

MUTUAL LEARNING PROGRAMME:
PEER COUNTRY COMMENTS PAPER - POLAND

**EVALUATING LABOUR MARKET POLICIES WITHIN
THE USE OF ADMINISTRATIVE DATA. CAN POLAND
ADOPT BELGIAN PRACTISES?**

Peer Review on “Evaluation of Labour Market Policies and Programmes: the use of
data-driven analyses”

Belgium, 19-20 November 2012

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Date: 22/10/2012



This publication is supported for under the European Community Programme for Employment and Social Solidarity (2007-2013). This programme is managed by the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission. It was established to financially support the implementation of the objectives of the European Union in the employment and social affairs area, as set out in the Social Agenda, and thereby contribute to the achievement of the Lisbon Strategy goals in these fields.

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1 APPROACH TO EVALUATION OF LABOUR MARKET POLICIES AND PROGRAMMES

This paper has been prepared for a Peer Review within the framework of the Mutual Learning Programme. It provides information on Poland's comments on the policy example of the Host Country for the Peer Review. For information on the policy example, please refer to the Host Country Discussion Paper.

Similar to other European states, Poland faces significant labour market challenges, *i.e.*, a relatively high unemployment level differentiated regionally and a large number of unemployed young and elderly people, caused primarily by the deficit of vacancies on the market.

The Polish labour market policies are shaped by the government, in particular by the Minister of Labour and Social Policy. The minister's duties concerning labour market policies include assuring uniformity of employment and labour market policy legislation (working hours, contractual arrangements, the payment of unemployment benefit, the establishment of training and subsidized employment programmes), determining and overseeing the standards for the delivery of services on the labour market, developing and disseminating effective instruments and methods to deliver career advice, job search assistance and training provided to the unemployed.

At regional level the following organisations are responsible for overseeing labour market policies: the local government – the Marshal of the province and the poviats authorities – the municipal office or the county office. Tasks are delivered by the specialized organizational units of the local government – the Provincial Employment Office (WUP) and the Poviats Employment Office (PUP). The services delivered directly to unemployed people are performed by local employment offices and these services include: registering unemployed persons, paying out unemployment benefits, providing job counselling and job search assistance services, targeting active labour market programmes (including subsidized employment programmes). At present, the following active labour market programmes to support unemployed persons are being delivered in Poland: labour market and vocational training, job placements, workplace training, intervention works, public works, socially useful works, funds for creating new jobs including start-up incentives and employment bonuses.

Due to the deterioration in Poland's public finances resulting from the deepening economic crisis, the pressure on a more effective and efficient use of funds to tackle unemployment is growing. More effective and efficient use of funds requires that labour market policies are evidence-based, focussing on achieving positive outcomes for beneficiaries. Consequently, there is a growing interest in the issue of evaluating the impact of labour market policies. Furthermore, developing a system for evaluating labour market policies became imperative after Poland joined the European Union, following which active labour market policies have been co-financed substantially by the European Social Fund.

Despite a growing role of evaluation in the Polish public sector, unlike in Belgium, a model of evaluation that would allow a systematic assessment of, not only the actual net effectiveness of specific active labour market programmes, but also of the impact of policy responses has not been developed in Poland yet.

Based on the Act on Promotion of Employment and Labour Market Institutions it is difficult to indicate explicitly an entity that is responsible for evaluating the labour market policies in Poland. The Ministry of Labour and Social Policy appears to be a relevant body due to the nature of the problems handled by it, but the range of competences held by the ministry does not include such activities. However, the evaluation of various areas of the labour

market policies is performed by adequate departments of the Ministry of Labour and Social Policy and, besides, it is contracted out to external scientific and research centres. Topics for labour market research are decided *ad hoc*, depending on identified needs that correspond to the current situation in the economy and labour market. It is also difficult to determine the size of the yearly budget for researching the labour market and performing evaluations. Research and evaluation work is mainly undertaken or commissioned by the Ministry of Labour and Social Policy but can also be made, for instance, at the regional level, independently by those institutions that statutorily deal with the labour market policies and do research with the use of their own funds or with structural funds.

