

Strategic Social Reporting

National Social Report 2014 (NSR) – Germany

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1. Introduction

Within the framework of the Open Method of Coordination in the field of social protection (social OMC), member states report annually on the strategies they have in place and progress made with regard to common goals in the area of social protection and social inclusion as part of Strategic Social Reporting (SSR). In 2013 the reports were centred on a questionnaire. Following the decision of the European Social Protection Committee (SPC), reporting in 2014 will again be in the form of full National Social Reports (NSR). The reports form the basis to the SPC report submitted to the Council in October 2014 concerning structural social protection reforms implemented between 1 July 2013 and 30 June 2014. The reporting cycle is aligned with the cycle for the National Reform Programmes (NRP) and the European Semester process.

The NSR is a report of the German Federal Government. The Federal Ministry of Labour and Social Affairs (BMAS) has primary responsibility for the NSR, with the Federal Ministry of Health (BGM) and the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (BMFSFJ) also making a key contribution.

The report gives an account of new developments and reforms enshrined in law or pending in parliament, as well as Germany's actions and activities in the field of social OMC (social inclusion, pensions, health and long-term care) in the period indicated. Details are also given of some actions that are planned for the near future. Measures that are already in place or were implemented by 30 June 2013 have already been reported and will not be described again in this report. However, this year's focal topic "access to social protection for young unemployed persons" is dealt with in a thorough and comprehensive manner in this report without being restricted to a specific reporting period.

This report again complements the 2014 National Reform Programme (NRP) and the report entitled "Information from Germany on progress in the implementation of the report concerning the "EU Framework for National Roma Integration Strategies up to 2020 - Integrated packages of measures to promote the integration and participation of Sinti and Roma in Germany" from 2013 (second progress report)". The reports make reference to one another at the relevant points.

The 2014 NSR was adopted in Cabinet together with the 2014 NRP.

1.1 New political developments and responsibilities in the field of social protection

The new Federal Cabinet met for the first time on 17 December 2013.

In the new government, primary responsibility at national level for social protection remains with the Federal Ministry of Labour and Social Affairs (BMAS), the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (BMFSFJ), and the Federal Ministry of Health (BGM). Depending on the particular topic, responsibility can also lie with the Federal Ministry of Education and Research (BMBF) and the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) (e.g. social protection of housing, housing benefit, the joint ESF/Federal Government programme for “Education, Economy and Employment in the Local Neighbourhood (BIWAQ)”, and the “Social City – Investment in the Local Neighbourhood” urban reconstruction and development assistance programme).

Given the federal structure of the Federal Republic of Germany, some areas of responsibility are also fully or partially at the *Länder* level (e.g. areas concerning education) or municipal level (e.g. areas concerning homelessness or social housing).

1.2 Overall strategy for social protection and progress in delivering on the overriding goals of the OMC

Germany has a highly sophisticated social state which gives individuals from birth to old age adequate support that guarantees a livelihood and acts as a social location factor and a factor in economic productivity. In times of economic crisis, the social state has a particularly important role in order to maintain social harmony and cohesion. At the same time, social security acts as an automatic stabilizer in the event of cyclical fluctuations and makes a key contribution to stabilizing domestic demand and guaranteeing individuals a sufficient income.

The guiding vision in this respect is the principle of the social state enshrined in the German Constitution and the fundamental right to human dignity, according to which the state – in addition to safeguarding its citizens against fundamental risks in life – also guarantees its citizens living conditions that foster liberty and enable social participation. Accordingly, with the benefits set down in Books II and XII of the Social Code, in particular, and with other monetary social and family-specific benefits and services, legislators have created an important security system that protects needy individuals against poverty and social exclusion. At the same time, everyone must actively accept responsibility for their own social protection and contribute to this as best they can. Therefore it is also the responsi-

bility of the state to keep the costs for social security within justifiable limits to sufficiently preserve the opportunities for liberty of each individual. In this respect the German social system brings together principles such as solidarity and subsidiarity, welfare and personal responsibility, quid pro quo, rights and responsibilities, and give and take.

Within this framework the German social state is essentially shaped by civil society and non-governmental institutions (such as the social partners and welfare organisations, NGOs or foundations), which also assume responsibility in a complementary and comprehensive manner.

From a social and regulatory perspective, the priority in future will be to improve and refine necessary state regulation to ensure that particular risks and responsibilities cannot be collectively passed on to the general public, which would run counter to the principle of solidarity and the “polluter-pays principle”. Another challenge in the years ahead will be to comply with the debt brake enshrined in the German Constitution and to continue the necessary consolidation of public finances in order to set the social safety net on a sustainable financial foundation and not compromise social rights. Social policy and the social state must be flexible in responding to social change and shape such change reliably so that social security and economic dynamism can continue to interact in a viable and appropriate manner. This is because a strong social fabric is the backbone to both a modern society based on the principle of solidarity and a resilient, successful and effective economic system.

Germany effectively fights poverty and social exclusion through employment promotion and associated assistance to employable persons in finding employment, as well as additional programmes under social and labour market policy. These last programmes are geared particularly to different phases in an individual's life and specific problems faced by groups of individuals who are disproportionately affected by poverty, or at an above-average risk of poverty. Alongside this, a successful, inclusive and effective training, education, economic and labour market system provides the foundation for a high level of employment and participation.

Since 2001, the data and analyses of the Federal Government's regular Poverty and Wealth Report have provided the basis to a policy in this area which is based on empirical values. Time series and key indicators, including those concerning the distribution of material resources, labour market participation, educational participation and health, are presented and analyzed. The Fourth Poverty and Wealth Report of the Federal Government was adopted at the start of 2013, with its analytical focus on risk and success factors for social mobility in Germany.

The current data are testament to a positive development in the living situation in Germany overall: looking at the labour market, the picture presented is initially mixed. While there have been visible signs of success in combating long-term unemployment in recent years, further reduction currently tends to be in a sideways trend. Recently, the number of employable persons receiving basic benefits for job-seekers also only dropped slightly. At the same time the number of economically active persons and individuals in a job requiring compulsory social security payments continues to increase significantly. This continuing increase in employment is also reflected in the real available income. The share of low-wage workers and the at-risk-of-poverty rate did not increase further in the reporting period.

1.3 Macroeconomic context

The macroeconomic environment remains comparatively favourable in Germany. After a weak 2012/2013 winter period the economy gained momentum towards the middle of 2013. The price-adjusted gross domestic product increased by 1.2% over the course of the year– from closing quarter to closing quarter. On an annual average, in 2013 the German economy grew 0.4% over 2012.

This development was primarily driven by the domestic economy. Thanks to positive developments in employment and income, demand from private consumers, in particular, made a key contribution to this economic growth. While investment activities were still trending downwards in 2012, this trend seems to have been reversed in 2013.

A continued upturn in the economy is expected for 2014 and is again likely to be driven primarily by the domestic market. According to the latest forecasts of the Federal Government, GDP growth is expected to reach 1.8% in 2014.

