



Working Better with Age

POLAND

Assessment and main recommendations

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Employment in Poland has increased significantly for those aged 55-59, but less for those over 60

Poland is facing more pronounced population ageing than many other countries. The population above age 65 as a ratio of the population aged 20-64 is projected to nearly triple: from about 0.2 in 2012 to about 0.6 in 2050. Today, Poland belongs to the group of OECD countries with a relatively low proportion of elderly, which is to say a ratio below the OECD average of close to 0.3. But it is projected that by 2050, Poland will have moved to the group of countries with a ratio higher than the projected OECD average of 0.5.

It is therefore encouraging that the employment rate for the age group 55-59 has increased substantially, from 36% in 2003 to 55% in 2013. This is, however, still well below the 2013 OECD average of 67%. The increase in the employment rate over the same period for the age group 60-64 has been more modest, from 19% to 24% – well below the OECD average (42%). For the age group 65-69, the employment rate was in 2013 slightly lower than one decade earlier: 9% compared with 10% in 2003, 10 percentage points below the 2013 OECD average.

One feature of the Polish labour market is the early age of exit, which begins at the age of 50. This is particularly the case for women. Significant disparities in employment with respect to gender, age and education will need to be reduced in order to encourage longer working lives. The ratio between the employment rates for men and women in the age group 55-64 is higher in Poland (1.6) than in the OECD area on average (1.4). Moreover, while the gender gap has declined in the OECD area over the past decade, it has remained stable in Poland.

For both men and women, employment rates rise in line with educational attainment. While more than 70% of men in the age group 55-64 who had completed tertiary education were working in 2012, this proportion was less than 35% for those with less than upper secondary education. For women, the positive effect of education on the likelihood of working at an older age was even stronger, with rates of 52% and 18%, respectively. The relatively low education level of the current generation of older people in Poland could thus represent a major obstacle: 16% of the age group 55-64 had completed tertiary level education in 2012, much less than the OECD average of 27%. However, as in other OECD countries, future generations of older people in Poland will be better educated, which should favour longer working lives.

In 2013, the unemployment rate for the 55-64 age group was 8%, close to the EU average¹ but above the OECD average of 6%. The incidence of long-term unemployment (lasting

12 months or more) for the same age group was 46% in Poland – somewhat lower than the averages for the OECD and European countries at 47% and 57% respectively, but higher than for younger unemployed Poles aged 25-54 at 39%. Hiring rates for older workers remain relatively low in Poland compared with those for younger workers, as in other OECD countries. This reflects reluctance among employers to recruit older people as well as lower labour mobility more generally for older workers, and could be a barrier for a return to work for the older unemployed.

Labour market segmentation and a lack of flexible working conditions could be preventing working at an older age. Compared with the OECD average, Poland has a high share of older workers in temporary jobs or in self-employment, while the incidence of part-time work is low.

Reforms to encourage longer working lives are being implemented, but need to be supported by a broader strategy

The Polish Government is determined to achieve the goal of an employment rate for people aged 55-64 of 50% by 2020, as set out in the Lisbon Strategy: an increase of nearly 10 percentage points compared with the 2013 level. A number of measures are being taken to reach this goal. The statutory retirement age will be raised gradually from the age of 60 for women and 65 for men in 2013 to 67 for both genders – with a target date of 2020 for men and 2040 for women. As from 2009, a number of early retirement schemes have been closed. In addition, reforms have been implemented to reduce inflows to the disability scheme.

In 2008, the government programme “Solidarity Across Generations” was adopted to increase incentives for firms to employ people over the age of 50 and to improve their employability. Little evidence is available about the effectiveness of these measures. But in 2013, the Polish Government adopted a new programme with the main objective of expanding efforts to reach the EU target. The new elements in this programme include upgrading of skills; development of better personnel management; and promotion of a healthy and active lifestyle. Through amendments to the 2004 Act on Promotion of Employment and Labour Market Institutions, employers can receive wage subsidies if they recruit unemployed people above the age of 50, and a National Training Fund (NTF) is established to finance training and education for employees, in a first phase targeting older workers.