Internal evaluation of the impact of active labour market policies and specific measures is limited to performance monitoring, especially to monitoring measures implemented and resources used. Monitoring gross employment effectiveness and some analysis of cost effectiveness is also typically undertaken. These tasks are performed within the public employment services, partially at the local level by the provincial and poviats employment offices within their statutory areas of activity and partially at national level by suitable departments of the Ministry of Labour and Social Policy (primarily by the Department of Funds and the Department of Economic Analyses and Forecasting). These departmental units are held responsible for preparing reports on the development and delivery of the active programmes. As to the external evaluation, analyses of the labour market and labour market policy are made when ordered by the Ministry of Labour and Social Policy and are conducted by public and private scientific and research institutes, as well as by research teams that are created at universities. Selecting an entity to perform an evaluation research is made in accordance with the binding regulations on public orders. The choice of an evaluation method is determined by the research objective, availability of suitable data and by the available evaluation budget. Analyses focus on evaluating the net impact of active labour market programmes. A microeconomic approach is dominant, which means estimation of the incremental program effects on program participants. Labour market policy responses are evaluated with the use of qualitative methods only. However, due to the marginal and fragmentary nature of evaluations, it is difficult to determine objectively their impact on shaping the labour market policies in Poland.

2 EVALUATION USING ADMINISTRATIVE DATASETS

In Poland, various activities have been undertaken with a view to creating a system for labour market monitoring and evaluating that would allow labour market programmes to be evaluated cyclically, effectively, and at relatively low costs. Following the Belgian example, this system is planned to be based on the data coming from the administrative records of the public employment services. Therefore, the main efforts have been made to:

- develop an information warehouse possessing a collective database with integrated data on individuals derived from all the employment offices functioning in Poland,
- develop a proper methodology for assessing the effectiveness of the labour market policies.

The register of unemployed persons of the poviats employment office (PUP), where primary data are fed into its database, constitutes the most reliable source of information on the unemployed and on the labour market. Since 2010, a uniformed information system, *Syriusz*^{STD} has been used in each unit. Data collected in all the employment offices should be sent on a monthly basis with the help of the Data Exchange Subsystem and should be integrated in the central analytical base, referred to as the National System for Labour Market Monitoring (KSMRP). For analytical and reporting purposes, the data is available at the level of individual job seeker as well as at the aggregate level.

Basic personal data about an unemployed person, educational attainment (qualifications, occupation, knowledge of foreign languages), information on disability as well as on his/her family are obligatory entered into the employment office register. Further information, such as an unemployed person's expectations concerning a future job (such as a minimum wage, maximum commuting time, his/her consent to work under a flexitime system), as well as the information related to the person's participation in active labour market programmes is also collected. The data concerning the employers that are organizers of specific forms of occupational activation are also entered into the system. However, as practice shows, only part of the data is obligatory to be entered into the PUP register. Entering the other part is not obligatory and is dependent on the practices adapted in a particular employment office. Some information about active labour market policies is optional, for example the name and the subject of the training, providing job counselling and job search assistance. Consequently, the data stored in respective employment offices may differ in their scope and preciseness.

The PUP register, similar to the VDAB in Flanders, lacks precise information on an unemployed person's economic and social status achieved after the completion of an active programme or after leaving the unemployment register which is indispensable in evaluating the labour market policies.

What is entered into the system is the information about an individual's reason for registering out - for instance, finding a job (including subsidized jobs), starting studies within daily programmes, or lack of confirmation of one's readiness to start working. It must be noted, however, that this sort of information is not entirely reliable.

Unfortunately, unlike in Belgium, the aforementioned data warehouse - KSMRP does not function comprehensively. There occur problems with a systematic supply of data from poviats employment offices and with data accuracy, which makes it impossible to perform evaluations of the labour market policies at the central level. The KSMRP has been in development since 2004. It was set up within a project titled: "Creation of a Database 'The National System for Labour Market Monitoring' and a portal for Public Employment Service". In this period, prior to 2004, no uniformed information system was operational in local employment offices. Undoubtedly, the variety of supporting information systems functioned as an impediment to the obtaining of cohesive data for evaluation at a central point. In addition, in the years 2009 and 2010 there were technical problems with the KSMRP and organizational problems relating to the selection of an organisation that would be responsible for developing and maintaining the KSMRP. At present, works are being conducted to modernise the warehouse and they are intended to implement a new system – the Central System for Analyses and Reporting (CeSAR), which will take over the KSMRP. It is assumed that within the new system it will be possible to integrate the data originating from other Government services areas such as, for instance, social welfare and social insurance.