The German labour market emerged largely unscathed from the period of weak economic growth. Developments in unemployment and employment were not synchronized, however: while registered unemployment (national definition) has been trending slightly upwards since spring 2012, at 2.95 million on average in 2013 it was, however, only around 53,000 people more than in the previous year. At the same time, the level of employment has increased significantly. The number of individuals in gainful employment (domestic concept) reached a record high of 41.84 million (provisional value) in 2013, translating to 233,000 more individuals than in 2012. This increasing participation in the labour market is primarily attributable to an increase in employment subject to social security contributions, which, at 29.3 million persons (June 2013), increased by almost 350,000 individu-

als, thereby reaching the highest level since 1992. For 2014 the Federal Government expects unemployment to drop slightly by around 20,000 persons with a further increase of around 240,000 in the number of persons in gainful employment.

1.4 Consultation with national stakeholders and interest groups

As in previous years and with the involvement of other federal ministries, in preparing the 2014 NSR the Federal Ministry of Labour and Social Affairs consulted the relevant stakeholders and interest groups (social partners, welfare organisations, cities and municipalities and the National Anti-Poverty Network) on 25 November 2013 in a joint meeting on the NSR and the social and employment policy part of the 2014 NRP and obtained their written submissions. The *Länder* and municipalities also took part through the Conference of Ministers of Labour and Social Affairs and the Conference of Ministers of Health.

The talks focussed on the exchange of ideas and opinions on possible topics and priority areas of the 2014 NSR in the context of the activities of the participating parties. The platform was used to pose questions, propose ideas and make suggestions on the one hand, while also promoting transparency regarding the background and processes. Written input was submitted in a follow-up to the meeting.

In Germany the welfare organisations, social partners and municipalities make a key contribution to delivering on the goals of the social OMC and the Europe 2020 strategy, particularly in the areas of social integration and poverty prevention.

2. Significant effects on the eradication of poverty and social exclusion

As long-term unemployment is a primary reason for individuals being at risk of poverty and social exclusion, the Federal Government has defined its quantitative goal in the fight against poverty and the promotion of social inclusion based on the number of individuals living in households affected by long-term unemployment. The aim is to reduce the number of long-term unemployed (unemployed for more than one year according to the ILO definition) by 20% by 2020 (measured against the annual average in 2008). According to current data, this is equivalent to a drop of around 320,000 long-term unemployed (2008 annual average: 1.62 million). With conservative estimates of two persons per unemployed household, this reduces the number of people at risk of poverty by 640,000. Given the extraordinarily positive employment trends in Germany, long-term unemployment has declined significantly in recent years with numbers down to 1.01 million persons in Q2

2013. Benchmarked against the figures for Q2 2008, this translates to a drop of around 41%, or 688,000 people (data on the basis of the Eurostat labour force survey).

Continuing the fight against long-term unemployment will also be a labour market policy priority of the new Federal Government. While long-term unemployment has dropped on average nationwide in recent years, the long-term unemployed benefit less from the positive developments in the labour market. On account of complex, individual problems, sustained integration into the labour market is often only possible with major effort from all parties involved over an extended period.

The new Federal Government has therefore set itself the goal of placing more low-skilled and long-term unemployed individuals in work that guarantees a livelihood, to qualify these individuals so that their skills fit market needs, coach them and, where necessary assist them – even once they have been successfully integrated into the labour market – and create the necessary framework to make this happen.

ESF funding makes a key contribution to delivering on this goal. The Regulations on Structural Funds for the 2014-2020 programming period specify that at least 20% of ESF funding must be invested at national level in the priority areas of promoting social integration and combating poverty. In the joint ESF/Federal Government programme for the 2014-2020 programming period, this goal will be achieved particularly by combating long-term unemployment through measures such as the permanent integration of the long-term unemployed in jobs subject to social security payments; support for migrants and the sustainable placement of migrants in jobs and training; and improved access to employment, training and education for disadvantaged persons (including hard-to-reach young people and young adults at the margins of the labour market).

The Fund for European Aid to the Most Deprived (FEAD), which can be used from 1 January 2014 onwards, seeks to enable a lower-threshold approach. This fund aims to reduce the number of people living in poverty or at risk of poverty or social exclusion. In negotiations on the EU Regulation (2014-2020 programming period), the Federal Government successfully worked to extend the scope of application from pure food aid to other social inclusion activities.

The basic benefits for job-seekers should focus more on the aim of “avoiding long-term benefit claims” and ensuring that the distribution of funding is more results-oriented.

Germany's qualitative goals in the reduction of poverty and social exclusion continue to centre primarily on the following target groups: children, young people, women, single parents, individuals from a migrant background, people with disabilities and older people.

Over the past year, the Federal Government and the *Länder* have developed various strategies and programmes in this respect with the aim of improving the opportunities of the disadvantaged groups to participate at a social and economic level. Everyone must be given the opportunity to unlock their individual potential at every stage of life. To this end, the aim is to improve the opportunities for education, social participation and integration both into society and the labour market, and to avoid poverty in old age. With regard to the goal of increasing the employment rate of women to 73% by 2020, an increase to 72.3% was recorded in the second quarter of 2013. The employment rate of older workers (55 to 64-year-olds) rose to 63.1% in Q2 2013, thereby already exceeding the national goal of a 60% employment rate by 2020 as set down in the National Sustainability Strategy.

3. Most recent reforms in the field of social inclusion

3.1 Access for all to resources, rights and services; preventing and combating exclusion and all forms of discrimination; support entering the labour market

Ensuring the appropriateness of welfare benefits

The Federal Government will promptly implement the specifications arising from the Federal Constitutional Court ruling of 18 July 2012 (1 BvL 10/10, 1 BvL 2/11) and restructure monetary benefits under the Asylum Seekers Benefits Act (*Asylbewerberleistungsgesetz*, (AsylbLG)) in such a manner that complies with the German Constitution. This restructuring, which can build on groundwork from the last legislature period, will set the benefits rates under the Asylum Seekers Benefits Act such that they are transparent, appropriate and needs-based. In the interim period, the benefits will be safeguarded by the transitional regulation decided upon by the Federal Constitutional Court which has formed the basis for the payment of benefits in all the *Länder* since August 2012.

The “Third Law to Amend the Contergan Foundation Act” entered into force on 1 August 2013, resulting in significant increases in Contergan pensions backdated to 1 January 2013 (the drug thalidomide was marketed in Germany under the brand name “Contergan”). The following benefits will be paid to roughly 2,700 thalidomide victims in Germany and abroad: one-time compensation (between €1,278 and €12,782), lifetime monthly Contergan pension (between €612 and €6,912), annual special payment since 2009 (between €460 and €3,680), benefits to cover specific needs since 1 August 2013 and the option of commutation of the Contergan pension.

Mobilisation measures, active measures in labour market policy

Given the extremely positive experience reported in the current ESF programming period, the “Federal Government Programme to Promote Vocational Language Skills for People from a Migrant Background (ESF-BAMF-Programme)”, which is co-funded by the European Social Fund and geared to improve job-related German language skills, will be launched in the 2014-2020 ESF programming period.

The core focus of the programme is to increase the opportunities of people from a migrant background to be integrated into the primary labour market and thereby also contribute to social participation. To this end, German lessons are linked to elements of continuous vocational training. The education providers cooperate locally with companies, employers and education centres to place individuals in internships, but also with a keen eye to the subsequent integration of the individuals into employment or training. The plan is to support roughly 20,000 individuals each year through the programme.

