



USING MARKET OPPORTUNITIES PROFESSIONALLY
2008 Annual Report

© 2009 Bundesagentur für Arbeit (BA), Regensburger Straße 104, 90478 Nürnberg

Mailing address: Postfach, 90327 Nürnberg

Telephone 0911 179-0, Fax 0911 179-2123

May be reprinted if source is cited. Please send confirmation copies to the Bundesagentur für Arbeit.

2008 ANNUAL REPORT

The Fifty-Seventh Annual Report of the Bundesagentur für Arbeit

In compliance with Section 393 (2) of Book Three of the Social Code, the Executive Board hereby submits the following Annual Report, approved by the Board of Governors, for the period from 1 January to 31 December 2008.*

*Discussions of matters relating to Book II of the Social Code are not subject to approval by the Board of Governors of the BA.

CONTENTS

Foreword from the Executive Board	4
Foreword from the Board of Governors	6
Major Events in Fiscal Year 2008	8
1. BRIEF REPORT ON FISCAL YEAR 2008	10
2. OPERATING-POLICY OBJECTIVES	14
3. REPORT OF THE BOARD OF GOVERNORS	20
4. REFORM AT THE BA	22
Further developments in the Employer Service	22
Internal auditing	23
Central Office for International Placement and Specialty Professions (ZAV)	23
Developments at the Family Allowance Office	24
Customer response management	25
5. PERSONNEL/ORGANISATIONAL DEVELOPMENT	26
Demography-sensitive personnel policy	26
Performance and development dialogue	26
Improving leadership	26
Reorganisation of internal training structures	26
Standards for uniform process and service quality	27
Personnel concepts for Book II and III of the Social Code	27
6. FINANCES	28
7. SGB II	32
Client structures under Book II of the Social Code	32
Furthering targeted support for special groups of people	32
Do good and talk about it – Conferences of experts under SGB II	33
Four years of employment-orientated case management – an interim report	34
Combating abuse of benefits	34
Objections and legal action	35

8. THE LABOUR MARKET	36
The economy and the labour market	36
The training market	38
International cooperation	40
Equal opportunity on the job market	40
Institut für Arbeitsmarkt- und Berufsforschung (IAB, Institute for Employment Research)	4 1
9. EMPLOYMENT AND TRAINING MEASURES AND SPECIAL PROGRAMMES	42
Promotion of further occupational training	42
Transition from school to work	42
The European Social Fund (ESF)	45
The European Globalisation Adjustment Fund (EGF)	45
Supporting the participation of disabled and severely disabled persons in working life	45
The "WeGebAU" special programme	47
Short-time work	47
Winter construction/seasonal short-time working allowances	48
Part-time work for older employees	49
10. EARNINGS REPLACEMENT BENEFITS	50
Unemployment benefit/partial unemployment benefit	50
Voluntary extended insurance coverage	50
Insolvency money	50
Periods of suspension of benefit	51
Objections and legal action	51
ANNEX	52

FOREWORD FROM THE EXECUTIVE BOARD

Dear Readers,

the previous year, 2008, was not only marked by successes but also by new and substantial challenges for the Bundesagentur für Arbeit (BA, Federal Employment Agency). The number of people out of work decreased once more and, in October, actually dropped below the level of 3 million for the first time in 16 years. After its exceeding the 5 million mark at the beginning of 2005, this is a sign that the good economic and political framework conditions and the solid work at the BA have been rewarded. Similarly, the financial situation of the BA developed in a more favourable way than had been expected – instead of an operative deficit of EUR 2.5 billion, it proved possible to achieve a surplus of EUR 1.38 billion. And this, even though the contribution rate was lowered once again from 4.2 percent to 3.3 percent at the beginning of the year.

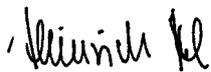
We would like to express our thanks to the entire staff for this positive result. They have been successful in implementing the major aim of the second phase of reform, namely the improvement of the operative results of the BA within the new structures created by the reform. The fact that the BA has achieved the majority of its goals for 2008 is, in essence, due to the efforts of each individual member of staff. Likewise we are extremely grateful to all our partners in the political, economic and social spheres, especially to our Board of Governors and to the Federal Ministry of Labour and Social Affairs (BMAS). It is only because of the dedication of all involved that successes have been made possible.