While the gap between employment rates for older people in Poland and the OECD average has narrowed, further measures are necessary to face the challenge of a rapidly ageing labour force. There are many remaining exemptions for older workers from the general conditions governing welfare benefits, and some groups of older workers are discouraged from staying on longer in the labour market. The gender gap in retirement will close but only very gradually over the next 25 years.

Both men and women working in Poland can expect to remain in work after the age of 55 for a much shorter period than their peers in other OECD countries. For those with less education in particular, the expected number of years in work has not increased over the past decade. This group of workers may on average face considerable difficulties in extending their working careers in line with the increasing retirement age.

Better health is crucial to making longer working lives a reality. It is therefore a matter of concern that many men in particular experience activity limitations before they reach the statutory pension age. Moreover, Poland is one of the European countries with the biggest gap in life expectancy between highly and less-educated people. Efforts to prolong the number of healthy years among at-risk groups must therefore be accorded high priority.

In spite of increasing employment rates for older workers, women and certain groups of men are especially at risk of lagging behind. These persons often lack the social contributions necessary to qualify for reasonable pension payments in the future, and could be vulnerable in terms of old-age poverty. A broader and more concerted strategy is therefore necessary. The recommendations that follow are put forward in three mutually supportive areas, as possible elements of an overall strategy to encourage longer working lives: 1) better incentives to carry

on working; 2) tackling employment barriers on the side of employers; and 3) improving the employability of older workers.

The success of such a broad strategy will hinge on priorities. A good basis for taking decisions is a better understanding of the potential impacts of the measures. Careful evaluation and monitoring should therefore be considered essentials in both the design and the decision process. Even if policies have to be adapted to the national context, international comparisons might be a helpful guideline for further actions. It is notable that compared with most other OECD countries: older workers' participation in training and education is low in Poland; the proportions of workers with temporary contracts or as self-employed are high; access to flexible work arrangements is limited; and the share of older workers with health impairments is relatively high.

Better incentives to carry on working

In spite of reforms, the shift towards a more uniform pension system is too slow

The Polish pension system consists of several schemes. The most important is the general social insurance scheme, managed by the Social Insurance Institution (ZUS). The scheme covers all private-sector employees, those self-employed outside the agricultural sector, and the majority of public sector employees. Farmers, the military and police, and judges and prosecutors are covered by special schemes. In particular, the ZUS administers about 80% of all old-age pensions, while a further 17% are handled by the Agricultural Social Insurance Fund (KRUS).

A three-pillar system was implemented in 1999: a pay-as-you-go notional defined contribution (NDC) scheme under the administration of the ZUS (first pillar); mandatory individual accounts in a fully funded scheme (second pillar); and voluntary supplementary pension saving (third pillar). Due to the need to improve the overall stability of the public finance system, the 1999 reform was partly reversed in 2011. As of 1 February 2014, the default option is now to contribute to the first pillar, but workers can opt in to allocate 2.92% of their gross wages to the privately managed second pillar.

The new Polish pension system is based on an NDC principle. Pension rights are converted into an annuity using unisex life expectancy tables at retirement. Conversion cannot take place before the age of 65. Women who retire before that age will receive payments based on withdrawal from their individual account until they reach the age of 65. The remaining balance of their individual account at that age is used to buy life annuities. If the old age pension is below a monthly minimum of PLN 844.45 (in 2014) with at least 20 years of coverage for women and 25 for men, a supplement to reach the guaranteed minimum pension is paid from the state budget.

