

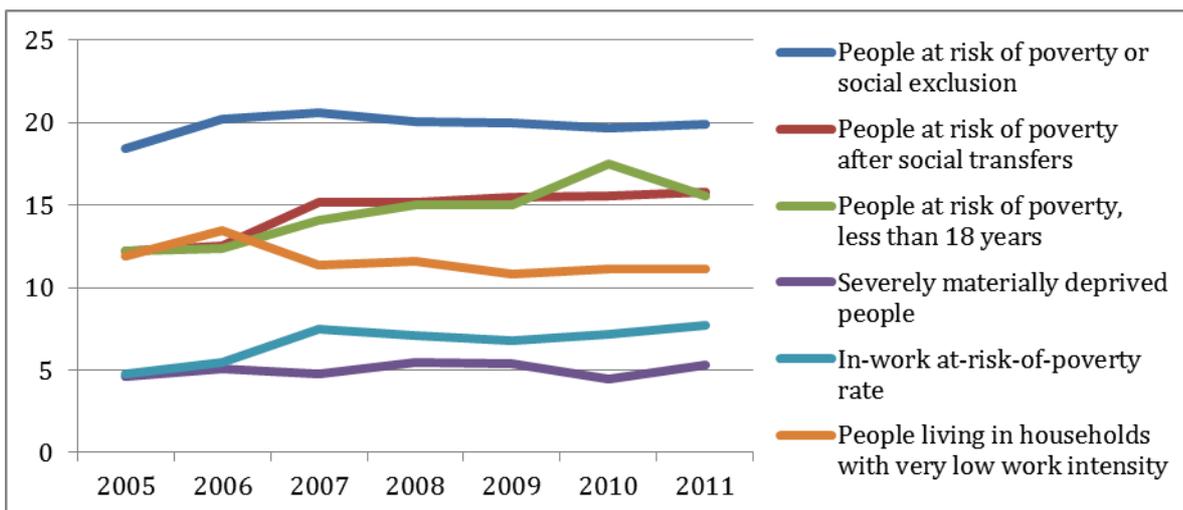
## 1. POVERTY

### 1.1. Recent trends

#### Developments of poverty and social exclusion in Germany based on Eurostat:

- It can be observed that for all of the main poverty indicators, **women are at a higher risk of poverty than men**. While having decreased during the overall period in question (2008-2012), an **increase of the at risk poverty rate** between 2008 (15.2%) and 2012 (16.1%) can be noted.
- The **most significant proportional increase in poverty indicators occurred in the in-work poverty rate**, which rose from 7.1% in 2008 to 7.7% in 2011. Proportionally, in-work poverty rose more sharply among men (+0.7 p.p.) but in total keeps affecting more women (8.2% in 2011) than men (7.2% in 2011).
- In terms of age groups, 2011 data shows that **people between 55-64 years were at highest risk of poverty** (20.4%), followed by people aged 18-24 (19%).
- In 2011, **37.1 % of lone-parent households** (+1.2 p.p.) and 32.3 % of single person households (+3.1 p.p.) lived **at risk of poverty**. Furthermore, 68.7% of people under 60 with very low work intensity lived at risk of poverty (+4,5 p.p.).

Poverty trends in Germany (% of population):



Additional data from a 2011 census<sup>1</sup> provides further information on the **risk of poverty for different population groups**:

- 32.4 % of foreigners
- 26.6 % of people with migration background
- 12.3 % of the people without migration background

Furthermore, one observation can be made about people aged between 18 and 24 who, according to the above Eurostat data, are at the second highest risk of poverty with regards to age groups. While this may be right in statistical terms, it has to be mentioned that most of these young people are either students or are in some other form of training during which they are usually low paid. In Germany these youths usually don't live with their parents anymore and count as a single household. It is therefore considered that the high at-risk-of-poverty rate of this age group might be a statistical fact that does not necessarily reflect a social problem, also because youth unemployment is not very high.

<sup>1</sup> Mikrozensus 2011, URL: [www.zensus2011.de](http://www.zensus2011.de)

## 1.2. Recent policy developments

Since last year the following policy developments have been registered:

Since August 2012 nearly no new legislation has been implemented regarding poverty and social exclusion. There was a **reform of the benefits for children to improve their social inclusion and enhance their educational chances** ("Bildungs- und Teilhabepaket"). The bureaucracy has been reduced a bit, which is positive. Nevertheless, a further reduction of bureaucracy, better information about this new benefit and an extended claim for private lessons would be necessary.