It is particularly gratifying that it was possible to reduce long-term unemployment on an appreciable scale in 2008 for the first time for many years. This shows that the labour market has become more dynamic and flexible and that the work in the legal sphere of the Social Code, Book II has borne fruit. At the same time, however, 2008 has also shown that there is much scope for improvement even in this area – and this completely independently of the judgement of the Bundesverfassungsgerichtes (Federal Constitutional Court) that rejected the mixed administration in the joint agencies.

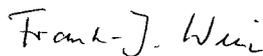
Last year – as already one year earlier – the positive developments at the BA engendered a lively discussion about the level of the contribution rate. At the beginning of October, the Grand Coalition decided to lower the contribution rate for unemployment insurance once again. As of January 2009 it has been legally set at 3 percent and in the wake of a legal ordinance was then lowered to 2.8 percent until the middle of 2010.

It was the Bundesagentur für Arbeit (BA) that created the prerequisites for the adjustment of the contribution rate. Employers and employees will be unburdened to the amount of EUR 30 billion per year through the three reductions in the contribution rate within three years. Whether the losses in income can be absorbed by 2010 by the existing reserves depends on future economic developments. Nonetheless, the mandate bestowed on the BA by the political sphere – to improve performance even further despite meagre funds and the relatively poor economic situation – is also a sign of trust in the BA's capabilities.

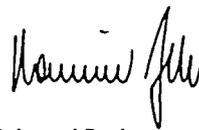
In view of the looming crisis, it is the intention of the Executive Board to accept the challenges of the current developments and at the same time to continue to press vigorously ahead on future issues such as the demand for skilled staff and prevention.



Heinrich Alt
Member, Executive Board



Frank-J. Weise
Chief Executive Officer



Raimund Becker
Member, Executive Board



FOREWORD FROM THE BOARD OF GOVERNORS

Fiscal Year 2008 was marked by very positive developments on the labour market. These were due to the favourable economic prerequisites that existed up to the middle of the year, as well as to the reforms at the Bundesagentur für Arbeit (BA, Federal Employment Agency) introduced by the Executive Board and the Board of Governors. It is gratifying that the integration into training and employment of those looking for work is more successful now than it used to be. Moreover, in 2008, it was once more possible to lower the contribution rate, which in turn facilitated a noticeable easing of the financial burden on employees and employers. At the same time, and on account of the good financial developments, the Bundesagentur für Arbeit was successful in building up reserves for economically less positive times.

In general, the Bundesagentur für Arbeit was well equipped for the downturn on the labour market which already began to emerge at the end of 2008. Although the BA cannot prevent the effects of the financial crisis and the global economic downturn from affecting the labour market, it can, with its wide set of instruments, make an active contribution to retaining as much employment as possible. The Board of Governors is convinced that the Bundesagentur für Arbeit can achieve this most effectively by applying measures that are both future-orientated and market-relevant and in accordance with effectivity and economy. For the Bundesagentur für Arbeit it is therefore now a case of continuing to strengthen the goals already achieved and of improving the quality of the placement results.

Given the difficult situation of the economy and the labour market in the years 2009 and 2010, a highly performing Bundesagentur für Arbeit is vital. The Board of Governors and the Executive Board have put forward a Budget for 2009 that will make it possible to react appropriately on the labour market despite negative economic framework conditions. Having said that, during the preparation of the budget in Autumn 2008, it was not yet possible to take into account the economic situation that became cloudier and cloudier towards the end of the year. If it should prove necessary, the Board of Governors and the Executive Board will correspondingly introduce essential corrections in order to adapt the budget of the Bundesagentur für Arbeit to economic effects as well.