Despite the fact that the central database with the integrated personal data on unemployed people is still incomplete and practically unavailable to researchers, two pieces of extensive evaluation research (ordered by the Ministry of Labour and Social Policy) on the active labour market programmes have been conducted recently. The research was done by external scientific and research institutions. In both cases, the data were taken from the administrative resources of the public employment services. In the first case, the information was obtained from the central database, which for the purpose of this research was supplemented with the extra information. Within the other research the information was taken directly from the databases situated in employment offices by means of a special programme overlay applied to the *Syriusz^{STD}* system. The information on the history of employing beneficiaries of employment offices was collected by using a survey based on samples of unemployed people. Afterwards, the data obtained were integrated with the administrative data. Both studies were conducted based on a quasi-experimental approach within which a group of participants of active programmes was compared against

a group of non-participating unemployed people. To assess the effects of the programme a microeconomic analysis was applied: a regression analysis and the propensity score matching method.

The Ministry of Labour and Social Policy plans the evaluation of the labour markets policies to be conducted at the central and local level – in a systematic way by the labour department and local employment offices. This is the case for evaluation activity which is carried out internally and externally commissioned evaluations carried out by research and scientific institutes. In both instances this process will be greatly assisted by the quick implementation and efficient functioning of the new data warehouse, *i.e.*, the Central Analytical and Reporting System.

The methodology for evaluating the basic active labour market programmes ordered by the Ministry of Labour and Social Policy was provided by external researchers. It consists of two instruments in the form of computer applications: one serves to check the effectiveness of job search-assistance and the other to evaluate the net effectiveness of the active programmes, both *ex post* and *ex ante*. The methodology developed is based on the propensity score matching algorithm using data derived from the *Syriusz* database used by a given employment office. Similar to the Belgian solutions, it is planned to make it possible to integrate the data obtained from an employment office with the information concerning the employment history of beneficiaries of labour market services; this information is stored in various databases of social insurance companies (ZUS). Providing the employment service staff access to this type of information, however, needs to be authorised by law. Currently, without the required legal change, the use of the information derived from the ZUS databases by clerks needs to be authorized with a special consent given by unemployed persons.

Evaluations based on the existing administration and beneficiary monitoring data do not allow evaluation research to fully investigate the effectiveness of active labour market policies. To do so requires data relating to, for example, employment duration, type of employment agreement, type of occupation, etc., qualitative research is also necessary. In general, it may be stated that:

- the approach to making evaluations that is being developed in Poland is similar to the approach which has been adapted in Belgium;
- the system in Belgium is fully operational, while in Poland it is at the preparatory stage.

3 ASSESSMENT OF THE SUCCESS FACTORS AND TRANSFERABILITY

The solutions applied in the area of the evaluation of the labour market policies in Belgium could be successfully transferred to Poland in order to provide the valuable intelligence needed to develop and implement evidence-based policies. The assumptions underpinning the development of the model for evaluating labour market policies in Poland are consistent with the solutions applied in Flanders, *i.e.*, the emphasis is laid on using for this purpose the administrative data gathered by the public employment services. Key advantages of this approach are that it can be provided at relatively low cost, when compared with one-off survey approaches, and a relatively short time is needed to make analyse the data, which means that the results of evaluations can be made quickly disseminated, meeting the current social and economic imperative to use public resources effectively and efficiently.

As presented in the previous sections, the evaluation system in Poland is only at its initial preparatory stage and there is still a lot to be done in this area. The development of the evaluation system of the labour market policies in Poland is going to be determined by various factors. Firstly, completing the work on and starting to populate the data warehouse

with the information collected from all the poviats employment offices seems essential in this respect.

As mentioned above, the process was started in 2004 and its completion date still remains unknown. It must be noted, however, that in Belgium the process of harmonizing data, standardizing the systems used and improving the existing data resources has turned out to be very lengthy and, despite the fact it started as early as in the nineteen nineties, it is still being implemented. It appears that, in the case of Poland, a factor facilitating and accelerating the development of the central database is going to be the standardization of the information system in the employment services carried out in the year 2010, *i.e.*, the implementation of the information system *Syriusz*.