There was also a **reform regarding the legal protection of poor people**, which foresees meeting the cost for judicial counselling and representation. However, this reform has not come into effect yet. Furthermore, there is an on-going **reform that deals with the particular problem of people who are indebted with their health insurance**. A positive outcome of the discussed measures is expected.

### Assessment of Germany's NRP and policies it refers to:

The German NRP addresses the poverty reduction target by focusing on long-term unemployment. Nearly all measures to reduce poverty are measured against reducing (long-term) unemployment. Other measures named in this context are related to enhancing the education of children and youths as well as better and more specific benefits for lone parents. Regarding all other poverty-related topics, the NRP does not report anything and refers to the National Social Report (NSR).

In general, the employment situation in Germany is not alarming. However, efforts need to be made to tackle long-term unemployment and improve the situation of people who have additional problems, which make them not immediately available for the labour market. It has to be noted that the **measures proposed in the NRP do not adequately address the at-risk-of-poverty-rate**, which does not automatically decrease by reducing unemployment. **In-work-poverty remains a problem** as the jobs that have been created are not always fulltime jobs and the wages in some branches of the economy are low. There are supporting benefits but the overall problem is not solved yet. What is lacking in the NRP is a broader consideration of poverty (including e.g. child poverty, intergenerational transmission of poverty or the prevention of poverty in old age). The reference to the NSR regarding these topics is seen as highly critical.

In principle, the measures presented are not considered inadequate to reduce poverty and improve the employment situation. However, **the NRP hardly proposes any measures to prevent in-work-poverty and reduce the long-term unemployment** of the above-mentioned group. Specific forms of poverty and measures to prevent them are not described.

### Assessment of Germany's Country Specific Recommendations (CSRs) adopted in 2013:

There is no CSR which explicitly addresses poverty and social exclusion. However, **CSR 2** gives some approaches that could have positive impacts on reducing poverty and social exclusion. The improvement of educational achievement of disadvantaged people, the activation and integration measures of long-term unemployed as well as the higher incentives for second-earners and the availability of fulltime childcare facilities could lessen unemployment which is one of the main causes of poverty in Germany.

Nevertheless, the following CSR may have a negative impact on the reduction of poverty and social exclusion in Germany:

CSRs that could have a negative impact	Possible negative impact
<ul style="list-style-type: none"> <li><b>CSR 1:</b> Improve the efficiency of the tax system, in particular by broadening the VAT base.</li> </ul>	<ul style="list-style-type: none"> <li>A broader VAT base means that poor people have to pay more taxes (in relation to their income) than rich people because they consume more of their income.</li> </ul>

### 1.3. Recommendations

- A better picture of poverty in Germany should be given **in the NRP**, including topics such as **child poverty or intergenerational transmission of poverty**. Reference to the NSR is critical and measures to fight poverty have to be developed (see also recommendations for Employment)
- **Modify certain aspects of the calculation of unemployment benefits**, such as the reference group for adults, and guarantee a minimum level of flexibility.
- **Develop a system of independent benefits for children** in families with low income.