The Board of Governors calls on the political powers that be not to increase the budget risks of the Bundesagentur für Arbeit by assigning it ever newer tasks pertinent to society as a whole. Precisely because prospects on the labour market are becoming gloomier, the employment offices must be in a position to concentrate on their core task of providing advice, placement and targeted, active support. With a large majority, the Board of Governors rejects the integration contribution (Eingliederungsbeitrag) that replaced the slippage penalty (Aussteuerungsbetrag) at the beginning of 2008, and with which the Bundesagentur covers half the integration costs for recipients of tax-funded unemployment benefit II, on the grounds that this amounts to an unconstitutional assignment of state duties. At the same time the Board of Governors has voiced

its disapproval of shifting the financing of contributions for periods of parental childcare from the Federal Government to the unemployment insurance system. Here it is also the case of a task that is related to society as a whole, the financing of which should lie with the tax payer rather than with those contributing to unemployment insurance.

The Board of Governors will continuously strive to ensure that the Bundesagentur für Arbeit uses the means at its disposal sensibly and in the interest of the unemployed, the employed and the employers, particularly during the current downturn. It appeals to all actors in economic life to safeguard employment and to avoid dismissals that are due to conditions prevailing in establishments as far as possible. To this end the following measures could make a contribution: intensive use of short-time work; an enhanced effort towards further in-house training; improved connections between qualifications and short-time work; as well as the more-targeted expansion of further occupational training, especially for those with low skills, both employed and unemployed.



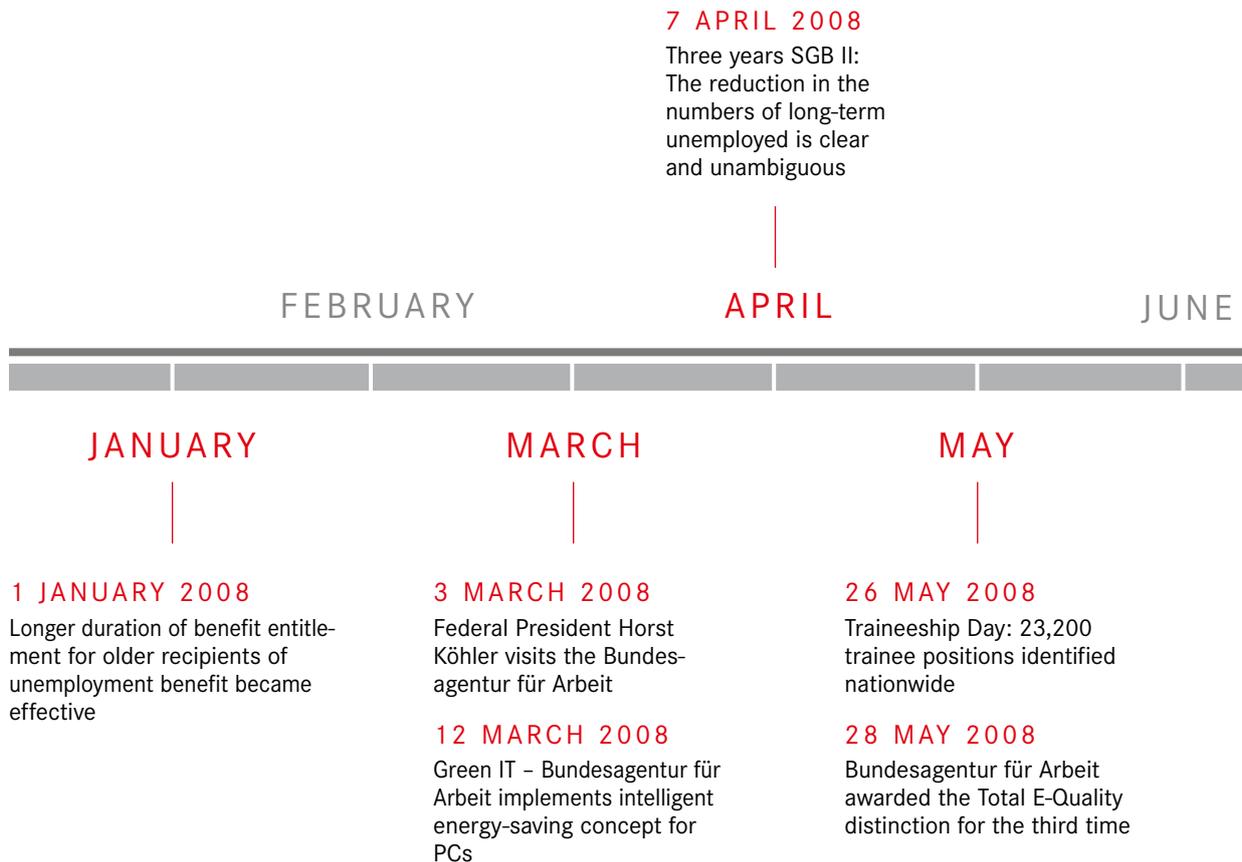
Peter Clever
Chairman of the Board of Governors



