mother at Work”), to elderly people who want to be in employment longer (e.g. “Active Senior”, “A Good Employee Has No Age”), and to young people, as well as solutions to reconcile work and family life (on 21 October 2021, another call for proposals for pilot projects was announced under the name “Stable Work – Strong Family”<sup>23</sup>).

The activation measures for the unemployed, who are often also socially and professionally excluded, include activities carried out by the Ministry of Family and Social Policy to support the development of the social economy sector, including, in particular, the preparation of a draft act on the social economy. This act envisages the introduction of the concept of a social enterprise into the Polish legal system. One of the key objectives of a social enterprise will be to employ and reintegrate people at risk of social and professional exclusion.

It is also necessary to mention the tax changes addressed to people particularly involved in raising children, introduced as part of “Polish Deal” to the Personal Income Tax Act, in the form of an exemption referred to as “PIT-0 for families 4+”<sup>24</sup>. This relief promotes employment of people bringing up four or more children or their stay in the labour market. It is a tax exemption<sup>25</sup> for a taxable person who was responsible as a parent for at least 4 children in the tax year, was a legal guardian of a child lived with them, or acted as a foster family under a court decision or an agreement concluded with the poviát governor, and in the case of adult learners – met the maintenance obligation incumbent on them or acted as a foster family.

3. Introducing changes that would allow for taking activation measures with respect to people who have been economically inactive so far, who, for various reasons, are outside the labour market – the proposed changes will include solutions to extend the group of labour offices’

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<sup>23</sup> As part of the call, projects including solutions aimed at: people excluded from the labour market due to caring for children/dependents and young people up to 30 years of age, as well as those including solutions supporting employers in hiring employees, also on a remote basis, living in areas threatened with permanent marginalisation or in medium-sized towns losing their social and economic functions, will be prioritised.

<sup>24</sup> See: pp. 10-11.

<sup>25</sup> The relief consists in exemption from PIT on the taxable person’s income in the amount of up to PLN 85,528 in the fiscal year, earned under a public service relationship, employment relationship, outwork or under a cooperative employment relationship, contracts of mandate referred to in Article 13(8) of the PIT Act, or business activity taxed according to the tax scale, with 19% flat-rate tax or 5% tax on qualified income from qualifying intellectual property rights or lump-sum tax on recorded income.

clients to include economically inactive persons and enable labour offices to implement ESF projects for economically inactive people and use various forms of support, not only those specified in the act. As part of such support, the labour office undertakes measures aimed at identifying and reaching out to economically inactive people, who potentially can take up work.

4. Modernisation of the PES, including the development of a package of new legal regulations and further digitisation of processes and tools – assumptions for the package of legal acts modernising the labour market have been developed (see: subsection II.1. 2., pp. 12-13) and the development and modernisation of PES IT systems have been planned. In order to meet the current trends in digitisation and the needs reported by employers and employees, the Ministry of Family and Social Policy developed the ePraca mobile application and launched it at the beginning of October this year. The application provides information on job offers and events posted by all poviats labour offices. The application makes it easier and faster to search for job offers than on the website<sup>26</sup>.

5. Actions to promote the use of flexible and at the same time stable forms of employment – the Ministry of Family and Social Policy continues legislative work aimed at introducing remote work into the Labour Code on a regular basis.

6. Further promotion of adult learning, including lifelong learning (among others, co-financing of lifelong learning from the National Training Fund (NTF) and continuation of actions to increase opportunities in the labour market by adapting skills to the labour market needs – 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, including digital technologies and tools, in companies (the NTF budget for 2021 is PLN 259.4 million). With the funds from the NTF, approx. 96 thousand working people on average participate in lifelong learning each year.

7. Conducting a policy aimed at supporting supplementing professional qualifications in connection with the implementation of new technologies in the economy – implementation of the pilot project of the Ministry of Development and Technology<sup>27</sup> entitled AI4Youth (teaching a minimum of 120 teachers and educating a minimum of 1,800 students as part of a full-time course developing competencies in artificial intelligence among adolescents learning at public secondary schools as well as promoting entrepreneurship based on artificial intelligence at secondary schools).

8. Improving the methods of forecasting the demand for professions, competencies and new qualifications in the long-term – among others, a project entitled “*Polish Labour Market*

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<sup>26</sup> The most important advantages of the mobile application include:

- comfortable, simple and user-friendly design, thanks to full integration with the Android operating system (an application for iPhone is planned to be launched in the future);
- pop-up notifications about new offers, training, fairs,
- quick filtering of offers by profession and location,
- showing the current location on the map,
- and many other modern features to facilitate job search.

<sup>27</sup> It is also worth noting that as part of the Polish Deal, the Ministry of Development and Technology has prepared, in cooperation with the Ministry of Finance, a tax relief for robotisation. It is to fiscally support entrepreneurs in investment in robotisation. Eligible costs as part of this relief include employee training in the installation of robots.

*Forecasting System*”, co-financed by the EU<sup>28</sup>, is being implemented. The aim of the project 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 by 2050.

9. Streamlining procedures related to employing foreigners and analysing possible changes in the legal and organisational system related to employing foreigners – the legislative package modernising the Polish labour market includes a draft act on employing foreigners that will partially replace the provisions of the applicable Act on Employment Promotion and Labour Market Institutions (see: subsection II.1.2., pp. 12-13). In December 2021, the Sejm of the Republic of Poland adopted the Act of 17 December 2021 amending the Act on Foreigners and certain other acts (Journal of Laws of 2022, item 91)<sup>29</sup>, whose primary purpose is to streamline procedures for granting permits to foreigners for temporary residence, in particular temporary residence and work permits. The new regulations are also to streamline and accelerate proceedings regarding work permits, seasonal work permits and declarations on entrusting work to a foreigner, regulated by the Act on Employment Promotion and Labour Market Institutions.

10. Supporting employee mobility in the labour market of EU/EFTA Member States through the EURES network, taking into account the needs of the Polish labour market – in 2021, the activities of the EURES network in Poland were carried out at the central level (coordination) as well as at the regional, local and cross-border levels (provision of international job placement services and consultancy regarding mobility in the EU labour market for jobseekers and employers). Relevant guidelines were provided from the central level in order to guide the network activities so that they met the needs of the Polish labour market. Information and communication activities were carried out, e.g. a campaign to raise the awareness of Polish seasonal workers working in the EU of their employee rights (the campaign was conducted under the aegis of the European Labour Office).

11. Supporting return of people from emigration and return of repatriates – the amendments to the Personal Income Tax Act, adopted in October 2021, included an exemption referred to as “return relief”<sup>30</sup>. It is a tax exemption<sup>31</sup> covering the income of a taxable person who moved their place of residence to the territory of Poland. The relief consists in exemption from PIT on income in the amount of up to PLN 85,528 in the fiscal year, earned under a public service relationship, employment relationship, outwork or under a cooperative employment relationship, contracts of mandate referred to in Article 13(8) of the PIT Act, or business activity taxed according to the tax scale, with 19% flat-rate tax or 5% tax on qualified income from qualifying intellectual property rights or lump-sum tax on recorded income. The relief will be available in four consecutive fiscal years, counting from the beginning of the year in

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<sup>28</sup> The project is implemented by a consortium consisting of the Institute for Structural Research, the University of Łódź and the Institute of Labour and Social Affairs, under the 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).

<sup>29</sup> The provisions of this act entered into force on 29 January 2022.

<sup>30</sup> See: pp. 10-11.

<sup>31</sup> Article 21(1)(152) of the PIT Act.

which the taxable person moved their place of residence to Poland, or from the beginning of the following year.

## **II.5. SITUATION RELATED TO THE INFLOW OF UKRAINE CITIZENS TO POLAND<sup>32</sup>**

Since the outbreak of the war in Ukraine (24 February 2022) until the end of March 2022, over 2.2 million refugees from Ukraine crossed the Polish border<sup>33</sup>. A significant part of these people will stay, at least temporarily, in Poland. Approximately 90% of war refugees sheltering in Poland are women and children.

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>34</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 not have Ukrainian citizenship, who have entered Poland since the beginning of the Russian invasion, for a period of 18 months. After 9 months, refugees whose stay has been recognised as legal may apply for a temporary residence permit for a period of 3 years. Under the act, refugees from Ukraine will be able to, 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 will be able to continue their education in Polish schools and universities.

The act provides for additional solutions to facilitate the access of Ukrainian citizens to the Polish labour market. 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, with no additional permits. It is only the employer that is obliged to notify the poviats labour office that a Ukrainian citizen has started work for them, via [Praca.gov.pl](http://Praca.gov.pl) within 14 days of starting work.

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. Following the registration, they can be referred to work. Ukrainian citizens may also use the labour market services and instruments as well as the NTF. The Ministry of Family and Social Policy has launched special sections with information for Ukrainian citizens on the PES vortal, it has prepared information on the websites and information leaflets, conducted a series of meetings with the staff of poviats labour offices and voivodeship labour offices as well as employers regarding assistance for Ukrainian citizens. A helpline (22 245 61 05) for employers who will have questions relating to submitting job offers for Ukrainian citizens has also been launched.

### **Ukrainian citizens in the Polish labour market in the period before the armed conflict in Ukraine**

In 2021, a total of over 2 million various types of documents legalising work of Ukrainian citizens were registered (these were mainly declarations<sup>35</sup> – over 1.63 million, accounting for 83% of all declarations entered in the records in 2021). Ukrainian citizens work most often as

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<sup>32</sup> This subsection was added after the completion of social consultations and inter-ministerial arrangements, due to the significance of this situation for the employment policy and activities of the PES.