More must be done to support work incentives

The close relationship between contributions and pension payments in an NDC model tends to generate effective incentives to continue working. However, future increases in life expectancy and the mechanism for valorising entitlements could substantially reduce future replacement rates. Valorisation of entitlements in the first pillar takes place according to a combination of nominal wage and employment growth. Because of future labour force shrinkage, this could result in a valorisation that is systematically below wage growth. Working longer could offset lower replacement rates considerably. This requires payments of social contributions, and underlines the need to combat informality and precarious labour contracts in the economy, and to stimulate creation of enough jobs of good quality.

On the other hand, voluntary third-pillar schemes are favoured with tax reliefs. The maximum contributions deductible from taxable income are increased from 2014, and could make the well-off more independent of a well functioning universal pension scheme. The generous tax advantages for the third-pillar schemes reduce public tax revenues. This

represents subsidies that alternatively could improve the sustainability of the first-pillar scheme. Loss of public tax revenues and negative distributional effects of the tax reliefs should therefore be closely monitored.

The lower labour force participation of women and their lower standard retirement age weaken their old-age poverty protection. Promotion of gender equality during one's working life is crucial to reduce women's economic vulnerability. Trends in the effective retirement age for both men and women, as well as the gender gap, should be closely monitored. Another aim should be to see if labour market dynamics are sufficiently strong to allow a shorter phase in period of the same statutory retirement age for both genders. A shift towards a system based more heavily on individual taxation could reduce disincentives to work because of high marginal tax rates for second earners.

There are no general provisions for early withdrawal of pensions in the present general pension system. However, women who have reached the age of 62 and have at least 35 years of contributory and non-contributory periods, and men at 65 with at least 40 corresponding years, have the right to withdraw a partial pension equal to 50% of the full pension. Take-up of such partial pensions can be combined with work.

Better access to a partial pension in combination with work could be one element of a more flexible route from work to retirement. This could produce a faster phase-in of the convergence of the pension age for men and women, by enabling a combination of part-time work and partial pension receipt.

A specific feature of the Polish pension system is the social insurance scheme for farmers, managed by the KRUS. Since 2009, the monthly contributions for the retirement and disability pension insurance for farmers have been linked to the size of the farm, expressed in equivalent hectares. The relation between contributions and benefits is weak. Thus, the system does not provide any incentives for prolonging the contributory period. There are other special pension schemes for police, soldiers, judges and prosecutors, for example, which have more generous conditions and benefits than in the general scheme. Different schemes with specific rules reduce transparency for people with multiple jobs, and can have lock-in effects.

Further progress is needed towards harmonising the pension system in Poland. The imbalance of conditions between the general scheme and the other schemes, which are substantially subsidised by the public budget, could be even more difficult to defend in the future, as pension adequacy in the general system is expected to decline. Stronger efforts should therefore be made to align rules and regulations across these schemes. It could also ultimately permit a merger of the different schemes.

Prevent early exit through survivors' pensions

One of several groups that can be entitled to a survivors' pension is widows/widowers who have reached the age of 50 at the moment of the spouse's death. The survivor receives 85% of the insured's old-age pension. If the deceased was not eligible for the old-age pension, the calculation is based on the disability pension.

The relatively generous benefit, combined with an earnings test, reduces work incentives for working-age survivors. Steps should be taken to improve incentives to remain in or come back to work, particularly for the youngest survivors. This could for example be achieved by granting the benefit to working-age survivors only for a limited period, and combining it with activation measures to help those who have been out of work for a longer period to find employment. Facilitating take-up of part-time work and partial benefits could also result in higher labour participation.

Continue discouraging early retirement

As from 2009, the previous early retirement system was reformed and replaced by so-called bridging pensions. Under current regulations, eligibility is based on a definition of work

under special conditions or of a special character, and on a list of specific types of work. The aim is to target early retirement more directly to specific job characteristics.

The reforms have reduced the opportunities for early retirement. Still, there are exemptions from the main rules for people below the standard retirement age. To the extent possible, people should have the opportunity and incentive to work until the standard retirement age. To strengthen demand-side incentives to invest in good working conditions and adapt the work situation, bridging pensions should be financed by experience-rated contributions from employers, and not subsidised through the public budget.