In the 2014-2020 ESF programming period, the ESF Integration Guidelines of the Federal Government will support the integration of individuals experiencing particular difficulty in entering work or education. This will be accomplished with the help of collaborative alliances of education providers, companies and employment agencies/job centres, and will target young adults under 35 and individuals who do not have an unlimited residence permit. In addition to tailored offerings in the field of advice/skill development/placement, the guidelines' portfolio of integration services also includes periods of work abroad in European countries.

The “Inclusion Initiative for Training and Employment” was agreed on 25 October 2013 in collaboration with the key labour market partners. The package of measures aims to increase in-company training and training offered by external providers in close cooperation with local enterprises, and boost the employment of people with a disability in jobs subject to compulsory social security payments. The focus is to raise the awareness of businesses and companies of the workforce potential and productivity of people with a disability. Another priority area centres on a €50 million funding programme to step up the integration of people with severe disabilities and enhance advisory services. This aims to stabilise existing employment relationships, create new ones and promote in-company training of young people. The Inclusion Initiative will run through to 2016.

It forms part of the “Federal Government National Action Plan to Implement the UN Convention on the Rights of Persons with Disabilities”, which the Federal Government adopted in June 2011. Consisting of over 200 projects, programmes and actions, the Action Plan also places a particular

focus on the labour market situation of people with disabilities. The “Inclusion Initiative for Training and Employment” complements the central employment policy element of the National Action Plan (the “Inclusion Initiative”). With a total of €140 million from the national rehabilitation fund, this “Inclusion Initiative” is geared to the promotion of career orientation for young people with severe disabilities, the training of young people with disabilities, the employment of older people with disabilities and the inclusion skills of the Chambers of Commerce. In addition to “prevention, rehabilitation, health and care” other key action areas of the National Action Plan include “children, young people, family and partnerships”, “women” and “the elderly” as well as “building and housing”, “mobility” and “social and political participation”.

Newly developed in 2013, the Participation Report of the Federal Government on the Situation of People with Impairments uses indicators to describe the resources and limitations associated with impairments. This focuses on a wide variety of areas of life, including vocational training and gainful employment.

Following trials at a total of 2,000 schools, the positive evaluation results reported for the career entry support model prompted the passing of the Act to Improve Integration Opportunities on the Labour Market (*Gesetz zur Verbesserung der Eingliederungschancen am Arbeitsmarkt*). This Act modified the model and incorporated it into the Employment Promotion Act (Book III of the Social Code) as a new permanent regulation with effect from 1 April 2012. Previously the model had been introduced by law as a pilot project as part of a special programme within the framework of the “Qualify and Connect Initiative – Education Links Leading to Vocational Qualifications (*Abschluss und Anschluss – Bildungsketten bis zum Ausbildungsabschluss*)”. The model can now be implemented at all lower secondary schools and special needs schools. In this way, lower-attaining pupils who will probably have some difficulty in obtaining a school-leaving qualification or transitioning to vocational training can receive individual and continuous coaching throughout their development process, in obtaining a school qualification, selecting a vocation and transitioning to in-company training. This support is provided by career start coaches on the basis of an analysis of the individual’s potential and the service is available to pupils from the penultimate school year through to the first six months of vocational training or –if the transition is not immediately successful– up to 24 months after the end of schooling.

As the various stakeholders share responsibility in transitioning individuals from school to vocational training, 50% co-financing by a third party is required at least if the Federal Employment Agency bears some of the cost. For the new ESF programming period the plan is to fund this service from the 2014/15 school year onwards within the framework of available co-financing aid.

Access to services that enable participation, such as education, health care and long-term care

The Federal Government's "Qualify and Connect Initiative – Education Links Leading to Vocational Qualifications" (total funding value of €460 million) under the 2010-2014 National Pact for Training and Skilled Manpower Development aims to provide a preventative and holistic approach to guaranteeing the educational success of young people and gradually create a structured and coherent support policy of the Federal Government and the *Länder* in the transitional field. To this end, the Federal Government has integrated various programmes and activities in the transition from school to the dual system of vocational training. Particular examples include the "Career Counselling Programme in Inter-company Vocational Training Centres and Comparable Institutions (BOP)", the "JOBSTARTER training structural programme", "JOBSTARTER CONNECT" and "Going for Vocational Qualification (*Perspektive Berufsabschluss*)". The programme is supported by the voluntary mentoring of young people as part of the "Prevention of Training Drop-outs (*Verhinderung von Ausbildungsabbrüchen*)" and "coach@school" initiatives. The Federal Government and the *Länder* develop voluntary coaching approaches for career counselling, career entry coaching, analysis of potential and business integration, agree quality standards and methods for the coherent implementation of the instruments. The initiative makes a significant contribution to greater synergy and efficiency in designing measures. Through bilateral agreements between the Federal Government and the *Länder*, the aim, in particular, is to ensure that career counselling instruments and instruments for the transition from school to work are better aligned and interlinked. With regard to career entry support, a joint ESF/Federal Government programme is planned from the 2014 programming period onwards within the framework of available co-financing aid of the Federal Government. As part of this programme, in addition to the current pilot schools the pilot schools under the Education Links Initiative of the Federal Ministry of Education, Science, Research and Technology will be incorporated into the ESF/Federal Government support programme from 2015 onwards. The "Education Links Service Office" (*Servicestelle Bildungsketten*) was set up to provide scientific monitoring and to handle public relations work associated with the initiative. The service office also coordinates the exchange of views and experience among the stakeholders and transfers good practices to other areas.

As part of the Education Links Initiative described above, the "Career Start Coaches Special Programme" (*Sonderprogramm Berufseinstiegsbegleitung*) previously mentioned was launched in 2010. Under this programme, roughly 1,000 full-time career start coaches will reach out to the groups of youths described earlier at over 1,000 schools through to 2014. Currently 999 career start coaches are working at 1,070 schools, 12.8% of which are spe-

cial needs schools. The special programme complements the existing Social Code instruments (Book III) for intensive career counselling and career entry support pursuant to Section 421s of Book III of the Social Code (old version) or Section 49 of Book III of the Social Code (new version).

The promotion of sexual and reproductive health is a matter of special importance in Germany's equal rights policy and German development policy. Extensive measures have been implemented for many years in the field of sex education and family planning to protect reproductive health. Teenagers and young adults are a primary target audience of the many culturally-sensitive and gender-sensitive sex education programmes. In meetings its statutory responsibility as defined under Section 1 of the Act on Pregnancies in Conflict Situations (*Schwangerschaftskonfliktgesetz*), the Federal Centre for Health Education (*Bundeszentrale für gesundheitliche Aufklärung* (BZgA)) – under the supervisory control of the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (BMFSFJ) – develops low-threshold, multilingual strategies and measures for sex education and family planning, and regularly publishes information material adapted to the individual target groups. The goal of the Federal Government is to give girls, women and their partners the tools to make informed, client-centred and health-conscious decisions with regard to family planning and starting a family.

With the amendment to the Act on Pregnancies in Conflict Situations, on 1 January 2012 the legal entitlement to anonymous advice was extended to all those seeking guidance. The new measures, which will come into force on 1 May 2014 with the “Act to Extend Assistance to Pregnant Women and Regulate Confidentiality over Births (*Gesetz zum Ausbau der Hilfen für Schwangere und zur Regelung der vertraulichen Geburt*)”, are specifically geared to paving the way to pregnancy counselling for women who are concealing or denying their pregnancy.