<sup>33</sup> <https://www.strazgraniczna.pl/aktualnosci>

<sup>34</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, item 583, as amended).

<sup>35</sup> This is a simplified procedure for employment of foreigners from 6 countries (including Ukraine), allowing for short-term work without having to obtain a work permit.



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.

As at the end of February 2022, the number of Ukrainian citizens reported for insurance with the Social Insurance Institution was 641 thousand (out of all 898 thousand foreigners reported for insurance purposes).

## II.6. CHALLENGES FOR THE LABOUR MARKET

After two years, the effects of the pandemic on the global economy are clearly visible – primarily in the form of an economic slowdown resulting, on the one hand, from the condition of the health of societies and the need to introduce restrictions in social and economic life, and on the other hand – from disrupting global supply chains.

After many months of a protracted pandemic, the situation changed significantly due to widespread vaccinations reducing the number of severe infections, which made it possible to gradually lift restrictions and restore the potential of companies, especially in the industries most affected by the pandemic.

The COVID-19 pandemic exacerbated some of the previously identified challenges, while revealing the weaknesses of social protection systems that require an additional redefinition of the approach to the labour market and social policy. The pandemic accelerated the digitisation processes, which, along with the rapid technological development observed in earlier years, results in the emergence of new professions and forms of work (e.g. teleworking, working on platforms). The World Economic Forum data shows that as much as 65% of children and adolescents learning now at primary schools will work in a profession that does not yet exist. Increased re-branching of employees is recorded and employees are increasingly more interested in virtual courses that help learn new professions.

**New forms of employment offer numerous benefits, but they also result in further challenges, related to, for example, work security and employment stability** (this concerns, e.g. the manner of guaranteeing employee rights to people working on platforms). In the current international discussion (OECD, UN, EU), the employment policy model combining flexibility and the aforementioned new forms of work and new professions (e.g. related to the applications of artificial intelligence) on the one hand, and, on the other hand, stability of employment, high-quality jobs (decent work), continuous upgrading of skills and a real social dialogue, becomes increasingly apparent.

At present, the most key challenges for European labour markets include a return to the path of economic growth, including the creation of high-quality jobs and, in the medium term, creating conditions conducive to adaptation to the processes resulting from the **digital transformation and transition to the green economy**, technological progress, including automation and robotisation, as well as demographic processes (including the aging society and economic migration). As mentioned above, ensuring stable and high-quality employment, among others, by enhancing and making better use of social dialogue, is of key importance in this process.

A great deal of the challenges for the Polish labour market were identified at the stage of the preparation of the National Recovery and Resilience Plan (NRRP), aimed, as mentioned above, at the recovery of the economy after the pandemic and enhancing its resilience, so that it is better prepared for any similar events in the future.

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 one 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.5, pp. 24-25).

Based on the above general considerations, the main challenges for the Polish labour market in 2022 should be defined as follows:

### **II.6.1. SKILLS INSUFFICIENTLY MATCHED TO THE LABOUR MARKET REQUIREMENTS**

According to the ManpowerGroup report entitled “Talent shortage 2021” staffing problems were experienced globally by 69% of employers, yet this percentage for Poland was even higher, as difficulties with recruiting qualified employees were reported by as many as 81% of companies (70% in 2019 and 51% in 2018). The pandemic has changed the demand for skills, because in the era of an accelerating technological revolution, employers want to recruit employees with advanced digital skills, who also have well developed soft skills. The top five most desirable specialisations included logistics employees, production and machine operators, IT department employees, office administration and support staff as well as direct customer service staff.

According to the results of a survey on the labour market demand for employees in 2021 by professions, conducted by Statistics Poland, over 20% of surveyed entities reported that in the first quarter of 2021, despite the COVID-19 pandemic, they were looking for employees. The most demanded group were industrial workers and craftsmen (over 43% of jobs offers in this group were those addressed to construction and related workers), followed by specialists (dealing mainly with economy and management). As for particular professions, there was a high demand for: sales assistants, warehouse workers, truck tractor drivers, truck drivers, construction assistants, other office workers and nurses. The survey also made it possible to analyse the planned employment rotation in the following quarters. According to its findings, from 1 April to the end of 2021, more than 5 times more hires than layoffs were planned in Poland.

According to the *2021 Occupational Barometer*<sup>36</sup>, in 2021, the trend of the increasing shortage of employees observed in recent years stopped. However, according to the findings of the next edition of this survey, i.e. the *2022 Occupations Barometer*, a greater demand for employees can be expected in 2022 than in the previous year. Staff shortages will be recorded with respect to a number of occupations, but with respect to no occupation excessive supply is expected to be common enough to translate into nationwide results. In 138 occupations, balance between supply and demand is expected, with no occupations with excessive staff supply<sup>37</sup>. Staff shortages are expected in 30 occupations, whereby in 6 of them the situation was found to be particularly difficult, as the shortages in their case have persisted uninterruptedly since 2015, i.e. from the beginning of the survey. Nationwide, shortages will concern mainly construction and medical professions.

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<sup>36</sup> [www.barometrzaszawodow.pl](http://www.barometrzaszawodow.pl).

<sup>37</sup> *2021 Occupational Barometer* showed that in 2021, there would be one occupation with a excessive supply of workers nationwide, namely economists.

A comparison between the forecast for 2021 and that for 2022 shows that in 2022, the group of occupations with staff shortages will increase by another two categories: psychologists and psychotherapists<sup>38</sup> as well as employees dealing with accounting and bookkeeping.

Table 1. List of industries in which staff shortages are forecast in 2022

Industry	Occupations with staff shortages in the industry	
	Occupations with staff shortages persisting uninterruptedly since 2015	Other occupations with staff shortages in the industry
<b>Construction (9 occupations)<sup>39</sup></b>	- carpenters and construction carpenters - roofers and construction tinsmiths	- concrete placers and steel fixers - pavers - construction system fitters - bricklayers and plasterers - earthmoving equipment operators and mechanics - workers doing finishing works in construction - construction workers
<b>Production (6 occupations)</b>	- metal cutting machine operators - welders	- electricians - electromechanics - wiremen - woodworkers and carpenters - locksmiths
<b>Medical care and nursing (5 occupations)</b>	- nurses and midwives <sup>40</sup>	- physiotherapists and masseurs - medical doctors - carers of the elderly or the disabled <sup>41</sup> - paramedics
<b>TFL – transport, forwarding, logistics (4)</b>	- bus drivers - truck drivers <sup>42</sup> and truck tractor drivers	- warehouse workers - car mechanics

<sup>38</sup> Civilization diseases, a wider presence of mental health issues and personality disorders in the public debate, as well as the increased awareness of the need to care for mental health, will result in 2022 in a shortage of psychologists and psychotherapists, despite the fact that so far it has been an occupation with balance between the supply of and demand for staff (*Occupational Barometer 2022*, p. 21).

<sup>39</sup> In the case of the construction industry, the greatest demand will be for persons with versatile skills who combine qualifications from various professions. Difficulties with finding employees will result primarily from the generation gap.

<sup>40</sup> In 2022, a shortage of nurses and midwives will be recorded in 347 poviats (in 92 of them, it will be significant) – as compared to 334 ones in 2021. As far as medical doctors are concerned, their shortage will be recorded in 317 poviats (in 72 of them, it will be significant) – as compared to 273 ones in 2021.

<sup>41</sup> The high demand for carers of the elderly and people with disabilities resulting from the aging of the population has been further exacerbated by the COVID-19 pandemic. Their shortages are forecast in 249 poviats (*Occupational Barometer 2022*, p. 21).

<sup>42</sup> In 2022, as in 2021, truck drivers will be the most sought after occupation in Poland. Their shortages will occur in 359 poviats (out of 380 ones).

<b>occupations)</b>		
<b>Food and catering (2 occupations)</b>	X	- cooks - bakers
<b>Education<sup>43</sup> (2 occupations)</b>	X	- practical vocational training teachers - teachers of vocational subjects
<b>Finance</b>	- independent accountants	X

*Source: own study based on the 2021 Occupational Barometer*

Compared to 2021, the group of occupations with a supply and demand balance increased by two new occupations:

- tailors and garment workers, whose numbers were insufficient uninterruptedly since the forecast for 2016<sup>44</sup>;
- economists, whose number was excessive until now (also uninterruptedly since 2016).

Due to staff shortages, employers often hire foreigners, mainly in the construction, production and agri-food industries, as well as on farms (these are mainly third-country nationals from the east). Foreigners also work to an ever greater extent in medical professions (also as medical doctors), which still does not satisfy the market needs).

As for the TFL sector, numerous foreigners employed in it compensate for the staff shortages only to a certain extent. In 2021, truck drivers are the most demanded profession in Poland. Their shortages will occur in 351 poviats (out of 380).

Shortages of candidates for work will result mainly from difficult working conditions, unattractive wages, as well as insufficient qualifications and experience. Detailed information on the reasons for staff shortages in particular sectors is included in Appendix 1.

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<sup>43</sup> In the education sector, due to better working conditions, people who could teach a profession in schools choose jobs outside the education sector – in enterprises. The shortages concern mainly teachers of technical vocational subjects with up-to-date industry knowledge.

<sup>44</sup>As far as tailors and clothing production workers are concerned, it should be noted that despite the fact that at the nationwide level, their supply and demand for them will be balanced in 2022, their shortages will still persist in many poviats (170) and in 2 poviats they will be significant. The lack of tailors and clothing production workers will still be recorded in the western part of Poland (Wielkopolskie, Lubuskie, Dolnośląskie and Opolskie Voivodeships). On the other hand, in the Mazowieckie and Łódzkie Voivodeships, shortages in such staff will not be as profound as in 2021 and there should be balance between the supply and demand (*Occupational Barometer 2022*, p. 24).