Improve monitoring the use of remaining work capacity

The rules concerning eligibility for disability benefits were tightened in 1997. Disability is currently defined on the basis of inability to work, instead of (as previously) on the basis of health conditions. Disability rights are granted for a limited period of time: no longer than five years, except in cases where disability most likely is permanent or of long duration. The tightening of the eligibility criteria has substantially reduced the inflow, and the stock has halved over the past decade. However, for the age group above 55, a renewed increase in take-up has occurred in recent years. In 2012, one out of three new disability pensions was granted to men in the age group 55-59.

To be assessed as completely incapable of work, the person must not be capable of doing *any* work, and not just incapable of working in their former occupation. Partial incapacity can be granted on the condition that capability for work corresponding to his/her level of qualifications is lost to a considerable degree. The rate of employment among the disabled is relatively low in Poland, although employers are subject to a penalty if they fail to fill a 6% employment quota with workers who have disabilities. Work participation could be increased by imposing requirements to take up any work for people eligible for partial disability benefit. In the Netherlands, for example, people combining disability pensions and work can be eligible for a benefit on top of their wage to compensate for loss of earnings, compared with the wage they received before the onset of the disability. This compensation improves incentives to accept lower-paid jobs.

The rehabilitation process in Poland is rather complicated, and involves a number of stakeholders. For older workers in particular, a long period of inactivity may reduce the probability of re-entry to work. Assessment and monitoring of sickness absence, with the objective of starting rehabilitation and activation as soon as possible if needed, is crucial, and the process of streamlining the administrative structures and responsibilities for rehabilitation should be accelerated. For older workers, a return to work with the previous employer is in many cases both the best and the most feasible solution, but some support for employers could be necessary – e.g. for adapting the workplace. A one-stop-shop approach focusing on rapid re-entry into work could be efficient and prevent dissipation of motivation on the part of both employers and employees. A first step could be to give the ZUS a more leading and supervising role in the job rehabilitation of people above the age of 50, for example.

Disability benefits are calculated as a combination of a base amount and previous contributions, but are exempted from adjustments in life expectancy. This could make receipt of disability benefit a more attractive pathway out of the labour market to avoid impacts of such adjustments. Calculations should be adjusted to prevent such spillover effects between disability and old-age pensions.

Limit the use of unemployment benefits and pre-retirement benefits as pathways out of employment

The unemployment benefit in Poland is a low, flat-rate payment, independent of previous wage and contributions, but differentiated according to the number of years in employment: less than five years, between 5 and 20 years, and over 20 years. While the standard maximum duration of unemployment benefits is 180 days, the duration is in certain cases prolonged to 365 days; one of these cases is for those unemployed above the age of 50 with at least

20 years of contributions. The unemployed must be ready to take up full-time jobs; refusing job offers or participation in active labour market programmes (ALMPs) is sanctioned, but formal job-search requirements are relatively limited.

Despite the limited benefits from the unemployment scheme, there are strong incentives to register as unemployed. The unemployed need to register at the local labour office in order to get health care coverage for themselves and their families. Furthermore, registration allows easier access to social assistance. Registered unemployment in Poland is therefore higher than unemployment measured by the labour force survey according to the ILO definition, and the gap is higher for older age groups. Older unemployed persons have greater incentives to register because of their higher demand for health care; also, the share of discouraged jobless people not seeking work might increase with age.

Moreover, older people can under certain conditions be eligible for a pre retirement benefit. The benefit can be granted to a person registered as unemployed who has received benefits for at least six months directly preceding application for the allowance, and who meets certain conditions concerning the number of years in work and why the work contract was terminated. According to the present legislation, beneficiaries must in most cases have reached the age of 56 for women and 61 for men. The number of recipients of the pre-retirement benefit lowered to a minimum in 2009 but has since been increasing. Closure of early retirement schemes, combined with low willingness among employers to hire the older unemployed, could be a possible explanation.