The “Act to Relieve Debt Accrued from Outstanding Health Insurance Contribution Payments” (*Gesetz zur Beseitigung sozialer Überforderung bei Beitragsschulden in der Krankenversicherung, or Beitragsschuldengesetz*)” entered into force on 1 August 2013. It resolves problems that originated in connection with the introduction of mandatory insurance for individuals without other entitlements to health provision in the event of illness (2007 Act to Increase Competition within the Statutory Health Insurance System (*GKV-Wettbewerbsstärkungsgesetz*) for previously uninsured individuals (statutory and private health insurance). To prevent insured parties from enjoying full insurance protection without making any contribution payments, regulations were introduced with the 2007 Act that were designed to encourage individuals to pay their contributions. This resulted in outstanding health insurance contribution payments.

The Act to Relieve Debt Accrued from Outstanding Health Insurance Contribution Payments defuses this situation. The Act makes provisions for the waiving of debt accrued between the date insurance became mandatory and the date the individual registered with a health insurance company. This applies to compulsorily insurable members with a subordinate status (*nachrangig Versicherungspflichtige*) who registered with the health insurance company by 31 December 2013. By setting a specific cut-off date, this regulation gave affected parties who were previously not members of a health insurance fund the incentive to register swiftly with a health insurance company and claim their right to health care in the event of an illness. For individuals registering after the cut-off date, the health insurance fund should reduce, in an appropriate and fair manner, the contribution payments accrued between the period when mandatory insurance came into force and the time the individual registered with the health insurance fund. Further to this, the late payment penalty for overdue contributions was brought back to 1% with this Act.

An emergency cover rate was introduced in the private health insurance (PHI) sector. Following a dunning procedure laid down by law, defaulters in the PHI system are transferred to emergency cover with a low premium payment. This regulation applies retroactively so that the existing debts of the parties concerned are also reduced. With this emergency cover, emergency medical care is guaranteed and particular attention is given to health-related issues of children and young people. Once the parties concerned have paid the outstanding contributions they are insured once more under the original rate.

Within the framework of the Alliance for People with Dementia which was reported in the 2013 SSR, an agenda will be developed by May 2014 in collaboration with partners from various government departments, civil society, self-governing bodies, professional associations, the *Länder* and national associations of local authorities. This agenda will then be implemented as the "National Dementia Strategy" by the individual stakeholders responsible. Process evaluation also takes place.

Eliminating gender-specific segmentation in the labour market and facilitating female labour force participation

In the coalition agreement, the new Federal Government specified its intention to facilitate the transition from marginal employment to regular employment subject to mandatory social security contributions.

With a view to helping individuals reconcile family and work commitments, the Federal Government wants to create a services platform where people can easily find legal com-

mercial providers of household-related services for families and senior citizens. This national services platform will notify those providing and seeking services and thereby provide private households with a faster, better and more transparent way of accessing legal service offerings.

Public awareness of the issue of equal pay will be raised through the “Equal Pay Day” campaign, which was already discussed in the 2012 NSR and the 2013 SSR. The current 2013/2014 campaign focuses on low paid part-time work (minijobs) and the consequences of taking career breaks for family-related reasons. Attention is given to other difficulties involved in balancing family and work.

As part of the project entitled “Fair Pay for the Future – Women Farmers for the Future” (*“Faire Einkommensperspektiven sichern – Land Frauen Stimmen für die Zukunft”*), (see 2012 NSR and 2013 SSR), female equal pay advisors are trained up and disseminate information about equal pay. The aim is for the equal pay advisors to raise awareness among local communities about the effects of conventional role models on training, careers, parenting and old age security.

The “Collective Bargaining & Equal Pay” research project focuses on the effect of collective pay agreements on the wage gap, and seeks to gain an insight into the process of collective wage bargaining.

In the ESF “Return to Work” programme of action (*“Perspektive Wiedereinstieg”*) and its various modules (see 2012 NSR and 2013 SSR) “returning to work and care responsibilities” will be a priority area in the future. An expert study is currently examining the particular challenges mothers of children with disabilities must face when returning to work. A targeted pitch to employers to raise their awareness of the potential offered by women and men returning to the work place completes the programme.

To reduce vertical gender-specific segregation, the goal of increasing the share of women in leadership positions in Germany is defined in the coalition agreement. Publically listed companies and businesses with obligations for full employee co-determination must ensure that as of 2016, 30% of new appointments to their supervisory boards are women. Starting in 2015 publically listed or co-determined companies will be obliged by law to set binding targets for increasing the share of women on executive boards, supervisory boards and in top-level management positions, disclose this information publically and report on it in a transparent manner.

3.2 Investment in children and improving child protection

Having entered into force on 1 January 2012, the “Federal Child Protection Act” (*Bundeskinderschutzgesetz*) seeks to ensure a comprehensive improvement in child protection in Germany. The Act stands for active and effective child protection, driving prevention and intervention forward in equal measure and strengthening all stakeholders committed to the welfare of children – from parents, paediatricians and midwives to the youth welfare office or family court. A total of €177 million will be made available through to 2015 as part of the “Early Assistance” (*Frühe Hilfen*) federal initiative. The aim is to build and expand “early assistance” networks and increase the presence of family midwives who assist, in particular, struggling mothers and fathers during the pregnancy and in the first year of the child’s life, and provide information about possible support options and specific assistance.

With the introduction of a legal entitlement to early childhood education for all children over the age of one, the Federal Government has set a milestone for needs-oriented child day care. Since 1 August 2013 not only kindergarten children but also children over the age of one have had a right to education and care.

At the same time, the major increase in the number of places reflects the enormous efforts made in recent years and once again underlines the legitimate call for the provision of services that is in line with demand. To deliver on this goal, vast amounts were invested with the considerable support of the Federal Government, with investment totalling €5.4 billion by 2014. From 2015 onwards, the Federal Government will provide permanent support to the *Länder* with €845 million each year.

Despite this, further efforts will be needed in the future to continue to push ahead with the expansion of child day care services and increase the quality further. The Federal Government will lend support to the *Länder* in this regard. Therefore, in addition to actions and programs to expand services and enhance service quality, the aim of the coalition agreement of the Federal Government for the 18th legislative period is also to address issues concerning staffing, the upskilling and continuing education of qualified staff, the supply of skilled workers and language learning. Early support right from the start – which is of high quality and attuned to children’s needs – is of paramount importance for every child.

3.3 Social housing promotion and inclusive living

Responsibility for social housing promotion lies solely with the *Länder*. The Federal Government will compensate the *Länder* for the withdrawal of previous financial aid up to the end of 2019. With regard to the compensation amount, by adopting the Act of 15 July 2013 (entry into force: 1 January 2014) the German Bundestag decided that the Federal Government will pay the *Länder* compensation at the current rate of €518.2 million each year through to the end of 2019. Previous ring-fencing of funds for housing promotion has not applied since the start of 2014. Funds must continue to be spent on investment measures. However, the Federal Government expects the *Länder* to specifically invest the funds they are granted in housing promotion measures and to document this in a detailed reporting system.