## Territorial differences

In 2022, most occupations with staff shortages are expected in the voivodeships located in the north-western part of Poland (Lubuskie, Pomorskie, Dolnośląskie and Wielkopolskie). There will be significant demand for staff in construction, medical care, education and production, as well as catering, services and finance.

Significant staff shortages can also be expected in Poland in its southern (Opolskie, Małopolskie, Świętokrzyskie and Śląskie) and northern (Kujawsko-Pomorskie and Zachodniopomorskie) voivodeships. Besides construction workers and medical and teaching staff, warehouse workers, drivers and cooks will also be in demand. Excessive staff supply will be rare and will concern mainly economists. The Świętokrzyskie Voivodeship is the only region where the numbers of excessive employees may be greater and concern, apart from economists, also counsellors, employees of travel agencies, public administration specialists, as well as food technology and nutrition specialists. In the Śląskie and Zachodnio-Pomorskie Voivodeships, there will be no excessive staff supply at all.

**A smaller number of occupations with staff shortages is forecast in voivodships located in the eastern part of Poland** (Podkarpackie, Warmińsko-Mazurskie, Lubelskie, Podlaskie). The sought-after occupations will include drivers (of buses and truck tractors), electricians, electromechanics and wiremen, welders and independent accountants. As in the previous forecasts, excessive staff supply is expected in these voivodeships – the largest in the Podkarpacie and Lublin regions (6 and 7 occupations, respectively)<sup>45</sup>.

**The smallest number of occupations with staff shortages, as well as no occupations with excessive staff supply**, will occur in the Łódzkie and Mazowieckie Voivodships, which indicates a relative balance between demand and supply in the central part of Poland. Staffing problems will appear with respect to occupations such as bricklayers and plasterers, construction system fitters, welders, warehouse workers, as well as nurses, midwives and medical doctors.

Analysing the above-mentioned data collected in the *Occupation Barometer* survey, it should be remembered that this is a one-year forecast of the demand for employees, based on current knowledge, therefore it can only be one of the data sources for assessing the degree to which skills are matched to the economy needs in the medium and long term.

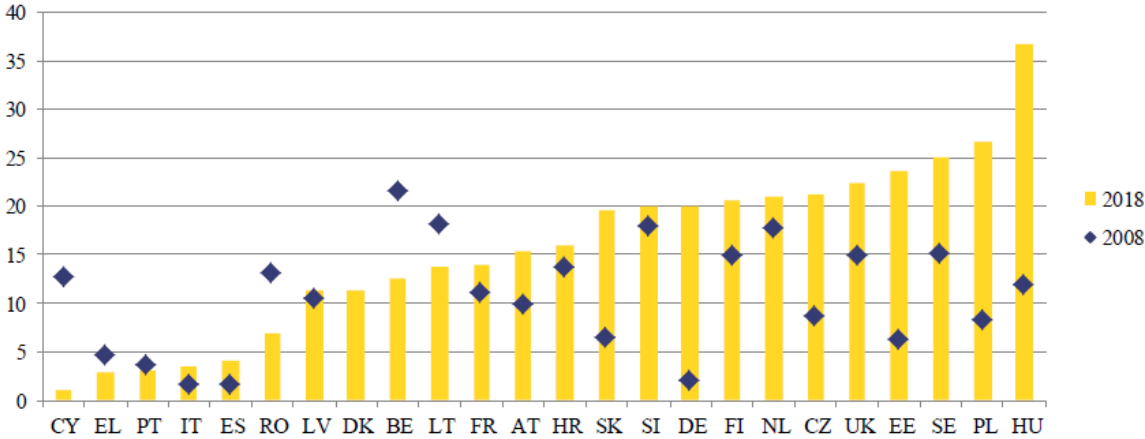
The EC analyses from 2019<sup>46</sup> indicated skill shortages in Poland of over 25%, which was the second highest result in the EU. At the same time, this indicator increased from 9% in 2008, as shown in the chart below.

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<sup>45</sup> Professions with excessive staff supply will include economists (in all eastern voivodeships), as well as philosophers, historians, political scientists and cultural scientists (in the Lubelskie Voivodeship and Podkarpackie Voivodeship), counsellors (in the Lubelskie Voivodeship), employees of travel agencies and tourist service staff (in the Lubelskie Voivodeship and Podkarpackie Voivodeship), public administration specialists (in the Lubelskie Voivodeship and Podkarpackie Voivodeship), food and nutrition technology specialists (in the Lubelskie Voivodeship and Podkarpackie Voivodeship), mechanic technicians (in the Lubelskie Voivodeship), sociologists and specialists in social and economic research (in the Podkarpackie Voivodeship), as well as farmers and breeders (in the Podlaskie Voivodeship) (*Occupational Barometer 2022*, p. 29).

<sup>46</sup> *Skills Mismatch and Productivity in the EU*, European Commission, July 2019, p. 12

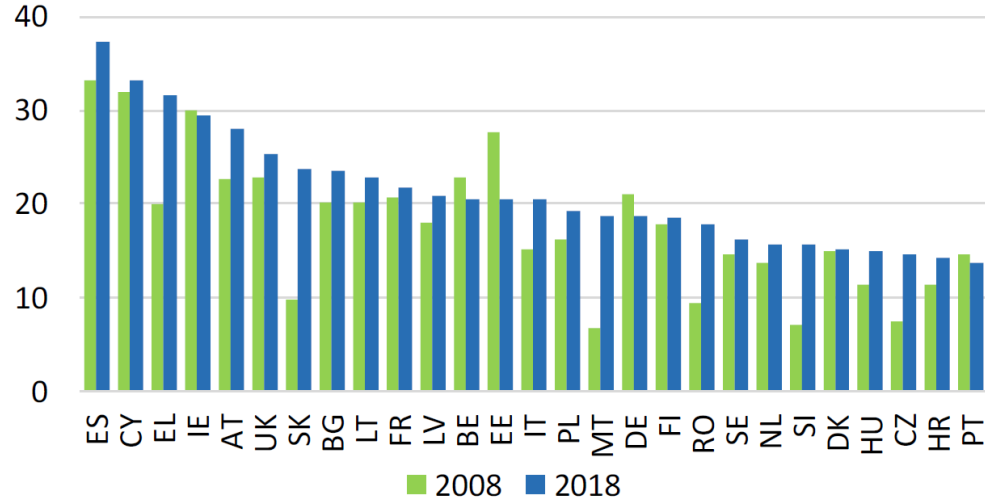
Chart 3. Skill shortages (%) in the EU countries – comparison between 2008 and 2018



Source: Skills Mismatch and Productivity in the EU, European Commission (p. 12),  
 Own calculations based on European Business Survey and AMECO

Another EC study from 2019 entitled “Labour Market and Wage Developments in Europe – Annual Review 2019” presents an analysis of the skills mismatch in particular EU countries<sup>47</sup>. In 2018, vertical skills mismatch (over-qualification) in Poland reached nearly 20% (and increased since 2008), compared to approx. 37% in Spain and approx. 15% in Denmark, Sweden, the Netherlands, and Slovenia.

Chart 4. Over-qualification in the EU countries – comparison between 2008 and 2018



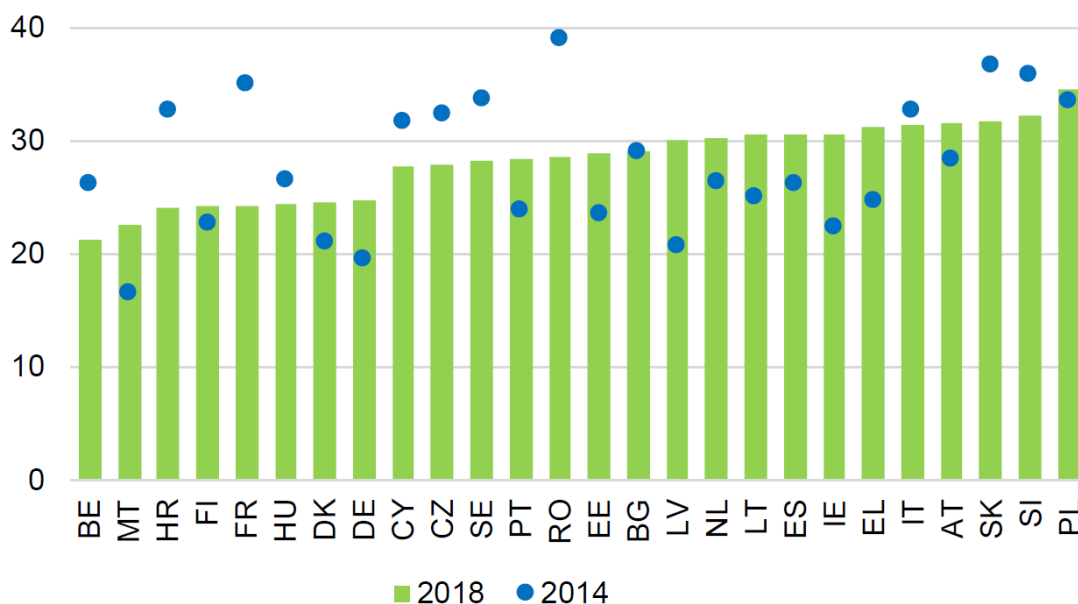
Source: Labour Market and Wage Developments in Europe – Annual Review 2019 (p. 103).