An aim should be to phase out such age-related measures as the pre retirement benefit. Instead, more active measures should be introduced, where recipients should meet the same obligations to seek jobs and accept job offers as all people on unemployment benefits. One approach towards closing the scheme could be a gradual increase of the minimum eligibility age.

In sum, the following measures should be considered:

- *Rules and regulation of the public pension system should be the standard.* Further efforts should be made to align rules and regulation of the remaining special pension systems (such as for farmers, miners, soldiers, police, judges and prosecutors) with the general system. Loss of public tax revenues and the distributional effects of tax reliefs for third-pillar schemes should be closely monitored to avoid negative impacts for the group of low-paid workers.
- *Women's labour market conditions and future pensions should be reformed.* Better access to flexible work and to combining work and pension could help establish a shorter period to achieving the same pension age for men and women. More individual taxation could reduce marginal tax rates and encourage employment among second earners. Survivors' pensions should be better targeted on self-sufficiency, for both men and women; this could be done by granting the benefit to working-age survivors only for a limited period, and combining that step with activation measures to help them find employment, or with facilitating combinations of work and benefits.
- *Avoid having transfer to old-age pension via disability benefits become an attractive pathway out of the labour market.* The rehabilitation process for older workers should be simplified, with early and rapid return to work as the goal. Stronger requirements to accept job offers for the partially disabled, possibly combined with wage compensation if taking up lower-paid jobs, would also help to reduce inflow to the scheme.
- *Mutual obligations in the unemployment benefit and social assistance schemes should be enforced.* Active measures to get older unemployed persons more rapidly back to work and a gradual increase in the minimum age for entitlement to the pre-retirement scheme could be a strategy for reducing and subsequently closing the scheme.

Tackling employment barriers on the side of employers

The rapid ageing of the Polish labour force and the declining numbers of young people entering the labour market should encourage employers to explore the potential for increased labour input from older people. Indeed, the employment rate for the 55-59 age group has increased substantially over the past decade, but less so for those aged 60 and over. However, to a large extent this trend seems to be driven by the closure of early retirement options, while employers' interest in developing an age-diversified staff appears to have remained limited.

The economic structure matters

Poland has a relatively high proportion of older workers in manual occupations and fewer in services compared with the EU average. In particular, agricultural, fishery and forestry occupations account for the highest share of workers in the 55-64 age group – a share equalling the level of professionals and three times the EU average. Not surprisingly, older workers leave manual and arduous jobs at a lower age than workers in other occupations. It is therefore notable that these sectors also have high shares of younger workers compared with many other countries. This indicates that older cohorts' departure from declining industries will not, on its own, be sufficient to achieve necessary structural changes in Poland, and highlights that additional measures will be required.

Even if estimates greatly differ generally they all show that the informal share of the Polish economy is substantial. Informal work implies reduced tax revenue, and could be combined with abuse of social benefits. It also leaves people without a formal labour contract and without the protection ensured by payment of social contributions, including pension contributions. Older people are thus less inclined to take up informal work.

Combating informality in the labour market could extend the range of quality jobs and generate stronger incentives to work. In addition to investigation of breaches of regulation, working with firms and workers to encourage compliance could prove useful. Simplifying registration procedures for small enterprises and the self-employed could reduce the prevalence of an informality motivated by overly bureaucratic routines.

Development of flexible work arrangements could also reduce the attractiveness of informal work. The average weekly working hours are relatively long in Poland, and flexible work arrangements are not widespread. Low wages in many occupations can reduce the attractiveness of part-time work, since it often does not provide a decent income. A broader range of flexible work should be explored, such as shorter or flexible working hours; the possibility of working from home; job sharing; partial retirement; changes of work rhythm or shifts; job rotation; and less overtime.