The Federal Government intends to support the expansion of housing adapted to the needs of the elderly and people with disabilities. Senior citizens, in particular, need accessible housing and an appropriate living environment so they can live independently in familiar surroundings for as long as possible. In order to promote the conversion of residential buildings into senior-friendly living spaces, the “Senior-Friendly Conversion” programme (*Altersgerecht Umbauen*) will be expanded. The programme will now include investment grants and thereby complement the existing loan programme from KfW, Germany’s state-owned development bank. Within the framework of the CO2 building improvement programme, a special bonus is to be provided for additional measures aimed at converting buildings into senior-friendly, accessible space. Community living for the elderly will be promoted and projects trialled.

3.4 Fighting discrimination

In the coalition agreement between CDU/CSU and SPD, provisions are made to introduce a statutory minimum gross wage of €8.50 per hour nationwide as of 1 January 2015. The Federal Government is currently working on the legislative implementation of the minimum wage. The legislative process associated with this will be concluded in autumn 2014 at the latest.

Changes to the financing of basic security in old age and in the event of reduced earning capacity

Within the framework of basic security in old age and in the event of reduced earning capacity, from 1 January 2014 the Federal Government will reimburse the *Länder* for all net spending on cash benefits under this Chapter. Further to this, on the basis of negotiations

between the Federal Government and the *Länder* on the fiscal compact, in future the net expenditure of the particular calendar year will be refunded and not the net expenditure of the year before last, as was the case up until the end of 2012. On account of several factors, a continuous increase in costs can be expected with this social assistance benefit.

4. Recent reforms to achieve appropriate and sustainable pensions

4.1 Raising the retirement age and current reform measures

German law-makers have resolved to raise the statutory age of retirement gradually to 67 by 2029. For 2014 (those born in 1949), the statutory retirement age is 65 and 3 months. Over the course of the coming years it will be raised by one month per birth year up to the age of 66, and as of 2024 (those born in 1959) by two months per birth year up to the age of 67 (those born in 1964 and after). Corresponding increases will be implemented for other age limits.

Under the provisions of a Draft Act to Improve Pension Insurance Benefits (*RV-Leistungsverbesserungsgesetz*) adopted by the Federal Government on 29 January 2014, the retirement pension for individuals insured for a particularly long time will be extended from 1 July 2014 through a time-limited special regulation. Insured parties with 45 years of mandatory contribution payments (including periods of unemployment) should be able to receive their retirement pension at 63 without any pension deductions on account of the contribution they made to stabilising the statutory pension insurance system. This special regulation makes provisions to gradually increase the retirement age to the current pension age of 65. This is because demographic changes, which prompted the retirement age rise in the first place, must also be given due consideration even by those who have been insured for a very long time.

Furthermore, pursuant to the aforementioned Draft Act to Improve Pension Insurance Benefits adopted by the Federal Government, the child-rearing work of all mothers or fathers of children born before 1992 will be recognized with an additional earning point ("mother pension") in the old age security system from 1 July 2014 onwards. This aims to give additional recognition to the child-rearing work of these parents who reared their children in a time when sufficient childcare services were still not available.

Finally, under the Draft Act to Improve Pension Insurance Benefits, two measures will provide greater security to people with reduced earning capacity as of 1 July 2014: for one, these individuals are to be treated as if they had continued working two years more

than they have, earning the previous average income (extension of the non-contributory supplementary period from age 60 to 62). Secondly, the last four years before the reduction in earning capacity occurred are not to be counted if they reduce the value of this non-contributory supplementary period (e.g. by switching to part-time work or periods of illness before claiming the pension).

To ensure that the statutory pension insurance system can continue to guarantee or restore the earning capacity of insured parties through the provision of integration services (medical and vocational rehabilitation) in the future, the Draft Act to Improve Pension Insurance Benefits makes provisions for the adjustment of the rehabilitation budget – i.e. the amount of capped funds available to the pension insurance system each year precisely for this purpose. This will be implemented with retrospective effect to 1 January 2014. The introduction of a demographic component in the annual adjustment of the rehabilitation budget aims to ensure that the temporary additional funding needs, resulting from the baby-boom generation reaching an age where they require intensive rehabilitation services, is factored in when setting annual pension insurance expenditure on integration services. The demographic component must then be taken into consideration as a separate factor in addition to the expected development in gross salaries and wages per employee.

4.2 Contributory service

No changes can be reported in the reporting period. The general qualifying period of five years is mandatory for an individual to be able to claim the standard old-age pension. The qualifying periods are longer for other pensions, depending on the particular pension type.

4.3 Pension adjustment

The contribution rate to general pension insurance, which was lowered once more by 0.7 percentage points on 1 January 2013, dropping from 19.6% to 18.9%, will continue to apply in 2014.

The pensions in the old *Länder* and new *Länder* were increased by 0.25% and 3.29% respectively with effect from 1 July 2013. With this, the last stage of the “Riester reform scale” (*Riestertreppe*) took effect. With the effect of curbing pension adjustments, this component of the old-age provision factor takes into account the burden on gainfully active persons in making additional payments towards private provision for old age, thereby helping to guarantee the long-term stability of pension finances and maintain intergenera-

tional equity. In contrast the reduction in the contribution rate as of 1 January 2012 had the effect of increasing pension adjustments.

For several years, the repeated application of the safeguard clause, which was introduced in 2004 and adjusted in 2009 to form the pension guarantee, prevented pension cuts which would have occurred had the adjustment formula been applied solely from an arithmetical perspective. The safeguard clause should not, however, place a long-term burden on paying contributors. Therefore the total pension reductions that were not implemented are accounted for within the framework of compensation requirements. The compensation requirements are reduced by halving pension increases. With the pension adjustment that took effect from 1 January 2013 onwards, this was only still needed in the old *Länder* as it had been possible to fully eliminate the compensation requirements in the new *Länder* with the pension adjustment introduced as of 1 July 2012. The compensation requirements in the old *Länder* were reduced by a further 0.25 percentage points with the pension adjustment of 1 July 2013. As a result compensation requirements of only 0.46% are still outstanding.

4.4 Capital-funded pension scheme

In an effort to strengthen private pension provision, the “Act to Improve Old-Age Provision” (Altersvorsorge-Verbesserungsgesetz) that entered into force on 1 July 2013 makes Riester pensions (state-sponsored private pension plans) and the basic pension more consumer friendly. The framework for including owner-occupied residential property under this tax-privileged old-age provision scheme has been simplified and improved with this Act, making it also possible to invest the tax-privileged capital savings in measures to convert property into accessible, age-appropriate space. A central element of the Act is the introduction of a standardized product information sheet to improve the transparency and comparability of subsidized provision products. This aims to increase competition among the providers of provision products and strengthen subsidized old-age provision as a result. Ordinances will be issued shortly providing more specifics on the new obligations to provide information.

The Federal Government has commissioned, or plans to commission, research contracts to address the various questions surrounding occupational and private pension schemes. One such project deals with the possibilities of cost containment with certified old-age pension and basic pension contracts. The cost-efficiency of old-age provision products is becoming increasingly important against the backdrop of low interest rates and the resulting decline in earnings from such products.