As for horizontal skills mismatch, i.e. having skills other than those required for a given job, in 2019, Poland was **rated highest in the EU** (35%, compared to 30% for the entire EU).

<sup>47</sup> Skills mismatch is a term that often appears in the context of various forms of supply and demand mismatches in the labour market. Employers struggling to find employees with the right skills, despite attractive pay offered by them, offer face skills shortages. Meanwhile, qualifications or skills mismatches also occur where a given person takes up a job in which their education and skills are not sufficiently used (BRIEFING NOTE *Skill mismatch: more than meets the eye*, 2014 – Cedefop).

Although from the theoretical point of view, horizontal skills mismatch is more difficult to assess and, at the same time, less unfavourable for employees in terms of employment conditions, this level clearly indicates **the incompatibility of the Polish education system with the demand for professions arising from the economy, as well as the need for better management of vocational and higher education offer**. The authors of the report note that the above-mentioned results are due to some extent also to the fact that Poland (and Slovenia – where the scale of this phenomenon is also large) has an education system favouring the acquisition of general skills, not sector-specific skills<sup>48 49</sup>.

Chart 5. Horizontal skills mismatch in the EU countries – comparison between 2008 and 2018



Source: *Labour Market and Wage Developments in Europe – Annual Review 2019* (p. 104).

In the long run, factors such as declining labour resources and the mismatch of the qualifications structure with the labour market needs may result in a lower economic growth rate. **Therefore, it is important to take steps in advance to ensure balance in the labour market, understood as offsetting the demand and supply for specific professions and skills, as well as increasing work efficiency** – it is particularly important now, due to the acceleration of two key social and economic transformations, i.e. digital and energy ones.

### 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 intelligent technologies in company management – from production, through marketing, to

<sup>48</sup> *Labour Market and Wage Developments in Europe – Annual Review 2019*, European Commission, p. 104, <https://ec.europa.eu>.

<sup>49</sup> At the same time, it should be borne in mind that in Poland the offer of studies is the responsibility of the universities themselves, that, in accordance with the law on higher education and science, enjoy autonomy in this respect, while the Ministry of Education and Science provides a number of tools supporting the acquisition of competencies needed from the point of view of employers. This is, e.g. the mechanism of dual studies.



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>50</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>51</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 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. Therefore, it is necessary to create platforms for cooperation between educational institutions, public institutions and entrepreneurs to identify and satisfy competence needs, which in turn will contribute to greater flexibility of citizens in taking up economic activity.

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

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<sup>50</sup> *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>51</sup> *The future of work. OECD Employment Outlook 2019*, OECD 2019. Cited data regarding types of work and workload analysed until 2019.

be for self-organising, interpersonal and cognitive skills<sup>52</sup>. Continuous learning and development will prove to be inseparable elements of functioning in the labour market.<sup>53</sup> In this respect, an important role is and will be played by the National Training Fund, 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, referring to Gartner Research, *Predicts 2018: AI and the future of work*, November 2017<sup>54</sup>, state 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 productivity, 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>55</sup>.

It is also 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>56</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

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<sup>52</sup> Bilans Kapitału Ludzkiego, PARP 2020, <https://www.parp.gov.pl/component/publications/publication/zarzadzanie-kapitalem-ludzkiem-w-polskich-firmach-obraz-tuz-przed-pandemia>.

<sup>53</sup> The future of skills. Employment in 2030, Pearson, 2017 <https://futureskills.pearson.com/research/assets/pdfs/technical-report.pdf> (access: 5-11-2019).

<sup>54</sup> <https://www.gartner.com/en/documents/3833572/predicts-2018-ai-and-the-future-of-work>

<sup>55</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.

<sup>56</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.

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>57</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 is not a new ambition, but it gained significant momentum during the COVID-19 pandemic and is an integral part of the National Recovery and Resilience Plans of many Member States. Most countries have targeted specific sectors, primarily construction, transition to renewable energy, sustainable transport, and climate change adaptation.

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.

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, care and education 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 aging 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

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<sup>57</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.

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 hit 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>58</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>59</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, 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>60</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. In order to guarantee a gradual increase in the salaries of employees working in medical professions, including doctors, in 2017, regulations establishing the lowest basic salary of some employees were adopted, to be amended in 2019, among others, as regards unfreezing the base amount. The basic salaries of doctors undergoing specialty training in the form of residency and specialist doctors were also significantly increased.

Since 2015, the number of medical faculties at universities has increased by 7. In order to increase the availability of medical staff in 2016-2020, the limit of admissions to medical faculties was significantly increased by a total of over 2,000 students throughout Poland.

Action is also taken to increase the number of nurses and midwives in the health care system, and to make these professions more attractive and more prestigious.

### **Adult learning in Poland**

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<sup>58</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>59</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."

<sup>60</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).

The national target for Poland as regards skills development (51.7% of all adults participating in training each year)<sup>61</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.

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.

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 gap is not visible as regards participation in formal education (4.5% and 5%, respectively). What was 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.

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<sup>61</sup> See: subsection II.2. p. 15.

In recent years, significant progress has been made in the development of various components of the lifelong learning system (including the Integrated Qualifications System with 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. With funds from the NTF, approx. 96,000 working people participate in lifelong learning every year.<sup>62</sup>

### **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 (p. 21), since 2015, the *Occupational Barometer* 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>63</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, is coming to an end.

Since 2009, the Polish Agency for Enterprise Development 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, the Polish Agency for Enterprise Development started in 2017 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

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<sup>62</sup> This year’s budget of the NTF is PLN 259.4 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>63</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*.

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. Human Capital Balance surveys are planned to be continued also in the next EU financial framework.

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>64</sup>. This document includes an alphabetically ordered 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.

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<sup>64</sup> Article 46b of the Act of 14 December 2016 – Education Law (Journal of Laws of 2021, item 1082, as amended)

## II.6.2. WAGE AND NON-WAGE WORKING CONDITIONS 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>65</sup>, out of 34 surveyed countries, Poland was ranked 6<sup>th</sup> from last. As for labour market security, Poland was ranked 10<sup>th</sup> 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>66</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 9<sup>th</sup> 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, and in 2022, it is PLN 19.70) entered into force. In recent years, progress has been made in this respect, but still much remains to be done. This is particularly important in the context of the popularisation of certain forms of work based on the use of modern technologies (e.g. platform work), which – as shown by the experience of other countries – may lead to an increase in the percentage of people working based on non-standard forms of employment.

**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 labour productivity index in Poland amounted to 82.1% of the EU-27 average<sup>67</sup>. However, in recent years, a very

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<sup>65</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>66</sup> In 2020, the sense of security in Poland and worldwide 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>67</sup> EUROSTAT data,

<https://ec.europa.eu/eurostat/tgm/table.do?tab=table&plugin=1&language=en&pcode=tesem160> (access: 17.12.2020). This indicator is measured with the gross domestic product according to the purchasing power



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 79.9%). 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>68</sup>.

### Limitation of labour market fragmentation

Although it has been decreasing since the end of 2015, the percentage of fixed-term contracts in Poland is one of the highest in the EU (LFS, Statistics Poland). Council recommendations for Poland issued in the course of the European Semester as part of its recommendations addressed to EU Member States, 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.

*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>69</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 amounts to over PLN 7.5 thousand<sup>70</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 25<sup>1</sup> of the Labour Code, and restrictions on the conclusion of fixed-term employment contracts – Article 25<sup>1</sup> of the Labour

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parity per working person [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: 5.11.2020)

<sup>68</sup> <https://www.gov.pl/web/przedsiębiorczosc-technologie/systematycznie-nadrabiamy-dystans-pod-wzglem-nakladow-na-badania-i-rozwoj> of 22-05-2019, This indicator is measured with the gross domestic product according to the purchasing power parity per working person (access 5-11-2019)

<sup>69</sup> *Strategia na rzecz Odpowiedzialnego Rozwoju do roku 2020 (z perspektywą do 2030 r.)*, Warszawa 2017, p. 156.

<sup>70</sup> Report of the InStrat Foundation from 2020: “*Pełne dochody – niepełne składki*”.

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, with 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 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 publically 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.

## 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.

Currently, remote work in Poland may 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. Therefore, the Ministry of Family and Social Policy continues legislative work to introduce remote work into the Labour Code on a regular basis.

Moreover, 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, further solutions will be introduced to the provisions of the Labour Code to extend the use of flexible working arrangements for parents of children up to 8 years of age and for people caring for, e.g. relatives who require care or support for serious medical reasons. The solutions provided for in the above-mentioned Directive regarding flexible working arrangements mean that an employee should be able to adapt their working schedules by performing remote work. These solutions also include the use of flexible working time schedules or a reduction in working hours. Employees caring for children up to a certain age will therefore be able to work outside the employer's premises, e.g. at home, which may make it much easier for them to care for a small child or a dependent family member. It will also be possible to adapt working schedules according to the employee's preferences or to reduce working hours depending on their individual needs.

Flexible forms of employment are also a tool that improves the employment opportunities of people in a specific situation in the labour market – the elderly, people caring for their family members, parents of young children, single parents, people living in peripheral areas with difficult access to the workplace, etc. Such measures may help achieve a better work-life balance, respond to a crisis, and support people from groups with lower economic activity rates in finding permanent employment. They can also help increase the resilience of the labour market in future downturns.