Protect workers, not jobs

For the level of employment protection legislation (EPL) to be appropriate, a balance must be struck between the job protection needs of employees and the needs of employers in terms of flexibility and room to adjust their workforces to changing economic conditions. The overall level of the EPL in Poland is approximately at the OECD average. Permanent, fixed-term and other temporary contracts are all regulated by the Labour Code. On top of that, employment relations can be regulated by the Civil Code. These Civil Code contracts are cheaper for employers, since they are subject to limited social protection requirements.

Special EPL rules protect older workers with less than four years remaining until retirement age from layoffs. This may discourage employers from hiring older workers in this category or approaching it. With a statutory pension age close to 60, this means that women already in their mid-50s may face considerable recruitment difficulties purely because of age.

Rapid changes in the economy and higher statutory pension ages will mean that older workers will need to change jobs more often in the future. One consequence of that is that the harmful effects of barriers to finding new jobs on standard contracts may become more

prevalent, which could be an argument in favour of removing the special protection of workers close to retirement age. Moreover, ensuring greater convergence in the regulation of Civil Code and Labour Code contracts could make employers and employees more neutral in selecting different types of contracts. The Polish Government plans to subject all Civil Code contracts to social security contributions up to a salary equivalent to the full-time minimum wage. This would be a good first step, particularly for workers who do not have enough years of contributions to qualify for the minimum pension (25 years for men and 20 for women).

Changing EPL regulation could have mixed short-term and long-term effects. Reduced protection of older workers could be expected to have a positive effect on job mobility; nonetheless, if workers are dismissed when they are over 50, the challenge will be getting them back into work and avoiding their long-term unemployment. Combining removal of the special protection of those with less than four years left to retirement with more rights to social benefits for holders of Civil Code contracts could dampen negative short-term impacts. In addition, a reform of EPL should be accompanied with stronger activation measures for those who lose their jobs, to strengthen the social security net and facilitate return to work.

Age management is still in an early phase

In recent years an increasing number of employers have introduced elements of age management, i.e. the everyday management and organisation of work from the viewpoint of the life course. The government programme “Solidarity Across Generations” is an initiative in the right direction. So far however, there are insufficient networks and forums for sharing best practices, and knowledge of good practices is still limited. A relatively large number of initiatives implemented independently of each other can boost creativity, but it is difficult for them to have scale effects. Greater return on these initiatives could probably be achieved by focusing more on a select suitable few for broader implementation; on dissemination and sharing of good practices; and on systematic evaluation and monitoring.

A dedicated structure could ensure continuity

An “independent facilitator” could help ensure that the focus is on issues that are feasible and of practical importance for both employers and employees in their daily lives. Examples from other countries, such as the Norwegian Centre for Senior Policy, could be used to inspire. This small unit works closely with public authorities, social partners, researchers and other stakeholders to advocate what is needed to promote longer careers and age diversity. Close co-operation is important to ensure synergies across stakeholders, and it can facilitate contact with small and medium-sized enterprises (SMEs).

Age management calls for a twin-track approach. The first is to promote workers’ employability over the whole of their working lives, which can help prevent problems; the second is to reduce and eliminate acute employment problems in working life’s later phases. Thus, age management affects the whole working population, independent of age. Such a broad concept could be acknowledged and implemented more easily in a close dialogue between employees and employers.

Some countries have a long tradition of tripartite co-operation, in which consultations and negotiations among the government, employers and employees are important elements of policy making. An example is the 2013 Social Agreement between the government and the social partners in the Netherlands. The agreement is being used as the basis for further initiatives to close early retirement pathways; increase incentives to work; and improve the financial sustainability of the welfare schemes that the Netherlands Government presented to the parliament in the Budget Memorandum of 2014.

The following measures should therefore be considered:

- *EPL should be aligned across all age groups by abolishing the special protection rules for older workers.* In addition, greater convergence of protective regulation of Civil Code contracts and Labour Code contracts could support higher mobility in the labour

market and allow more efficient allocation of resources, particularly for workers who do not have enough years of contribution to qualify for the minimum pension. Activation measures should be implemented to reduce possible negative short-term effects from job loss.