Other projects look into obstacles to occupational pension schemes at small and medium-sized enterprises where occupational pensions are not very common. Studies also seek to examine how it would be possible for more people on a low income to receive an occupational pension. It is precisely this group of people who do not make enough provisions for old age.

5. Accessible, high-quality and sustainable health care and long-term care

Within the field of health care and long-term care, the impact of demographic change presents the biggest challenge to policy-makers. The increasing proportion of older and very old people in the population tends to result in an increase in the demand for health and care services. The health care structures must be geared towards the needs of older individuals. Patients with chronic and multiple illnesses need optimally integrated health care. The portfolio of services for prevention, therapy, rehabilitation and care must be better aligned and coordinated.

Prevention is a central pillar of health policy. By strengthening prevention and promoting health, illnesses can be avoided or alleviated, and the need for long-term care can be avoided or at least delayed.

The demographic change is also reflected in the health care staff shortages which are beginning to appear. Action to secure the skilled labour base is needed to guarantee local health care services nationwide.

The Federal Government already introduced various reform measures in the last legislative period. For example, the 2012 Act to Improve Health Care Structures in the Statutory Health Insurance System (*GKV-Versorgungsstrukturgesetz*) created key parameters to improve coordination and to guarantee local medical care across the country, such as the reorganisation of demand-oriented planning or pay incentives to encourage practices to be set up in underserved areas. Initial steps had also been taken towards securing the supply of skilled labour, work which the Federal Government will build on in the 18th legislative period.

Demographic change in Germany is primarily shaped by two fundamental trends that have a considerable impact on social long-term care insurance and the provision of long-term care: increasing life expectancy and a persistently low birth rate. Some 2.5 million people requiring care currently live in Germany (data from 31/12/2012), with roughly one

third (approx. 0.77 million) of the individuals concerned receiving full-time institutional care in care homes. In contrast, roughly two-thirds, or 1.77 million people, are supported and cared for in the home environment, often by their relatives. The number of individuals in need of care will increase again considerably in the decades ahead.

With a view to securing high-quality care, care services and support in the event of the need for long-term care, the Act to Realign Long-Term Care Insurance (*Pflege-Neuausrichtungsgesetz – PNG*), which was adopted in the last legislative period on 23 October 2012 (Federal Gazette I, P. 2246), was a milestone project of the Federal Government (see 2012 National Social Report, P.27ff.; 2013 Social Report, P. 6 and 11ff.). Insured parties are feeling the improvements in benefits, in particular: according to estimates of the Medical Service of the Federation of Health Insurance Companies, in 2013 over 140,000 individuals requiring care and categorised as care level 0 were entitled for the first time ever to care allowance or care benefits-in-kind. Furthermore, for the first time ever individuals were also entitled to care services if their relatives who normally provide care were incapacitated, to nursing aids and to measures to improve the individuals' living space. In addition, over 500,000 people in care categories I and II received a higher care allowance and higher care benefits-in-kind, with the result that more than one third of all out-patients requiring care received better benefits than before the reform.

5.1 Health care system management

The coalition agreement places a priority on improving the coordination and promotion of cross-sectoral forms of healthcare delivery. For one the Federal Government has simplified the framework that allows the health insurance funds to conclude cross-sectoral contracts. Furthermore, a €300 million innovation fund was created to promote cross-sectoral forms of health care.

5.2 Provision of health services, health benefits and preventive health care

The coalition agreement places a continued priority on increased prevention and on improving the quality of medical care.

The Federal Government will set up a task force which is to develop key parameters of a hospital reform on the basis of the coalition agreement and improve the quality of in-patient care within the framework of a quality improvement campaign. Further to this, in-patient and out-patient care must be better aligned in order to boost the level of quality and efficiency in the health care system. For this reason, the Federal Government will put

measures in place that allow the better coordination of care at the points where in-patient and out-patient care intersect. Prevention is at the start of the health care supply chain. A Prevention Act is set to be presented in 2014 that will strengthen prevention and health promotion in all domains of life, ranging from childcare facilities to schools to in-company programs and nursing homes. All social security institutions are included to ensure an integrated, holistic approach. Guaranteeing the nationwide provision of health care services in the local area is another key concern.

If the recast Directive 2013/33/EU of the European Parliament and of the Council of 26 June 2013 laying down standards for the reception of applicants for international protection results in the need to amend health-care benefits in favour of individuals eligible for benefits, this will be taken into consideration in the Asylum Seekers Benefits Act (*AsylbLG*).

5.3 Investment in health care professionals

Sufficiently qualified and motivated staff are needed if we are to guarantee the nationwide, efficient provision of high-quality health care. Seeking to fill the imminent skills gap in the health-care sector brought about by demographic change, the Federal Government intends to make jobs in the health care and nursing sector more appealing. In addition, there are plans to further improve incentives for doctors to set up practices in underserved areas.

5.4 Optimising expenditure on pharmaceuticals

Drug provision is a central factor in expenditure trends among statutory health insurance companies. With due consideration to factors that increase and decrease expenditure, the increase in pharmaceutical spending in 2014 would be estimated at €2 billion if legislators did not take action. In the reporting period, Germany implemented corrective measures to curb this spending increase.

The statutory price freeze, which prevented price increases decided unilaterally by pharmaceutical companies from being charged to the health insurance companies and other third-party payers, and which proved effective in containing increases in spending on pharmaceuticals, was extended until 31 December 2017 for pharmaceuticals without reference prices. Furthermore, with effect from 1 April 2014, the 14th Act to Amend the Fifth Book of the Social Code (*14. SGB V-ÄndG*) increased the manufacturer discount from 6% to 7% for all pharmaceuticals with the exception of off-patent drugs with the same active

agents in order to protect the statutory health insurance system and other third-party payers from an excessive increase in spending. These measures also aim to compensate for the termination of benefit assessments of pharmaceuticals with new active ingredients that were already on the market prior to 1 January 2011 (known as the established market).

5.5 Improving access to services and freedom of choice for patients

Patients must be able to depend on hospitals only performing operations that are actually necessary from a medical standpoint. Therefore they should regularly have the option of seeking a second opinion from another medical specialist or hospital in the case of schedulable treatments which are susceptible to being ordered frequently. Such treatments must be defined by the Federal Joint Committee (*Gemeinsamer Bundesausschuss*). With this approach, unnecessary operations are avoided, increases in the case numbers are contained, and efficient, better quality care for patients is made possible.

With regard to out-patient health care, the waiting time for a doctor's appointment is to be reduced significantly for individuals insured under the statutory health insurance system. In future they should be able to contact a central appointment service centre at the regional doctors' association if they are being referred to a specialist. Patients should generally not need to wait more than four weeks for an appointment. If this is not possible, the appointment service centre will offer the patient an appointment for out-patient treatment in a hospital – except in cases that are not medically justified.

Already introduced with the improvement in benefits under the Act to Reorient Long-Term Care Insurance (*Pflege-Neuausrichtungsgesetz*), greater consideration for individuals suffering from dementia in the long-term care insurance system will be continued in the coalition agreement with the planned introduction of a new definition of “need of long-term care”. Furthermore, the coalition agreement has also announced the rapid expansion and further refinement of existing care services including the development of low-threshold assistance services which are to be extended to all individuals requiring care. In light of this, it can be assumed that the care and assistance sector will be expanded further on the whole and additional jobs will be created. Added to this are suggestions for measures that would result in the better and more flexible coordination of care and assistance arrangements.