Introducing remote work and solutions to extend the use of flexible working arrangements (as presented above) into the provisions of the Labour Code on a regular basis may ensure effective use of the potential of human resources in the economy and adaptation to emerging

development challenges. This will lead to the development of new business organisation models that require significant changes in the culture, internal processes and mechanisms (systems and practices) related to work performance control. It will be possible to perform remote work regulated in the *Labour Code* also in typical conditions, not only extraordinary ones.

The implementation of the above solutions into the Polish legal system may also increase the percentage of women – more often burdened with caring responsibilities – participating in the labour market, and also help achieve balance in the use of flexible working arrangements by women and men.

### **II.6.3. INSUFFICIENT USE OF HUMAN RESOURCES POTENTIAL IN THE LABOUR MARKET**

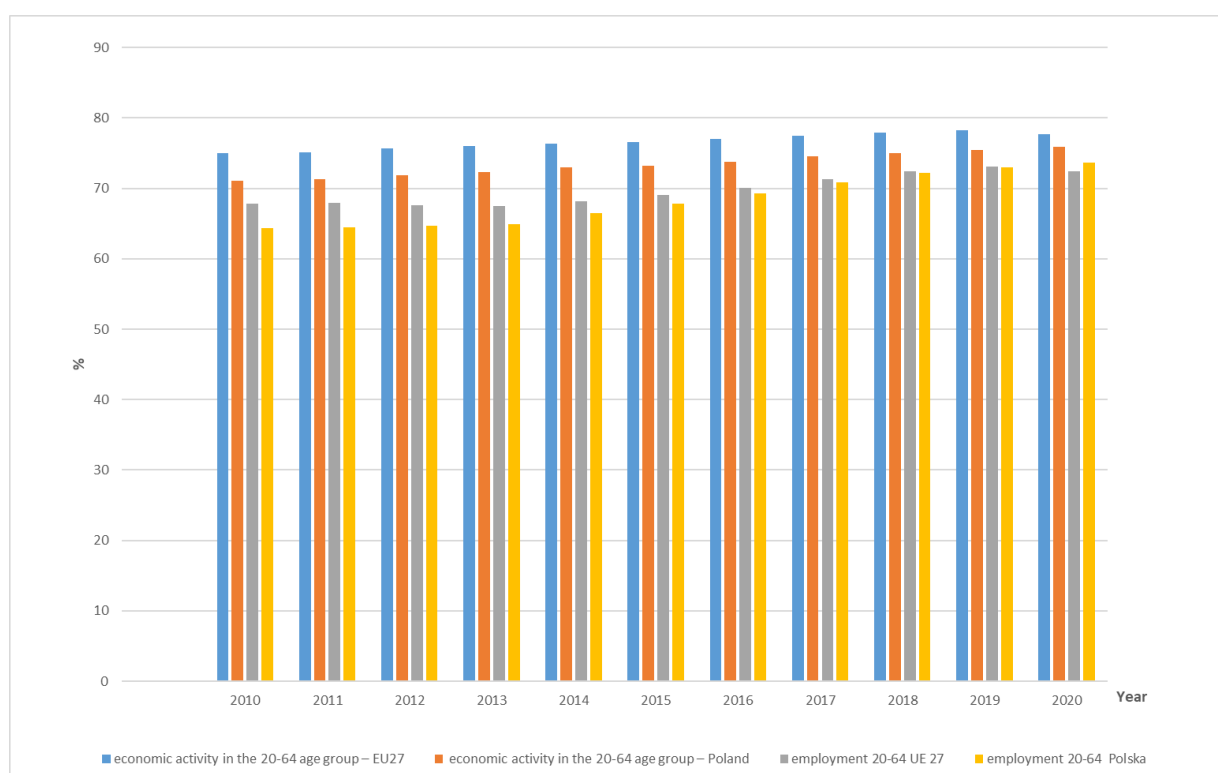
In 2021, the employment rate in Poland for people aged 20-64 was 75.4%, which placed Poland above the average for the entire EU – 73.1%<sup>71</sup>. It also meant that this rate continued to rise steadily, irrespectively of the COVID-19 pandemic. Still, the economic activity rate in Poland is lower than the EU average<sup>72</sup>, which shows that there is still significant potential in terms of economic activation of the Polish society – especially in the face of the currently observed staff shortages.

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<sup>71</sup> Eurostat.

<sup>72</sup> In 2021, an increase was recorded also in this indicator, to 78.5% in Q4 2021 (UE-27 average in that period was 79.1%).

Chart 6. Employment rate and economic activity rate in Poland and in the EU in 2010-2020



Source: own study based on Eurostat data.

According to the Labour Force Survey (LFS) carried out by Statistics Poland, in the fourth quarter of 2021, over 4.2 million people in the working age population in Poland remained economically inactive, and 388,000 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 (from the fourth quarter of 2021), besides students and retirees, the population of economically inactive people included mainly those inactive due to illness and disability (1 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**

As at the end of December 2021, in Poland, there were over 756.1 thousand unemployed people in a specific situation in the labour market. Almost 67% of them were the long-term unemployed. 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**



In the case of women aged 25-54, economic inactivity is most often due to family responsibilities. Compared to other countries, an improvement is needed in the economic activity rate for women in Poland that in the fourth quarter of 2021 was 71.4% (compared to 85.5% for men; 20-64 age group); women also account for the majority of economically inactive people (61.4%)<sup>73</sup>. Barriers to the economic activity of women – especially those less educated ones, living in smaller towns or villages, mothers of young children – include inflexible working time, jobs that are financially and physically unattractive, being burdened with household and caring responsibilities, and lack of educational and care institutions for young children.

Having to look after family members, including the youngest children, makes it difficult to return to work. Especially that despite its systematic growth, the territorial availability of care institutions – nurseries, children’s clubs, day carers – is still insufficient. Currently, such institutions operate in less than 50% of gminas. About 17.5% of children under the age of 3 are in care (in its various forms)<sup>74</sup>. It is necessary to further increase the number of places where care is provided. The 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) results 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 the retirement age (60 years for women and 65 years for men), which, given the current demographic changes, will translate, in the long term, into an even more unfavourable situation in terms of employee availability. It should be noted that people who have already reached retirement age are often ready for further professional work. 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 man), regardless of income from work, does not have any negative consequences on the amount of the old-age pension received.

This leads to the conclusion that it is necessary to take action to create opportunities for a significant part of the economically inactive to stay longer in the labour market. 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

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<sup>73</sup> Information on the labour market in the third quarter of 2021, Statistics Poland, 2022

<sup>74</sup> Sprawozdania Rady Ministrów z realizacji ustawy z dnia 4 lutego 2011 r. o opiece nad dziećmi w wieku do lat 3 w 2020 r. (Reports of the Council of Ministers on the implementation of the Act of 4 February 2011 on care of children up to 3 years of age in 2020), <https://www.gov.pl/web/rodzina/informacje-statystyczne-opieka-nad-dzieckiem>.

labour market<sup>75</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.

According to the Labour Force Survey (LFS) conducted by Statistics Poland, in the fourth quarter of 2021, the post-working age population (60-89 years – women and 65-89 years – men) included approx. 753 thousand economically active people, including 488 thousand people working full-time, and 247 thousand people working part-time<sup>76</sup>. Thus, the economic activity rate among the post-working age population was 9.3%, and the employment rate was 9.2%.

Any increase in the retirement age has low social acceptance at present, and what is more, both legally and culturally, retirement at the statutory age is a right (possible option) and not an obligation (necessity). The problem of ceasing economic activity is often exacerbated by horizontal skills mismatch among people aged 60+, especially given new expectations of employers. Despite the relatively high involvement of the PES in developing the training offer, it still lags behind the expectations of employers in this regard, and at the same time, there are no adequate activation tools for people approaching retirement age – they are not interested in taking action to adapt their skills to changing requirements, because they are often not aware of the existence of such opportunities, they see no benefits in learning shortly before retirement, and there are no numerous examples and patterns of behaviours that would popularise such approach.

### **Employment of people with disabilities**

In the case of people with disabilities (according to data of the Ministry of Family and Social Policy, 61,000 people with disabilities were registered as unemployed as at the end of December 2021), the level of their economic activity significantly differs from that of people without disabilities. For this reason, it is still a group to which activities supporting functioning in the labour market should be directed (in the form of support programmes, subsidised employment, etc.). In total, 527,000 people with disabilities worked in Poland in 2021, including almost 79% ones working full-time.

### **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 the past year, 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. In the fourth quarter of 2021, the employment rate among young people aged 15-24, which has been low for many years, was 28.2%. At the same time, at the end of 2021, almost 210,000 unemployed people below 30 years of age were registered in labour offices, but, importantly, the decrease in the number of

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<sup>75</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).

<sup>76</sup> In 2021, Statistics Poland changed the LFS methodology, thus the comparability with previous years is limited.



