

SOCIAL PROTECTION AND JOBS  
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Building Resilience through Adaptive  
Social Protection



ADDITIONAL INFORMATION

# Field Visits Background Info

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## Social Protection in Germany

When it comes to the question of responsibility for social protection, a survey from 2015 reveals that about 90 percent of Germans believe that social protection should be provided by the state. The German constitution reflects this view by stating that “Germany is a democratic and **social** federal state”.

Yet, in the 1990s, Germany’s welfare state was under strain. An aging society, an increasing unemployment rate as well as the burden of reunification were challenging the social protection system. As a consequence, a policy shift towards a reduction of transfer payments and an increased importance of activation policies have been put in place, encouraging greater individual responsibility for social protection.

## Social Protection Policies

The social protection system in Germany basically divides entitlement programs into four types:

1. A contributory *social insurance system* tied to formal employment which protects from loss of income and expenditures due to illness, accident, old age or disability. Examples: health insurance, pension insurance
2. A *noncontributory social assistance system* financed by tax which provides social aid to guarantee a minimum subsistence level to persons in need. Aid consists of income maintenance payments (e.g. payments for housing, clothing, food) and assistance for those with special needs, such as persons with disabilities. Examples: Unemployment Benefit II, Social Assistance
3. Tax funded *social compensation programs* which provide social welfare to those who perform a public service to society, e.g. civil servants, and to those who have suffered from income loss or disability as a result of military or other public service.
4. *Social promotion schemes* that are designed to improve equality of opportunity by addressing specific burdens of individuals (such as families, students from low-income families). Social promotion schemes include, among others, grants for education, vocational training, child care and housing.

## Main Programs

### Public insurance schemes

There are five different insurance schemes:

- unemployment insurance
- health insurance
- accident insurance
- pension insurance
- nursing care insurance

Insurance policies in Germany can be divided into compulsory and voluntary insurance. Compulsory insurance generally covers all employees. The amount of the contribution is calculated with regard to the monthly income (the monthly social insurance rates from gross salaries are 14.6 percent for health insurance, 2.55 percent for nursing care insurance, 18.6 percent for pension insurance and 3 percent for unemployment insurance). For recipients of Unemployment Benefit II and social assistance contributions for health and nursing care are paid by the state.

Unemployment, pension and accident insurance are not compulsory for self-employed persons and civil servants. However, self-employed persons can join these insurance schemes, either private or statutory, on a voluntary basis. For self-employed persons and civil servants coverage by health insurance and nursing care insurance is compulsory as well. Yet, they can decide between private or statutory care insurance schemes.

Due to the principle of compulsory coverage, the majority of the population in Germany is covered by the different insurance schemes (e.g. in 2015, only 0.1 percent of the population had no health insurance).

### **Unemployment Benefit I and II (Arbeitslosengeld I und II)**

Social protection for the unemployed consists of the insurance-funded Unemployment Benefit I and the tax-funded Unemployment Benefit II. Both systems are tailored for persons capable of work from the age of 15 years until the legally stipulated age limit between 65 and 67 years.

Persons are entitled to *Unemployment Benefit I* if they contributed to the unemployment insurance fund for at least two years within the last three years. Claimants will receive 60 percent of their previous net earnings for one year. People with children under the age of 18 will receive 67 percent, respectively.

Persons capable of work can receive *Unemployment Benefit II* when the period of Unemployment Benefit I has come to an end or the contributions to the unemployment insurance fund were not sufficient. Whether or not a person can claim Unemployment Benefit II depends on savings, spousal earnings and life insurances. The benefit for a one-person household consists of a lifeline payment which is currently 416 euros per month. Moreover, “appropriate” housing and heating costs are paid on top of the standard rate.

### **Conditionality and Activation Policies**

Both Unemployment Benefit I and Unemployment Benefit II are *conditional*. Accordingly, claimants have to actively seek work to quickly reintegrate into the work force. For this purpose, claimants are entitled to a number of *activation measures* such as trainings or professional orientation. Unemployment Benefit II claimants have to accept any legal job offered and there are benefit sanctions for those refusing a job or training.