Development of healthcare expenditure

The sustainable financing of the healthcare system is of particular importance to the Federal Government. At the start of the new legislative term, the statutory health insurance system (SHI) is well positioned to face future challenges.

According to the preliminary financial results for 2013, the statutory health insurance funds ran a surplus of roughly €1.2 billion, with revenue totalling roughly €195.6 billion and expenditure amounting to roughly €194.4 billion. The Health Fund (*Gesundheitsfonds*) reported a surplus of €510 million in the same period. As a result, the financial reserves of the statutory health insurance system increased to roughly €30.3 billion in total at the end of 2013, with the health insurance funds and the Health Fund claiming roughly €16.7 billion and €13.6 billion respectively. At the end of 2013, all 132 statutory health insurance funds were debt-free. Thanks to their strong financial reserves, some health insurance funds could even pay out a bonus to their members. This financial development therefore provides a very good basis for the new financial architecture of the SHI system which is set to be introduced at the start of 2015 to adapt it to the challenges ahead. Social long-term care insurance also remained on a sound financial footing in 2013. With a surplus of roughly €630 million reported for all of 2013, the funds of the long-term care insurance funds have grown to roughly €6.2 billion.

6. Focal topic: access to social protection for young unemployed persons

6.1 Basic security benefits systems and social welfare

Guaranteeing a socio-cultural subsistence minimum is a central measure in the fight against poverty and social exclusion and in ensuring the social protection of unemployed young people. The entitlement to this is derived directly from the fundamental right to the minimum necessary for subsistence in line with human dignity as defined in Article 1, Paragraph 1 of the Basic Law (*Grundgesetz*) in connection with the principle of the social state laid down in Article 20, Paragraph 1 of the Basic Law. The following benefits and services are provided for this purpose: benefits to secure an individual's livelihood (known as "basic needs assistance", particularly for food, clothing, personal hygiene, household items, household energy, warm water, and for reasonable participation in the social and cultural life of the community), benefits for appropriate housing and heating and for extra needs where necessary (particularly for expectant mothers, single parents, people with disabilities, or for people requiring a special diet for medical reasons, or for certain special needs, such as the interaction of separated parents with their children) and separate

needs (aid to initially furnish an apartment and purchase clothing, aid during pregnancy and birth, and the purchase and repair of orthopaedic shoes, the repair of therapeutic equipment and the hiring of therapeutic devices). Furthermore the individuals concerned are either insured under the statutory health insurance system or they receive health services from the health insurance system to the same extent. The scope of basic needs assistance is realistically determined in a transparent and comprehensible process on the basis of sample surveys of income and expenditure. In years where new sample surveys of income and expenditure are not available, the basic needs assistance is updated and adjusted on the basis of annual wage and price developments.

In addition to the benefits mentioned above, particular consideration is also given to the special education and participation needs of children, teenagers and young adults who are in need because of their economic status. Through the services and benefits provided in the "Educational Package" (including those for school and kindergarten excursions, field trips, personal school supplies, pupil transportation, communal lunches, participation in the social and cultural life of the community such as membership of sports clubs, music lessons, participation in leisure activities), due consideration is given to the specific socio-cultural subsistence minimum of children, teenagers and young adults (see also 2012 NSR).

Young people who are in need of assistance and are aged 18 and over receive basic security benefits in old age and in the event of reduced earning capacity under Book XII of the Social Code if they are permanently and totally incapacitated for work for medical reasons. An individual is considered to be totally incapacitated for work if the individual's capacity is reduced on account of an illness or disability such that in the foreseeable future the individual will not be able to work at least three hours daily under the usual conditions on the general labour market. The incapacitation is considered lasting if it is not likely that the individual's reduced earning capacity can be rectified. Persons are always considered to be in need if they have no or insufficient earned income or utilisable assets, and other social benefit agencies do not provide sufficient benefits to cover the identified needs of the individual.

Young adults who are in need and who are expected to be totally incapacitated for work for a limited period of time receive benefits under the cost of living assistance. An exception only applies if adults whose earning capacity is totally reduced for a limited period live with employable needy individuals (shared households). In this case they receive basic security benefits for job-seekers (social allowance).

6.2 Pension entitlements

Periods of unemployment can affect both an individual's pension entitlement and the amount of pension an individual receives. Anyone claiming short-term unemployment insurance benefit (*Arbeitslosengeld I*) is compulsorily insurable on a regular basis while claiming this benefit. The contribution to the statutory pension insurance system is calculated from 80% of the earnings used to determine the income replacement benefits.

Since 1 January 2012, those claiming long-term unemployment benefit (*Arbeitslosengeld II*) are no longer compulsorily insurable in the statutory pension insurance system. Since then this time is an unweighted credited period. This approach prevents gaps in the insurance profile and, in particular, continues to maintain accrued rights to a pension in event of reduced earning capacity and to integration benefits. While the period credited on account of the receipt of long-term unemployment benefit does not result in a direct increase in the pension, it can have a positive effect on the assessment of other non-contributory periods.

6.3 Services and benefits to promote the professional integration of young people

Under the framework of employment promotion in Germany (Book III of the Social Code) a wide range of preventive services are in place to provide early support and reduce the risk of subsequent unemployment. This includes nationwide career guidance and career orientation services. The employment offices are the central contact for career guidance for young people when entering the labour market (individual career guidance, self-information services in career information centres).

These services are open to all young people, with talks on these services held in schools in the last and second last year before school-leaving. In addition, intensive career orientation and preparation for the career selection process (under Section 48 of Book III of the Social Code) is provided in some cases to give pupils an insight into certain careers, explaining the career requirements and future prospects. Up to 50% of the associated costs can be borne by the Federal Employment Agency if third-parties, generally the Federal State (*Land*) in question, will share in the costs of the support efforts.

A wide range of training placement services are available to all young people seeking a training place at a company under the German dual system of vocational education and training: the employment offices are legally obliged to provide training placement services. In the case of young people who are entitled to benefits under Book II of the Social Code,

the job centres have responsibility for placement in training, but can assign this task to the employment offices. Roughly two thirds of the joint institutions and one quarter of the authorised local government providers have availed of this opportunity. Furthermore the chambers of industry and trade and the chambers of crafts also provide their own placement services. The agreements set out in the Training Pact, such as the joint extra placement campaign in tandem with the chambers, are also important for placing individuals in training.

Prevocational training programs or introductory training is available to young people who, for personal reasons, are not yet able to commence vocational training. The aim of these measures is to enable the occupational integration of these individuals. Prevocational training programs can also support young people in sitting and obtaining their lower secondary-school certificate (*Hauptschulabschluss*). Other services to prepare young people for vocational training are available at the Länder level to some extent.

The services provided by the employment offices, and also by the job centres to some extent, also include services and benefits to promote training. Trainees and individuals taking part in prevocational training programs are entitled to a vocational training grant if they do not otherwise have the necessary means to cover their cost of living.