- *Age management should be promoted.* The approach must be adapted to the diversity of firms in Poland. Focusing on selecting a suitable few measures for broader implementation; on dissemination and sharing of good practices; and on systematic evaluation and monitoring should have a priority. Simple tools, such as checklists and guidelines, could be useful in promoting and implementing age management in SMEs. Initiatives to improve working conditions should include measures especially important for women, such as the development of better access to and standards for flexible work of good quality.
- *Good practices should be better disseminated and networks for experience sharing made available more widely.* The establishment of a small, dedicated, independent unit – such as the Centre for Senior Policy in Norway – working closely together with the authorities, social partners and researchers, could ensure a concentrated and long-term focus.
- *Social dialogue should be made a driving force in the design and implementation of policies to prolong working lives* – for example, through projects in the Solidarity Across Generations programme, which was renewed in 2013.

Improving the employability of older workers

The employment rate for women in Poland declines sharply after the age of 50. It is often considered that older women should rather focus on looking after their grandchildren or elderly parents than on professional work. Better access to care facilities for young children and the elderly, as well as better access to flexible work arrangements, could help.

Maternity and parental leave in Poland are among the longest within the OECD area, and the take-up rates are high. Long periods of leave could weaken attachment to the labour market, generate a loss of human capital, and reduce incentives for employers to invest in female workers. Impacts of the scheme on employment and sickness absence should therefore be carefully evaluated. Re-allocation of public budgets from support of long leave to institutional childcare, as well as better availability of part-time and flexible work arrangements, could strengthen women's foothold in the labour market in a life-cycle perspective.

Adult training

The present generation of older workers completed their education before the political and economic transition from communism. The rapid and fundamental transition of the labour market, with the emergence of new requirements for skills and labour organisation, has been a challenge for many workers. Training not adapted to the needs or competences of workers could reduce interest in undertaking training. Older workers have generally acquired substantial skills during their previous education and working lives. This should be taken into account in establishing an adequate basis for further learning. Recognition of prior learning could be an instrument to facilitate adaptation of training to the needs of the individual, and thus prevent demotivation.

Vocational education has less prestige, and the training market is dominated by small private training and consulting firms. In Poland a national, integrated qualification framework, currently at the design stage, could help facilitate comparison of qualifications and their levels in order to promote geographical and labour market mobility as well as lifelong learning. This framework could also be a suitable tool to raise people's awareness of the need to take more responsibility for their own training and updating of skills.

Training offered to older people must also be useful for employers. The latter should therefore be involved in the planning and design of suitable training programmes for older workers. It is particularly important to reach out to SMEs, which account for a large share of jobs in Poland and normally have less capacity and resources to develop internal programmes than their larger counterparts. Thus, employers and employees should work together, for example through branch committees. A shorter payback period for older people means that training must have a relatively immediate return and should generally be built on shorter courses. It also means that appropriate training opportunities must be available throughout working careers. Regional disparities in economic and labour market conditions must be taken into account. Training initiatives that have proved effective in one region may not have the same success in another part of the country.

Health

Life expectancy at the age of 50 is increasing only slowly in Poland; it remains the fourth-lowest among European OECD countries. On average, a Polish man at the age of 50 can expect to have 15.4 healthy years of life ahead of him, thus allowing him to reach only the current age of retirement in a healthy state. Moreover, Poland is one of the European countries with the widest gaps in life expectancy between highly and less-educated people.

The incidence of strenuous work, which could be difficult to manage with some health problems, is relatively high in Poland. Empirical analysis indicates that the occupational structure certainly has some impact. More generally, people in poor health have considerably lower employment rates than people in good health. This highlights the fact that improved health conditions, particularly among men, are one of the key conditions for prolonging working lives.