### **Social Assistance**

All persons who are permanently unable to work (e.g. persons with disabilities or chronic illnesses, the elderly) are entitled to receive social assistance as long as they do not receive other benefits (e.g. pensioners, who get enough pension insurance payments, are not entitled). The amount of the payment is same as for recipients of Unemployment Benefit II (416 Euro for one-person households), but payment is not conditional.

## **Family Benefits**

*Child Benefit:* Parents in Germany receive the child benefit (Kindergeld). A monthly allowance is paid for each child until the age of at least 18 (or 21 if unemployed) or until 25 if in educational training. The allowance currently amounts to 194 euros for the first and second child, 200 euros for the third child and 225 euros for the fourth and any additional children.

*Parental Benefit:* Parents can apply for parental benefits (Elterngeld) after the birth of their child. Parental Benefit aims at financially supporting parents and giving them the freedom to choose when to return to work. A parent who interrupts their career to look after their child receives 67 per cent of their previous net earnings (a minimum of 300 euros and a maximum of 1,800 euros per month) for one year or 14 months if both parents take a leave.

There are a number of additional benefits available to those people who have low incomes or are socially disadvantaged; for example, an accommodation benefit (Wohngeld) or additional child benefits (Kindergeldzuschlag).

# Integrating Refugees into the German Social Protection System

## Context

Between 2015 and 2016, approximately 1.2 million people arrived in Germany to apply for asylum – especially from countries where the perspective of return is limited. The majority of asylum seekers came from Syria, followed by Afghan and Iraqi nationals:

	Total 2015 and 2016	2015	2016
Syria	424 907	158 657	266 250
Afghanistan	158 394	31 382	127 012
Iraq	125 900	29 784	96 116
Albania	68 658	53 805	14 853
Kosovo	38 007	33 427	4 580
Eritrea	29 730	10 876	18 854
Iran	31 820	5 394	26 426
Pakistan	22 683	8 199	14 484
Serbia	22 735	16 700	6 035
Nigeria	17 916	5 207	12 709
Other	223 519	88 468	135 051
<b>Total</b>	<b>1 164 269</b>	<b>441 899</b>	<b>722 370</b>

Sources: OECD, BAMF

Even though in 2017 the number of asylum seekers decreased to **approximately 220,000**, the **refugee inflow** poses significant challenges to the German society. Not every asylum seeker will be granted refugee status. In 2016, 62.4 percent obtained international protection. Regardless, at least for the medium-term, hundreds of thousands of people need to be integrated into society and the labor market.

## Policies and Programs: The German Asylum System

This influx of people has caused a fierce political debate as well as legislative activity. On the one hand, there has been a gradual liberalization for recognized refugees and asylum seekers, and restrictions for other groups with low recognition rates, on the other hand.

**Asylum Seekers and “tolerated persons”:** Restricted access to social security and the labor market

The subsistence insurance for asylum seekers and “tolerated persons” (persons who are denied asylum status but cannot be deported) is separate from the regular social security system and is regulated by the *Asylum-Seekers’ Benefits Act*. The benefits granted for asylum seekers and tolerated persons are lower than regular support schemes (364 euros per month for a single adult, plus the costs for accommodation). Access to other social welfare programs is also limited. Asylum seekers and tolerated persons are, for example, not entitled to child benefits.

The access to jobs is restricted as well. Asylum seekers are excluded from the labor market as long as they are obliged to stay in an initial reception center. Asylum seekers from countries classified by the authorities as “safe countries of origin” (e.g. Albania, Serbia) have to remain in these centers during the entire asylum process, and therefore are not allowed to work. For asylum seekers from other countries as well as tolerated persons, access is granted with restrictions. They have to apply for a work permit and prove that there is a “concrete” job offer.

### **Refugees or persons granted international protection: Access to German social security schemes and the labor market**

People who have successfully applied for asylum or refugee status receive a *residence permit* from the immigration authority. Persons granted subsidiary protection (granted to persons who do not qualify as refugees, but would risk serious harm if they returned to their country of origin) receive a residence permit which is valid for one year and can be extended for two more years. The residence permit allows the same access to the labor market as for German nationals. Furthermore, refugees or persons granted international protection benefit from regular German social welfare services such as Unemployment Benefit II or social assistance.