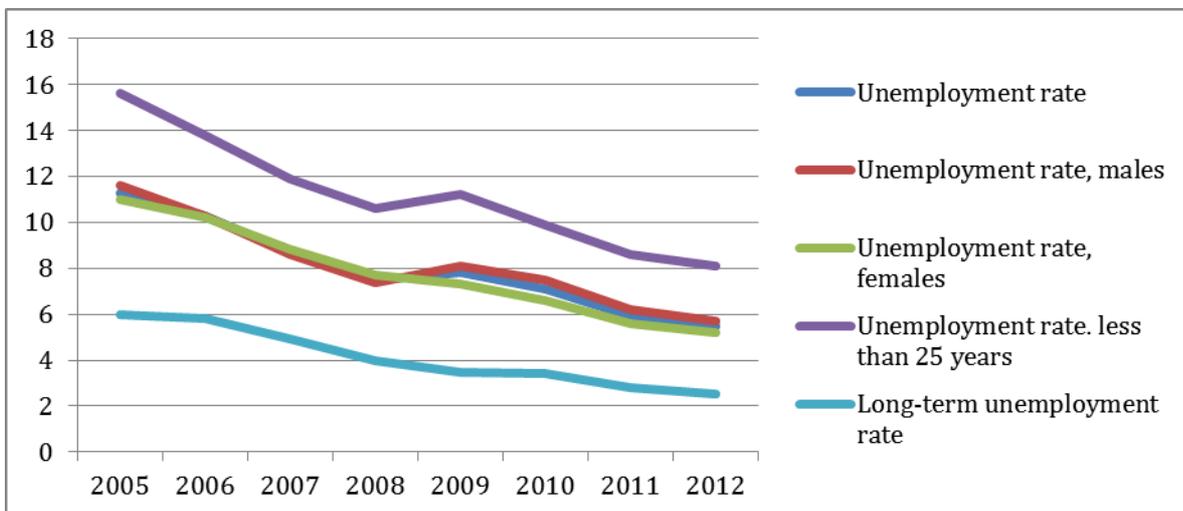
## 2. EMPLOYMENT

### 2.1. Recent trends

#### Developments of the employment situation in Germany:

- The employment rate increased by 2.7 p.p. to 76.7% in 2012. Although the rate rose slightly more among women (+3.7 p.p.) than men (+1.7 p.p.), there is still a **significant gender gap in the employment rate** of men (81.8% in 2012) and women (71.5% in 2012).
- After experiencing a slight increase between 2008 and 2009 **all unemployment rates decreased considerably**. **Youth unemployment remains the lowest in the EU** (8.1% compared to 22.8% in 2011).
- Long-term unemployment dropped but keeps affecting more men (2.5% in 2011) than women (2.3% in 2011). Similar gender disparities apply to the general **unemployment rate, remaining slightly higher among men** (5.7% in 2011) than women (5.2% in 2011).

Employment trends in Germany (% of population):



The above trends are considered to be reflecting the reality of Germany's employment situation.

### 2.2. Recent policy developments

#### Since last year the following policy developments have been registered:

Since August 2012, only one major legislation regarding labour market policy has been approved: the **reform of the mini-jobs**. The maximum wage for a mini-job was raised from 400 euro to 450 euro. Furthermore, workers now have to opt-out if they do not want to pay in any pension scheme instead of opting-in before. Possible impacts of this measure are that mini-jobs might provide **incentives for not choosing a full-time job**.

### Assessment of Germany's NRP and policies it refers to:

The NRP reports on employment and unemployment in Germany. The German labour market is developing well at the moment and therefore unemployment has dropped during recent years. This is due to good economic development and the labour market reforms that have been implemented within the last decade. Regarding employment growth, Germany needs to activate skilled labour force. According to the NRP this should be done by **activating female labour force and by facilitating migration of skilled employees**. The German government has foreseen measures to achieve these two aims. The NRP reports on some measures to tackle unemployment, specifically long-term unemployment.

The German NRP rightly points to the main challenges related to employment growth. However, the **precariousness of some jobs needs to be mentioned**. Overall, the measures proposed in the NRP can be considered adequate. There are some measures, not reported in the NRP, which **could be considered counterproductive with regards to increasing the employment rate of women**: the so-called "Betreuungsgeld", which is an incentive planned to be given to parents (mostly women) who can stay at home and take care of their child during the first three years, is regarded as one of the measures to tackle the problem of lacking childcare facilities (e.g. a lack of an estimated 200,000 places in August 2012). **Quality aspects of enhancing childcare facilities should not be neglected**. Furthermore, the promotion of the so-called "Mini-Jobs" (i.e. part-time jobs with a monthly salary of 450 euro) might provide incentives for not choosing a full-time job. The NRP also **does not include measures to increase the employment of elderly people**.

### Assessment of Germany's Country Specific Recommendations (CSRs) adopted in 2013:

**CSR 2** on sustaining wage growth, reducing high taxes and social security contributions, integrating long-term unemployed, transforming mini-jobs into more sustainable forms of employment, improving incentives to work for second earners, increasing the availability of childcare facilities is considered adequate for improving the employment situation in Germany.

## 2.3. Recommendations

- Create and enhance specific **measures for people who are unemployed for a very long time** and have additional problems. Especially the funding must be secured through adequate legislation. As the people affected have multiple problems, the funding must be a **long-term funding and not limited to two years**.
- Find and invest in **measures to increase the employment of older people** (elder-friendly workplaces, new retirement schemes, safety and health in the work place etc.). Furthermore, these measures must promote social inclusion as well as integration in the labour market and should be accompanied by a person trained in social pedagogy.
- **Evaluate specific work arrangements like mini-jobs** or temporary employment and look for ways to better integrate people (especially women) into the labour market.