A strategy covering both general and occupational health services is necessary to make up for the ground lost during the past several decades as well as to meet the costs represented by rapid ageing and new medical technology. More focus on preventive health could support longer working lives by reducing the incidence of lifestyle- and work-related diseases. The resources available in occupational health services could be more efficiently used by switching the priority from general health checks to preventive health care and to helping people back to work after a sickness spell.

Local health services could complement the preventive work of occupational health services, and more attention could be paid to early identification of possible health risks. Another priority in the general health system should be the reduction of waiting times to prevent long-term sickness absence. Even if not especially related to older workers, short waiting lists and the shortest possible duration of sickness absence can be of particular importance for them. As they have only a relatively short time remaining in their working lives, long periods of absence can reduce the motivation of older workers to return to work, and may lead to early exit from the labour market.

Benchmarking and sharing of good practices could improve the efficiency of the PES

Many consider the Public Employment Service (PES) in Poland to be rather inefficient overall, even if there are many local examples of better performance. Advisers spend part of their time on tasks that are related to helping jobless people who are not interested in finding a job but must register at the labour office to be entitled to health insurance and pension contributions. As a result, about 30% of the registered unemployed have relatively little focus on active job search.

The Ministry of Labour and Social Policy has started up a project for the benchmarking of services provided by the regional labour offices. The approach is inspired by the model used in Switzerland. In both countries, local autonomy plays a central role.

Systematic, centrally co-ordinated benchmarking would improve information about performance, encourage sharing of best practices, and allow monitoring of the impact of ALMPs at the local level. Better knowledge about efficient policies and administrative models

should be used at a central level to improve the administrative framework and to design new programmes and measures. Gaining acceptance of centrally set goals and indicators at the regional and local levels could be a challenge. Developing a strong evaluation culture should be a priority.

The older unemployed are in principle treated just like any other unemployed person. Yet, the incentives for labour offices to give older jobseekers professional advice and services remain weak. The new benchmarking system should include measures to ensure that older jobseekers are given the same priority as others, and that mutual obligations are enforced.

Because of their organisational structure, PES units at regional and local levels have a great degree of freedom to develop and implement programmes; consequently, a range of initiatives are being taken across the country. The benchmarking system should be used to select best practices that could be suitable for broader implementation. Best practices currently seem to be shared randomly, with little consideration for their suitability for different local conditions. Evaluation, dissemination and monitoring of project activities should be a regular part of a benchmarking system. To give labour offices more room for new tasks, bureaucratic burdens should be further reduced by allocating more time to activation and counselling, and less to registration procedures not related to work.

The following measures should therefore be considered:

- *Measures should be taken to help more women work longer.* Innovative care facilities should be developed to relieve older women from responsibilities towards their families. Impacts of the long maternity and parental leaves on employment and sickness absence should be monitored. Re-allocation of public budgets from very long leaves to better institutional care could strengthen women's foothold in the labour market.
- *Training for adults and older workers should be more work-focused.* Employers and older employees should be involved in the development of programmes, for example through branch committees. Training programmes should be better adapted to local needs. Knowledge about adult pedagogy should be used to create methods efficiently supporting learning among older workers. Recognition of prior learning and validation of acquired experience and skills could help in adapting training to individual needs.
- *Occupational health services should focus on preventive measures.* Improvement of health, especially that of older men, and support of an early return to work after sickness should be accorded high priority. Local health services should also have prevention and early identification of possible health risks as priorities. Waiting times in public health care should be reduced to shorten periods of health related inactivity as much as possible.
- *Benchmarking of PES activities should be systematic and centrally co-ordinated.* Benchmarking should include control and measurement of tasks and services for older jobseekers at the local level. Better knowledge about effective policies for the older unemployed should also be used at a central level to improve the administrative framework and design of efficient ALMPs. Bureaucratic burdens on PES professional staff should be reduced further to make room for activation.

Note

1. The EU average refers to the 21 countries belonging to both the European Union and the OECD.