## Labor Market Integration and Activation Policies for Refugees

Most of the arrivals from 2015/16 have already entered the labor market. In January 2018, 10.5 percent of all registered job seekers were asylum seekers and refugees. In reaction, a number of activation policies and programs have been developed to facilitate the labor market integration of refugees.

**Language:** One initiative was the opening of so-called *Integration Courses* to asylum seekers from origin countries with high recognition rates. The courses are offered by the *Federal Agency of Migration and Refugees* and consist of 600 hours of language training and 100 hours of civic orientation. Participation is mandatory for all migrants with residence permit – including persons with refugee status – and little or no knowledge of German (less than B1 level). Additionally, the government introduced a *vocational language training* program as a follow-up to the Integration Course. Courses include work-related language tuition (e.g. vocabulary for communication in the workplace) as well as training modules.

**Skills assessment and qualification recognition:** Since asylum seekers and refugees often have no formal documentation of their credentials, a number of projects has been launched to assess informal skills and qualifications. For those who possess documented formal qualifications, the *IQ Network*, a German-wide network aiming to facilitate qualification recognition, provides information and counselling on the recognition procedure for free.



**Qualification and training:** Most asylum seekers and refugees do not possess the level of education and qualification to find skilled and well-paid work. According to the Federal Employment Agency, currently around 60 percent of refugees and asylum seekers can only work in low-paid job sectors. Therefore, the Federal Employment Agency launched a number of measures that prepare asylum seekers and refugees adequately for vocational training in order to improve their employment prospects. These measures (for example, the so-called *Einstiegsqualifizierung*) often combine internships with skills training, skills assessments and language education.

Note: In addition to these initiatives, a great number of other initiatives and measures has been introduced. Not all can be discussed here due to the complexity of this topic and the federal structure of Germany.

## Additional Information on the Institutions

### Employment Agencies (Arbeitsagenturen)

Employment agencies advise and assist jobseekers in finding work, offer career counselling, support the labor market integration of people with disabilities and pay out unemployment benefits. In particular, this includes the payment of the so-called “Unemployment Benefit I” (Arbeitslosengeld I) - a payment replacing wages and financed by unemployment insurance contributions. This benefit is paid for a limited period (6-24 months depending on age and length of previous employment) to jobseekers that are recently unemployed, have contributed to the state unemployment insurance for at least 12 months in the last 2 years and register as seeking employment with an employment agency. In January 2018, approx. 823,000 people (approx. 1% of the total population) were the recipients of Unemployment Benefit I.

As part of their assistance to jobseekers, employment agencies can also support active employment measures such as qualifications and integration subsidies. Furthermore, employment agencies are responsible for paying out child benefit to families.

There are currently 156 employment agencies with approx. 600 branch offices across Germany. They are controlled by 10 regional directorates, which are in turn overseen by the Federal Employment Agency located in Nuremberg.

### Jobcenters

Jobcenters are based at the regional (district or city) level and are responsible specifically for the provision of the “Unemployment Benefit II” (Arbeitslosengeld II) and the integration into the labor market of its recipients. This particular benefit is a payment financed by the general tax revenue. The benefit covers basic subsistence costs (for example rent, heating, food, and clothes) of people that are able and permitted to work but are either unemployed or receive a wage that is below the minimum subsistence level. The Unemployment Benefit II is paid for an initial period of 12 months but can be extended indefinitely if necessary. In January 2018, approx. 5.99 million people (approx. 7% of the total population) were entitled to receive this benefit.

To advise and assist recipients of the benefit, Jobcenters refer jobseekers to potential employers and support professional training and integration measures.



Furthermore, Jobcenters manage the payment of the “Social Welfare Allowance” (Sozialgeld). This allowance is paid to people that are unable to work, live in a joint household with a person entitled to the Unemployment Benefit II and do not receive a pension, which essentially includes children and adults that are unable to work due to illness or disability.

There are currently 303 Jobcenters across Germany. They are joint institutions of the Federal Employment Agency and the municipal providers (administrative districts and cities) and are also jointly financed by these bodies.