The reliability of the results of evaluations made will be determined by the degree of success in integrating data derived from the administrative resources of the public employment services, with the data coming from the area of social insurances. Initially it is to be achieved at the level of domain systems applied in employment offices and ultimately at the central level within the new datawarehouse, *i.e.*, the Central System for Analysing and Reporting (CeSAR). This is vital from the point of view of evaluation since the public employment services do not possess in their databases precise information on the economic and social status of persons previously unemployed. A factor impeding this solution is going to be the restrictive legislation on the protection of personal data. As stressed by some ministerial employees, accessing the data originating from social insurance companies by public employment service employees is not legally authorized. The solution temporarily applied, which consists of signing special declarations by the unemployed, is not adequate since an unemployed person may refuse his/her consent to review his/her personal information stored in the database of a social insurance company by employment office staff. This will result in storing incomplete information in the databases of the employment office. Also, creating suitable regulations governing access to information from social insurance companies will certainly be a lengthy process.

A factor accelerating the implementation of the system for labour market monitoring will be financial means connected with the new period of programming the structural funds. The funds will be used for financing the new tasks related to the improvement and implementation of the system for evaluating the labour market. Also, the cooperation with the Ministry of Labour and Social Policy and with external scientific and research institutes, originated whilst delivering previous evaluation projects devoted to researching the effectiveness of the labour market programmes (including, among other things, the project on developing the methodology for net impact analysis of the active programmes for employment offices), should be beneficial in that respect. It seems indispensable, however, to tighten the cooperation of the researchers performing evaluations with the information technology company that is liable for maintaining and servicing the information system used by the public employment services and for the creation of the datawarehouse. A positive influence should also be exerted by growing political pressure on spending public money in a more rational way.

The existing law on the protection of personal information will undoubtedly constitute a factor impeding the development of the system of evaluating the labour market policies in Poland. The experience gained in the delivery of research and evaluation on the labour market shows that information on individuals (and this type of information is becoming increasingly necessary to conduct labour market analyses), due to the strict legal restrictions, is not readily available, both for the employment services staff and scientific and research institutes. Also, in the context of the evaluation system, there are doubts about the rules on the use of information stored in the central analytical database by external agents and commissioned researchers that are not public employment service staff. It seems necessary to work out formal data sharing protocols and procedures governing the rules on what types of data should be made available to external institutions and specifying all requirements that will have to be met by an entity in order to obtain

information from the datawarehouse. A lack of such procedures will act as an access barrier to conducting evaluation research by external institutions and will impact unfavourably the development of the system.

4 QUESTIONS

Some aspects of the model for evaluation of the labour market policies presented in the host country paper need to be provided with more details:

- Are there any special legal authorisations in Belgium which govern the issue of access for employees of both public institutions and external scientific and research institutions to individual information on the unemployed and persons employed for the purposes of evaluating and analysing the labour market?
- What is the selection procedure for external entities that do research on the labour market within the VIONNA programme and within the approach based on the Policy Research Centres? Is the selection based only on the subject criteria, *i.e.*, assessment of the submitted proposals of research projects, or does it also include the price of the proposed research service?
- Are the existing databases facing the missing data problem? What is the scale of this problem?

ANNEX 1: SUMMARY TABLE

Approach to evaluation of labour market policies and programmes
<ul style="list-style-type: none"> Ministry of Labour and Social Policy is responsible for labour market policy on the national level and the local government and poviats authorities on the regional level. In Poland an integrated model of relevant data for evaluation of labour market policy has not been developed yet. The internal evaluation is limited to monitoring gross employment effectiveness of active programmes. External evaluations are based on more rigorous methodologies but are seldom conducted. These studies are conducted by public and private scientific and research institutes as well as by research teams that are created at universities.
Evaluation using administrative datasets
<ul style="list-style-type: none"> The best source of information on the unemployed is the register of the local employment office. The data warehouse that collects information from all employment offices does not function comprehensively. A new Central System for Analyses and Reporting, which will enable integration of data from social welfare and social insurance is intended to be implemented. Despite the lack of central database two pieces of evaluation research based partly on administrative resources have been conducted recently. The project of methodology for evaluating active labour market policies is established by external researchers.
Assessment of success factors and transferability
<ul style="list-style-type: none"> Completing the work on the data warehouse is essential to implement a model of policy evaluation which makes effective use of administrative data. The evaluation requirements place on Poland in order to use the new period of programming the structural funds may be an accelerating factor in the requirement to develop evaluation data sources and methods in Poland. The existing law on the protection of personal information will be a hindrance in developing the system for evaluating labour market policy, particularly when it comes to non-governmental researchers gaining access to data.
Questions
<ul style="list-style-type: none"> Are there any special legal authorisations that govern an issue of access for potential evaluators to individual information on the unemployed and employed? What criteria are used for the selection of external evaluators? Are the existing databases facing the missing data problem?