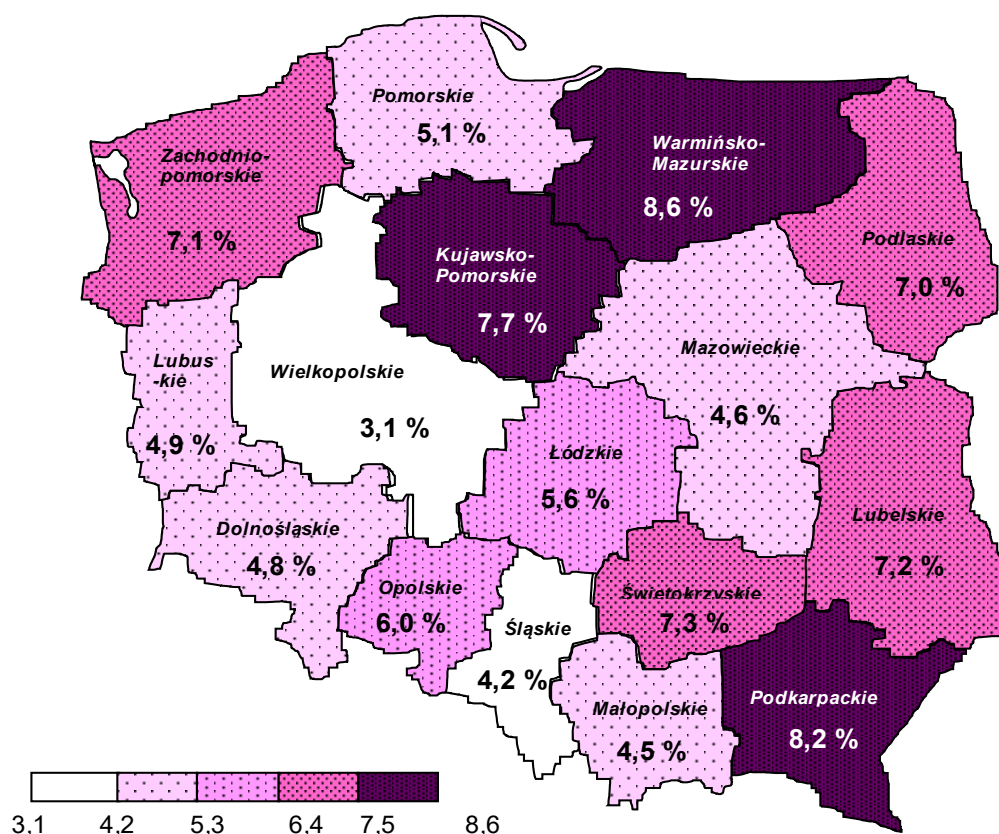
the unemployed under 30 years of age was much greater than in other age groups. The number of registered unemployed among young people dropped by 60 thousand YoY.

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 2021, the NEET (people aged 15-29 not in education, employment or training) rate was 13.4% (compared to the EU average of 13.1%). Having regard both to the need to provide adequate labour resources and to provide young people with employment and appropriate skills – allowing for professional development in the following years of life – it is necessary to continue support addressed to this social group.

### **Territorial differences**

What can reduce Poland's development capabilities is, among others, 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 poviats and gmina 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 December 2021, the differences in the unemployment rate between extreme voivodeships more than doubled (Wielkopolskie: 3.1%, Warmińsko-Mazurskie: 8.6%). 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 4 times higher than the nation-wide average (Szydłowiec powiat) – at the end of December 2021, the lowest unemployment rate was recorded in the poviats of Kępno, Poznań and the city of Poznań (1.6%), and the highest one – in the Szydłowiec powiat in the Mazowieckie Voivodeship (22.3%), so the difference between extreme poviats was 13 times.

Map 1. Unemployment rate by voivodeship at the end of December 2021



Source: own study, Ministry of Family and Social Policy

#### II.6.4. 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 responsible for labour is the PES coordinator. At the end of 2020, there were 340 poviats labour offices and 16 voivodeship labour offices in Poland. Poviats labour offices are part of the combined poviats administration and operate under the poviats governor's /city president's direction. 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 21<sup>st</sup> century, there are more and more opinions that it is not adapted to transformations in the labour market related to, among others, technology and demographics. 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. The Polish system is characterised by a large proportion of foreigners who are enabled access to the Polish labour market (poviat 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>77</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. As for the performance measures, an analysis of the effectiveness of spending of the Labour Fund resources by poviat 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>78</sup>.

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>79</sup>. The aforementioned system for assessing the efficiency of the PES should also be strengthened by implementing a set of indicators concerning both the assessment of the implementation of particular processes and the work of persons responsible for them<sup>80</sup>.

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<sup>77</sup> *Ocena zewnętrzna inicjatywy benchlearningu, Sprawozdanie zbiorcze w drugim cyklu – Polska*, PES Network, 2018.

<sup>78</sup> *Efektywność podstawowych form aktywizacji zawodowej, realizowanych w ramach programów na rzecz promocji zatrudnienia, łagodzenia skutków bezrobocia i aktywizacji zawodowej w 2019 roku*, Ministry of Family, Labour and Social Policy 2019.

<sup>79</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>80</sup> It is stated in the report 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.”*

In order to strengthen the Polish labour market it is necessary to change the operation of labour market institutions, including the PES, by increasing the effectiveness of these institutions and enabling them to provide professional, more digitised, services. The PES should be geared towards implementing active labour market policies targeted at those 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 transformations. 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 29 years of age), the elderly, people with disabilities, the long-term unemployed, and migrants, including returning ones.

#### **II.6.5. 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. According to the Polish Economic Institute, in 2013-2019, the number of foreigners in the Polish labour market increased from approx. 2.5% to 7%.

At the same time, it should be noted that due to Russia's invasion of Ukraine in February 2022, in 2022, the conditions for managing labour migration will change (see: subsection II.5. pp. 24-25). The scale of these changes is currently difficult to estimate, as it is yet unknown how many of Ukrainian citizens who seek refuge in Poland will be interested in taking up employment and how long they will stay in Poland. Nevertheless, systemic solutions to integrate Ukrainian citizens with the Polish labour market (bearing in mind that those who seek refuge in Poland are mainly women and children) should already be planned. Actions already taken in this regard are described in subsection II.5. (pp. 24-25).

Proper management of economic migration is possible, among others, with a simplified procedure for employing foreigners, allowing for 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. In 2021, 2 million declarations were entered into the register. 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 the end of September 2018 to the end of December 2019 from 569 thousand to 651 thousand, at the end of 2020, this number increased to 725 thousand, and at the end of 2021, it reached 875 thousand. Foreigners replenish the shortages resulting, among others, from the decreasing number of people of working age, persistent emigration, the unemployment rate at a level similar to natural unemployment, sustained economic growth or the structure of economically active Polish citizens' qualifications, that does not fully meet the current needs of the labour market. The growing scale of the inflow of foreigners has not been accompanied by negative consequences for the labour market: the unemployment rate in Poland remains one of the lowest in the EU, and wages are rising. 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>81</sup>, extending the above-mentioned working period from 6 to 24 months (without specifying the aforementioned reference period, i.e. 12 months)<sup>82</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 providing public services adapted to foreigners' needs. Efforts are also needed to further reduce abuses related to employment of foreigners.

To sum up, an active migration policy involves the state's actions for accepting those workers who are particularly needed for economic reasons. Recruitment programmes for nurses or IT specialists from abroad implemented in Western European countries are a good example of such actions. 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>83</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>81</sup> The provisions of the act entered into force on 29 January 2022.

<sup>82</sup> Article 88z(2)(3) of the Act of 20 April 2004 on Employment Promotion and Labour Market Institutions.

<sup>83</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.

### III. OBJECTIVES OF THE 2022 NATIONAL ACTION PLAN FOR EMPLOYMENT (NAPE) AND ACTIONS WITHIN PARTICULAR DIMENSIONS

#### III. 1. MAIN OBJECTIVE OF THE NATIONAL ACTION PLAN FOR EMPLOYMENT AND SPECIFIC OBJECTIVES

**The main objective of the 2022 NAPE, responding to the identified challenges, is to increase economic activity and employment.**

The main objective of the 2022 NAPE will be implemented through the following specific objectives:

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

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

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:

- **increasing the availability of funds from the National Training Fund (KFS)** – expanding the group of people who can benefit from the NTF and increasing the amount of funds allocated to the NTF, as well as providing support from the NTF for social economy entities – in particular social enterprises, social cooperatives, social integration centres and clubs, as well as sheltered workshops and occupational therapy workshops;
- **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**; the voucher can be used for development services from the offer in the Development Services Base, including those offered by universities);

- **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 in 2026, implementing the concept of professional excellence centres (as part of the National Recovery and Resilience Plan), 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;
- **further support and promotion of the quality evaluation of formal education programmes at vocational universities** (as part of the implementation of cyclical projects carried out since 2019 by the minister responsible for higher education, called “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 Fates of University Graduates** in Poland and using the data derived from it to monitor the adequacy of higher skills education programmes to the needs and competencies desired by employers;
- undertaking analyses of the practicability of implementing **personal training accounts in Poland**;
- further promotion of lifelong learning, among others, **through information activities building public awareness** of the need for lifelong learning;
- continuation of the pilot project of the Ministry of Development and Technology entitled **AI4Youth** (teaching a minimum of 120 teachers and educating a minimum of 1,800 students as part of a full-time course developing competencies in artificial intelligence among adolescents learning at public secondary schools as well as promoting entrepreneurship based on artificial intelligence at secondary schools) and promoting entrepreneurship based on artificial intelligence in secondary schools) and activities aimed at calibrating this programme across Poland.

**(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) – also by actively involving poviats labour offices and voivodeship labour offices in monitoring and forecasting these trends.

**(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)”.

**(4) Implementation of the European Skills, Competencies, Qualifications and Occupations (ESCO) Classification in the IT system of public employment services.**

### **III.1.2. SPECIFIC OBJECTIVE 2: INCREASING 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) Reducing segmentation in the Polish labour market by:**

- **undertaking analytical work on possible legal solutions** and further monitoring of the labour market in this regard.