Disadvantaged young people can also receive training-related assistance alongside vocational training if they require additional support, which - if not provided - could put the success of the training measure at risk. Disadvantaged young people who fail to secure an in-company training relationship even after receiving training-related assistance can receive support through vocational training in an extra-company training centre. Such extra-company vocational training can also be supported following the premature termination of an in-company or extra-company vocational training relationship if the prospects of successfully integrating the candidate into in-company vocational training are poor. In such instances, the apprentice does not have to be a disadvantaged young person.

In the case of apprentices with a disability or serious disability, employers can receive a grant towards the apprenticeship pay or similar remuneration if the candidate will otherwise not successfully complete his/her vocational training.

6.4 Health services

Young unemployed persons whose place of residence or usual abode is in Germany receive health insurance protection under the applicable law for statutory and private health insurance.

Unemployed children of members of the statutory health insurance system (SHI) are generally insured through their parents without contribution payments. Co-insurance under the family insurance scheme applies until the individual turns 23 if he/she is not in gainful employment, and until the individual turns 25 if he/she is in school or vocational training. Under certain circumstances young unemployed persons are compulsorily insured in the statutory health insurance system, such as in situations where they are to be empowered in a youth welfare institution to pursue gainful employment, if they are claiming short-term unemployment benefit, or – under certain circumstances – if they are claiming long-term unemployment benefit. Anyone leaving the mandatory insurance or family insurance scheme continues to be insured in the SHI system as a voluntary member. Furthermore, anyone who does not otherwise have entitlement to health provision in the event of illness and falls within the scope of the SHI system is subject to subordinate compulsory insurance (*nachrangige Versicherungspflicht*) in the statutory health insurance system if their place of residence or usual abode is in Germany.

Individuals who are not insured or compulsorily insurable in the SHI according to the aforementioned regulations and do not otherwise have entitlement to health provision in the event of illness must take out and maintain private health insurance (PHI) if they are resident in Germany. A separate insurance policy must be taken out for children and young people. The obligation to have health insurance can also be met with a PHI basic plan (*Basistarif*) which all insurance companies are required to offer. The coverage of the basic plan is comparable to the coverage provided under statutory health insurance. Insurance companies may not deny insurance to anyone who may be insured under the basic plan.

Compulsory insurance under the statutory system of long-term care insurance follows the principle of "long-term care insurance follows health insurance". Anyone insured under the SHI system (irrespective of whether compulsorily insured, voluntarily insured or with dependent coverage) is automatically included in social long-term care insurance. Anyone with private health insurance and whose place of residence or usual abode is in Germany must take out and maintain private compulsory long-term care insurance.

If individuals are unable to pay their premiums for health and long-term care insurance from their own income and are unfit for work, these premiums are paid in the necessary amount under the system of subsistence allowance and the system of basic security in old age and in the event of reduced earning capacity.

Degree of coverage by social protection systems

0.05% of the population aged between 15 and 24 inclusive claim subsistence allowances outside institutions under Book XII of the Social Code. The same applies for 0.12% of the population aged between 25 and 29 inclusive.

0.39% of the population aged between 15 and 24 inclusive claim standard benefits under the Asylum Seekers Benefits Act. The same applies for 0.42% of the population aged between 25 and 29 inclusive.

Annex

Overview of indicators

Year	2007	2008	2009	2010	2011	2012
Employment rate in population (20 to 64)						
EU27	69.9%	70.3%	69.0%	68.5%	68.6%	68.5%
Men	77.8%	77.9%	75.8%	75.0%	75.0%	74.6%
Women	62.1%	62.8%	62.3%	62.1%	62.3%	62.4%
Germany	72.9%	74.0%	74.2%	74.9%	76.3%	76.7%
Men	79.1%	80.1%	79.6%	80.1%	81.4%	81.8%
Women	66.7%	67.8%	68.7%	69.6%	71.1%	71.5%
Employment rate among persons with a low level of education (20 to 64)						
EU27	57.1%	56.5%	54.4%	53.4%	53.0%	52.2%
Germany	55.0%	55.9%	55.7%	56.0%	57.3%	57.7%
Note: A low level of education is defined as no higher than lower secondary school (without a vocational training certificate).						
Employment rate among older persons (55 to 64)						
EU27	44.6%	45.6%	46.0%	46.3%	47.4%	48.9%
Germany	51.3%	53.7%	56.1%	57.7%	59.9%	61.5%
Unemployment rate of under 25s						
EU27	15.7%	15.8%	20.1%	21.1%	21.4%	22.9%
Germany	11.9%	10.6%	11.2%	9.9%	8.6%	8.1%
Absolute long-term unemployed in thousands and ratio to all unemployed						
Germany	2,012	1,623	1,447	1,380	1,189	1,043
Men	1,085	883	803	806	687	603
Women	927	740	644	574	501	440
Germany	56.6%	52.5%	45.5%	47.3%	48.0%	45.5%
Men	56.7%	53.2%	44.4%	48.1%	49.3%	46.8%
Women	56.4%	51.7%	46.9%	46.3%	46.2%	43.7%
At-risk-of-poverty threshold for single parents (60% of median annual income)*						
Germany	10,666	10,986	11,151	11,278	11,426	11,757
At-risk-of-poverty rate (percentage of persons with less than 60% median income)*						
EU27	16.5	16.5	16.4	16.4	16.9	16.9
Men	15.7	15.6	15.5	15.7	16.1	16.3

Women	17.3	17.5	17.2	17.1	17.6	17.5
Under 18	19.7	20.4	20.1	20.7	20.8	20.8
65 and older	18.2	18.9	17.8	15.9	15.8	14.4
Germany	15.2	15.2	15.5	15.6	15.8	16.1
Men	14.1	14.2	14.7	14.9	14.9	14.9
Women	16.3	16.2	16.3	16.4	16.8	17.2
Under 18	14.1	15.2	15.0	17.5	15.6	15.2
65 and older	16.2	14.9	15.0	14.1	14.2	15.0

Average median income in EUR/year and relative median ratio of income in old age (65 and older)*

EU27	12,182	12,935	13,203	13,651	13,818	14,413
Total	0.84	0.85	0.86	0.88	0.89	0.91
Men	0.88	0.88	0.90	0.92	0.93	0.95
Women	0.82	0.83	0.84	0.86	0.87	0.89
Germany	15,854	16,498	16,804	17,167	17,611	17,729
Total	0.87	0.87	0.88	0.89	0.90	0.88
Men	0.89	0.89	0.90	0.90	0.91	0.88
Women	0.85	0.87	0.86	0.88	0.89	0.87

Note: Median net equivalent income of people aged 65 and older in comparison with persons under 65.

* The data refer to the year of the survey (EU-SILC). The income indicated for the previous year is listed in each case.

Source: EUROSTAT

Absolute dependents on minimum security in thousands and ratio to population

Germany	8,056	7,646	7,761	7,537	7,258	7,249
Germany	9.8%	9.3%	9.5%	9.2%	8.9%	8.8%

Note: Transfer payments of minimum social security systems denote financial assistance from the government that is paid out to entitled persons to secure a basic livelihood. The legal bases are Books II and XII of the Social Code, the Asylum Seekers Benefits Act and the Federal War Victims Compensation Act.

Absolute recipients of basic income support in old age in thousands and ratio to population aged 65 or above

Germany	392	410	400	412	436	465
Germany	2.4%	2.5%	2.4%	2.4%	2.6%	2.7%

Source: Federal Statistical Office