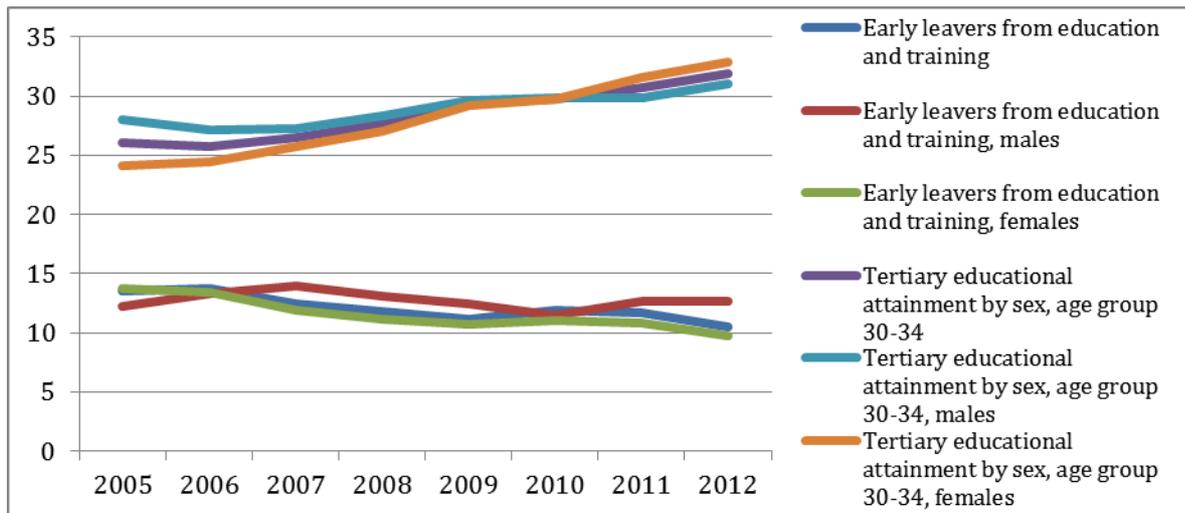
## 3. EDUCATION

### 3.1. Recent trends

#### Developments of the education situation in Germany:

- The early school leaving rate dropped by 1.3 p.p. while tertiary educational attainment rose by 4.2 p.p. Both rates rank below EU average.
- **A notable difference remains between boys and girls leaving education early**. While the rate dropped for both, the rate of male school leavers is still significantly higher (12.7% in 2011) than that of their female peers (9.8% in 2011).

**Education trends in Germany (% of population):**



Caritas Germany did a study on youths leaving the school without the certificate of a secondary modern school (Hauptschulabschluss). In 2011, 5.8% of the youths left school without this certificate, which was less than in 2009 (7.2%). However, the number varies greatly between the Länder (between 4.8 % and 11.6 %) and also between towns and administrative districts (between 1.3 % and 16 %).

### 3.2. Recent policy developments

**Since last year the following policy developments have been registered:**

No new major measures have been implemented.

**Assessment of Germany's NRP and policies it refers to:**

The NRP refers only very briefly to early school leaving. The measures reported are mostly projects and initiatives. This is due to the fact that the issue of "education" lies within the responsibility of the Länder. The NRP reports on a decrease in the rate of youths without secondary modern school-leaving certificate (i.e. Hauptschulabschluss), however, early school leavers are the focus of the NRP. Their rate has not decreased considerably. **The close connection between education and social status is also not mentioned appropriately.**

The measures reported in the NRP are mainly initiatives and/or projects, which could be useful to tackle the problems. Nevertheless, there remains room for improving the educational opportunities for all children and addressing the connection between educational achievement and social status.

**Assessment of Germany's Country Specific Recommendations (CSRs) adopted in 2013:**

**CSR 2** on improving incentives to work and the employability of workers, in particular for second earners and low-skilled as well as increasing the availability of fulltime childcare facilities and all-day schools is considered adequate for improving the education situation in Germany.

### 3.3. Recommendations

- ➔ Start a joint effort with local authorities and stakeholders (schools, welfare organisations, job centres, enterprises, etc.) to prevent children from leaving school without the Hauptschulabschluss. Länder and federal level can support and encourage these actions.
- ➔ Promote the inclusion of children with disabilities in ordinary schools.