**(2) Strengthening social dialogue by:**

- **active involvement of social partners** in consultations on legal provisions and public policies;
- **carrying out a consultation process with social partners on the potential of collective bargaining agreements.**

**(3) Actions facilitating the use of flexible and, at the same time, stable forms of employment, through:**

- **introduction into the *Labour Code* provisions enabling remote work on a regular basis** (reform planned under the National Recovery and Resilience Plan);
- **investments related to providing employees/enterprises with equipment enabling remote work** (as part of the National Recovery and Resilience Plan);
- **undertaking analyses with respect to ensuring in Poland the rules for performing work in newly emerging forms** (e.g. platform work), in a manner that secures the rights of employees and employers.

### **III.1.3. SPECIFIC OBJECTIVE 3: 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) Preparation of a project of solutions enabling the provision of a wide range of support to the economically inactive and jobseekers** – currently, the PES activities are focused on supporting people registering as unemployed.

**(2) Implementation of pilot projects regarding innovative forms of support** that were selected for implementation in the call for proposals entitled “New View – New Opportunities” and in the call entitled “Stable Job – Strong Family”. Pilot projects are addressed to public employment services – including voivodeship and poviats labour offices



wishing to implement new methods or ways of helping the unemployed, jobseekers or employers in order to prepare systemic solutions.

**(3) 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 National Recovery and Resilience Plan, the European Social Fund and domestic funds to dynamically increase the number of newly created care facilities and ensure their long-term operation);

- **commencement of work on a review of the operation of the system of care for people requiring support in their daily functioning** (as part of the National Recovery and Resilience Plan) – the review will concern the legal system regulating the provision of social services, as well as organisational issues related to the management of services for people with disabilities, for the elderly, for people in a mental crisis, as well as the provision of long-term health care. Based on the analysis, **recommendations for legal changes** aimed at ensuring the implementation of various local social and health services responding to the needs of residents, will be presented. In accordance with the developed recommendations and if the need for legislative changes is identified, the relevant acts and/or other legal regulations will be amended in the coming years to implement the changes specified in the review.

- **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 (OJ L 188, 12.07.2019, p.79)<sup>84</sup> into the Polish legal system.**

The Directive lays down minimum requirements to achieve equality between women and men in terms of labour market opportunities and treatment at work, by making it easier for workers who are parents or carers to reconcile work and family life. The purpose of the Directive is also to encourage a more equal sharing of caring responsibilities between women and men.

**(4) Implementation of a system of incentives for longer economic activity**, among others, for people who can exercise their old-age pension rights, e.g. through:

- **development and adoption of a set of solutions for the development of competencies** of employees aged 45/50 + (as part of the National Recovery and Resilience Plan).

**(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 *Youth Guarantee*, in line with the updated *Youth Guarantee Implementation Plan in Poland*;

- **programmes addressed to young people**, including internship programmes in the public sector;

- **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 function

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<sup>84</sup> The deadline for the implementation of the provisions of this Directive expires on 2 August 2022.

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

**(6) Promoting the inclusive labour market and social economy** with respect to disadvantaged groups, including the implementation of the legal framework for the development of social economy (entry into force of the act on social economy – as part of the National Recovery and Resilience Plan).

**(7) Actions to support people with disabilities in the work environment**<sup>85</sup>.

**(8) Development of the economic potential of people with disabilities** by increasing the level and quality of employment of people with disabilities and people professionally inactive due to illness<sup>86</sup>.

**(9) Measures for young people implemented by the Voluntary Labour Corps Headquarters**, concerning, among others, the organisation of:

- vocational training (regarding, among others, development of entrepreneurial attitudes and procedures for setting up and running a business);
- labour market services for young people (including workshops regarding work-life balance);
- study visits to employers to strengthen the practical aspect of education and facilitate entry into the labour market following its completion.

It is also planned to support young parents in their parental role<sup>87</sup> and to prepare young people for employment by compensating for educational deficits that hinder their professional work.

### **III. 1.4. SPECIFIC OBJECTIVE 4: MODERNISING THE OPERATION OF PUBLIC EMPLOYMENT SERVICES AND INCREASING THE EFFECTIVENESS OF ACTIVE LABOUR MARKET POLICIES**

In order to strengthen the Polish labour market it is necessary to ensure an effective system of labour market support/economic activation, implementing measures focused on active forms of assistance for the unemployed, jobseekers, economically inactive people, working people and employers, including procedures for admitting foreigners to the labour market, in which the PES plays an important role in Poland.

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<sup>85</sup> The project entitled “Development and pilot implementation of a comprehensive rehabilitation model enabling taking up or returning to work” is implemented under *Measure 2.6 High-quality policy 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 in the area of rehabilitation as well as social and economic activation, that will have an impact on the quality of services provided by entities carrying out tasks relating to economic and social inclusion of people at risk of incapacity for work, disability and people with disabilities. The project is implemented in 2018-2023. A team of experts for the development of a comprehensive rehabilitation model has been established and a preliminary model of comprehensive rehabilitation has been developed and commissioned for pilot implementation in 4 comprehensive rehabilitation centres.

<sup>86</sup> The measure concerns a competition announced by the Department for Implementation of the ESF in August 2020 financed with the ESF funds under OP KED, Measure 1.5. The competition concerns projects to increase the level and quality of employment of unemployed and working people with disabilities as well as people economically inactive due to illness. The implemented direct support for these people is to contribute to their economic activation and improvement in their situation in the open labour market.

<sup>87</sup> Measure entitled *Life is a miracle*.

**The foregoing will be possible with the changes proposed in the new labour market regulations.**

The effectiveness of provided assistance will also be enhanced by further digitisation of PES processes and procedures, which will facilitate access thereto and make it possible to shorten the duration of procedures.

It is also important to ensure uniform standards for the provision of services within the PES. Such standards will make it possible to ensure the appropriate quality of actions taken by labour offices for people who need support.

As part of this objective the following activities will be implemented:

**(1) Development of a package of acts in the area of the labour market** that will replace and supplement the applicable Act on Employment Promotion and Labour Market Institutions.

**(2) Development of assumptions for the PES development strategy, including a performance framework system** as part of which management standards, a system for evaluating performance indicators, and methods of interinstitutional coordination (as part of the National Recovery and Resilience Plan) will be established.

**(3) Further development of the PES IT systems and electronic services provided to PES clients** and job placement services, through:

- enabling everyone, including the unemployed, access to job offers contained in the Central Database of Job Offers,
- development of the function enabling CV preparation and sharing in the central CV database,
- development of mechanisms for automatic matching job offers with jobseekers' expectations.

### **III.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 measures will be taken to accomplish this 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) Encouraging the return of migrants and repatriates.**
- (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<sup>88</sup>.
- (9) Measures to facilitate the integration of Ukrainian citizens in the Polish labour market**, due to the large number of war refugees coming to Poland from that country.

A synthetic summary of the objectives and measures described above is presented in Appendix 2.

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<sup>88</sup> On 25 February 2022, the Ministry of Family and Social Policy launched an activation programme for foreigners for 2022-2025, aimed at economic activation as well as integration and social activation of foreigners who legally reside in Poland, and who face difficulties, among others, in finding employment or a language and integration barrier in society (budget of PLN 40 million under the Labour Fund). The programme will support specialist entities acting for the economic activation and well as integration and social activation of foreigners legally residing in Poland, also in connection with the situation in Ukraine.

## **III.2. SYSTEM OF THE IMPLEMENTATION OF THE 2022 NATIONAL ACTION PLAN FOR EMPLOYMENT (NAPE)**

The objectives and measures provided for under 2022 NAPE will be implemented by a wide range of institutions (ministries, offices, local government units).

Funds for the implementation of the 2022 NAPE will come from the state budget, the Labour Fund, the Social Insurance Fund, the Guaranteed Employee Benefits Fund, the State Fund for Rehabilitation of People with Disabilities, local government units' budgets, the budget of the Voluntary Labour Corps and the Recovery and Resilience Facility (as part of the National Recovery and Resilience Plan), the European Social Fund and other EU funds. The total amount estimated for 2022 is PLN 11.5 billion<sup>89</sup>.

The implementation of the actions included in the 2022 NAPE will be financed within the expenditure limits of the relevant units of the public finance sector for 2022, without having to apply for additional funds<sup>90</sup>.

### **III.2.1. NAPE MONITORING AND REPORTING SYSTEM**

The Act of 20 April 2004 on Employment Promotion and Labour Market Institutions obliges the minister responsible for labour to prepare periodic reports on the implementation of the National Action Plan for Employment (NAPE).

Monitoring and coordination of actions planned to be performed under 2022 NAPE will be carried out on an annual basis.

Monitoring of the implementation of actions included in the 2022 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>89</sup> The estimated amount for the implementation of the 2021 NAPE was approximately PLN 30 billion, due to mobilisation of significant funds as part of the anti-crisis shield related to counteracting the social and economic effects of the pandemic. This amount does not include expenditure related to support for refugees from Ukraine in 2022.

<sup>90</sup> Due to the situation in Ukraine, additional funds may be allocated to Poland from the EU budget for increased expenditure on support for refugees from Ukraine in the labour market.

## SET OF INDICATORS APPLICABLE TO THE 2022 NAPE

Indicator	Data source	Baseline value for 2021 (or the latest available data)
Economic activity rate for the 20-64 age group	LFS, Statistics Poland	78% (2021)
Employment rate for the 20-64 age group	LFS, Statistics Poland	75.4% (2021)
Number of people registered as unemployed	Statistics Poland	895.2 thousand (as at the end of 2021)
Registered unemployment rate	Statistics Poland	5.4% (as at the end of December 2021)
Unemployment rate	LFS, Statistics Poland	3.4% (2021)
Economic activity rate for the 15-24 age group	LFS, Statistics Poland	31.0% (2021)
Employment rate for the 15-24 age group	LFS, Statistics Poland	27.3% (2021)
Young people not in employment, education or training – NEET rate for the 15-24 age group	Eurostat	11.2% (2021)
Unemployment rate for the 15-24 age group	LFS, Statistics Poland	11.9% (2021)
Economic activity rate for the 55-64 age group	LFS, Statistics Poland	56.0% (2021)
Employment rate for the 55-64 age group	LFS, Statistics Poland	54.7% (2021)
Unemployment rate for the 55-74 age group	LFS, Statistics Poland	2.2% (2021)
Territorial differences in the employment rate for people aged 15-64	LFS, Statistics Poland	4.5% (2020)
Proportion of children aged 1-2 years covered by various forms of institutional care <sup>91</sup> .	Ministry of Family and Social Policy	29.3% (2021)

<sup>91</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%.

<b>Indicator</b>	<b>Data source</b>	<b>Baseline value for 2021 (or the latest available data)</b>
Employment rate for women aged 15-64 with the youngest child up to 5 years of age	LFS, Statistics Poland	69.2% (2021)
Proportion of wage workers employed under a fixed term contract	LFS, Statistics Poland	15.1% (2021)
Number of people working under civil law contracts	LFS, Statistics Poland	407 thousand (2021)
Proportion of people working under civil law contracts in the total number of wage workers	LFS, Statistics Poland	3.0% (2021)
Proportion of adults participating in education or training (aged 25-64)	LFS, Statistics Poland	5.4% (2021)
Proportion of people trained in IT and computer use as part of training financed from the Labour Fund	Statistics Poland	2% (2020)
Number of foreigners working under contracts subject to social insurance	number of people insured with the Social Insurance Institution	875.1 thousand (December 2021)
Number of Polish citizens staying temporarily abroad	Statistics Poland, annual information on emigration volume and directions	2.239 million (2020)
Number of the Polish unemployed and jobseekers using the services of the EURES network	EURES National Monitoring Base	88.5 thousand (2021)
Number of the Polish employers using the services of the EURES network	EURES National Monitoring Base	11.2 thousand (2021)

## APPENDIX NO. 1. REASONS FOR STAFF SHORTAGES BY INDUSTRY

Industry	Reasons for staff shortages in the industry
<b>Construction</b>	<ul style="list-style-type: none"> <li>- lack of professional experience among young candidates</li> <li>- health contraindications to working among older and experienced workers</li> <li>- lack of willingness to work in the profession due to difficult working conditions (outdoors, in dust, in various locations)</li> <li>- lack of a licence operate specialist equipment</li> <li>- foreign migration</li> <li>- unattractive wages, in the case of some occupations employment without a contract (in shadow economy) and the seasonal nature of work</li> <li>- lack of graduates in construction professions, which results from insufficient education offer, but also little interest among young people in such education profile (many classes are not launched due to insufficient number of applicants)</li> </ul>
<b>Manufacturing</b>	<ul style="list-style-type: none"> <li>- lack of relevant qualifications – in the case of electricians, metal cutting machine operators and welders, knowledge should be confirmed with a certificate (e.g. SEP (Association of Polish Electrical Engineers) for electricians or MIG/MAG for welders)</li> <li>- hard nature of work (in various locations, in a forced body position – as in the case of tailors, at height – as in the case of electricians)</li> <li>- unattractive employment conditions (low wages, work under civil law contracts or without any contract, or piecework, as in the case of tailors)</li> <li>- no replacement of generations (little interest among young people in training in certain professions)</li> <li>- health contraindications to working</li> <li>- lack of required professional experience</li> </ul>
<b>Medical care and nursing</b>	<ul style="list-style-type: none"> <li>- long and expensive education process</li> <li>- admission limits at medical faculties</li> <li>- lack of valid licences</li> <li>- large scale of employee migration (abroad or to larger cities in Poland)</li> <li>- lack of predisposition to work in the profession (despite the qualifications obtained)</li> <li>- unsatisfactory salaries and difficult working conditions (shift work, working in several establishments, long shifts, increased risk of infection with the SARS-CoV-2 virus, long-term psychological burden)</li> </ul>
<b>TFL and</b>	<ul style="list-style-type: none"> <li>- lack of the required licences (at a high cost of obtaining thereof)</li> </ul>



<b>automotive</b> <sup>92</sup>	<ul style="list-style-type: none"> <li>- speaking no foreign language (required on international routes)</li> <li>- lack of work experience</li> <li>- high employee turnover (mainly among warehouse workers)</li> <li>- low wages and necessary availability (work in various locations or shift work)</li> <li>- work in shadow economy</li> <li>- missed educational choices (graduates do not want to work in their learned profession)</li> <li>- experienced employees often start their own business.</li> </ul>
<b>Food and catering</b>	<ul style="list-style-type: none"> <li>- missed educational choices of young people (many graduates do not want to work in their learned profession)</li> <li>- lack of work experience</li> <li>- lack of independence at the workplace</li> <li>- lack of knowledge of new techniques (outdated skills)</li> <li>- inability to commute to work</li> <li>- nature of work (at night, on weekends and public holidays)</li> <li>- low wages</li> </ul>
<b>Education</b>	<ul style="list-style-type: none"> <li>- retirement of experienced employees</li> <li>- lack of young staff (many people prefer to work in the enterprise sector, where they can count on higher earnings)</li> <li>- lack of pedagogical preparation</li> <li>- the need to work in several institutions (due to partial jobs offered by schools)</li> </ul> <p>Actions taken to modernise vocational schools and make them more attractive for young people will increase the demand for high-class specialists, not only in 2021, but also in the following years.</p>
<b>Finance</b>	<ul style="list-style-type: none"> <li>- high requirements of employers (professional experience, knowledge of regulations, ability to use specialist computer software, responsibility, independence)</li> <li>- the need for continuous training due to changes in the law.</li> </ul>

*Source: own study based on the 2021 and 2022 Occupational Barometers.*

<sup>92</sup> At the same time, due to the situation that arose as a result of Russia's invasion of Ukraine on 24 February 2022, there was an increase in staff shortages in the TFL and car industries caused by the outflow of Ukrainian workers who returned to their country.

**APPENDIX NO. 2. CHALLENGES, POLICY OBJECTIVES AND ACTION DIRECTIONS MATRIX**

<b>Challenge</b>	<b>Employment policy objective for 2022</b>	<b>Action directions</b>
<b>1. Staff skills insufficiently matched to the labour market requirements</b>	<b>1. Better matching of staff skills to the requirements of the labour market</b>	<ol style="list-style-type: none"> <li>1. Raising and adapting staff skills to the labour market needs</li> <li>2. Improving methods of forecasting the demand for professions, competencies and new skills</li> <li>3. Improving cooperation with employers' organisations and social partners as regards adapting the educational offer in the vocational education sector to the labour market needs</li> <li>4. Developing mechanisms of cooperation and coordination of the lifelong learning policy</li> <li>5. Implementation of the European Skills, Competencies, Qualifications and Occupations (ESCO) Classification in the IT system of public employment services</li> </ol>
<b>2. Wage and non-wage working conditions and work efficiency in Poland</b>	<b>2. Increasing the quality of employment and work efficiency in Poland</b>	<ol style="list-style-type: none"> <li>1. Reducing segmentation in the labour market</li> <li>2. Strengthening social dialogue</li> <li>3. Actions facilitating the use of flexible and, at the same time, stable forms of employment</li> </ol>
<b>3. Incomplete use of labour market resources</b>	<b>3. Effective and fair use of Poland's human resource capital</b>	<ol style="list-style-type: none"> <li>1. Adoption of provisions enabling a wide range of support to the economically inactive and jobseekers</li> <li>2. Implementation of pilot projects concerning innovative forms of support</li> <li>3. Supporting work-life balance</li> <li>4. Implementation of a system of incentives for longer economic activity of people who can</li> </ol>

Challenge	Employment policy objective for 2022	Action directions
		<p>exercise their old-age pension rights</p> <p>5. Actions aimed at employment of young people</p> <p>6. Promotion of inclusive market and social economy</p> <p>7. Actions to support people with disabilities in the work environment</p> <p>8. Development of economic potential of people with disabilities</p>
<p><b>4. Insufficient efficiency of the labour market institutions and active labour market policies</b></p>	<p><b>4. Modernising the operation of public employment services and increasing the effectiveness of active labour market policies</b></p>	<p>1. Development of a package of legal acts regarding the labour market</p> <p>2. Development of assumptions for the PES development strategy, including a performance framework system</p> <p>3. Further development of the PES IT systems and electronic services implemented for PES clients as well as job placement services</p>

<b>Challenge</b>	<b>Employment policy objective for 2022</b>	<b>Action directions</b>
<b>5. Migration processes in the labour market</b>	<b>Effective and targeted management of economic migration</b>	<ol style="list-style-type: none"> <li>1. Managing economic migration in a way that favours highly skilled foreign workers and development of 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 for forecasting the demand for occupations</li> <li>4. Ensuring the security and legality of employment of foreign workers</li> <li>5. Streamlining procedures regarding employment of foreigners</li> <li>6. Encouraging the return of migrants and repatriates</li> <li>7. Supporting employee mobility</li> <li>8. Implementation of economic activation and integration programmes for foreign workers</li> <li>9. Measures to facilitate the integration of Ukrainian citizens in the Polish labour market, due to the large number of war refugees coming to Poland from that country</li> </ol>