Annelie Buntenbach
Vice-Chairwoman of the Board of Governors



MAJOR EVENTS IN FISCAL YEAR 2008



30 AUGUST 2008

Entry into force of the 5th SGB III Amendment Act: Introduction of training bonuses (Ausbildungsbonus) and of guidance when entering a profession (Berufseinstiegsbegleitung): employers receive a bonus for certain groups of persons in need of support if they create additional, in-house training positions, while young people are assisted in making the transition from school to training.

1 OCTOBER 2008

Improvement of child benefits comes into effect

6 OCTOBER 2008

The Federal Government decides to lower the contribution rate for unemployment insurance to 2.8 percent from 1 January 2009 until the middle of 2010

13 OCTOBER 2008

Gratifying balance at the end of vocational advisory year: For the first time in seven years there are more open traineeships than applicants not yet placed

31 OCTOBER 2008

Chancellor Angela Merkel visits the Bundesagentur für Arbeit

5 DECEMBER 2008

The German Bundestag (German Federal Parliament) passes an act on the realignment of labour market policy instruments

17 DECEMBER 2008

Report of the Bundesministerium für Arbeit und Soziales (Federal Ministry of Labour and Social Affairs) on the evaluation of the experimental clause according to Section 6c, SGB II, is passed on to the German Bundestag (German Federal Parliament)

18 DECEMBER 2008

The Board of Governors reconfirms the Budget 2009 that had been approved, subject to certain provisions, by the Federal Government

18 DECEMBER 2008

The Board of Governors concludes an agreement on the implementation of training offers for those receiving short-time working allowances

AUGUST

OCTOBER

DECEMBER

JULY

SEPTEMBER

NOVEMBER

1 JULY 2008

Means-tested unemployment benefit II (ALG II) is raised from EUR 347 to EUR 351

1 JULY 2008

Peter Clever becomes the new Chairman of the Board of Governors of the BA

4 JULY 2008

The Board of Governors determines operating-policy goals 2009

4 JULY 2008

The Board of Governors declines to take on financial burdens from the Federal Government

16 SEPTEMBER 2008

Commencement of the new on-line portal www.planet-beruf.de

23 SEPTEMBER 2008

Investments in further training are worthwhile – The Bundesagentur begins a training campaign "Weiter durch Bildung" (Getting on through training)

26 SEPTEMBER 2008

The Board of Governors issues an amendment relating to the reachability directive

26 SEPTEMBER 2008

The Board of Governors issues a directive aimed at promoting guidance when entering a profession

14 NOVEMBER 2008

The Board of Governors adopts the Budget 2009

BRIEF REPORT ON FISCAL YEAR 2008

Framework conditions of the BA: Development of the markets

Training and labour market on a stable upwards trend

The BA can look back on a positive year in respect to the trends in unemployment and the expansion of employment subject to social security contributions. The upwards trend continued in 2008 and remained stable, albeit with decreasing momentum. The BA was able to use the resulting potential to a substantial extent: the number of unemployed dropped in the yearly average from 4.861 million in 2005 to 3.268 million in the past year. The potential number of clients who were to be found a job was falling, the number of job vacancies increasing. At the same time the demand for qualifications from the workers sought increased. The need for qualified labour and the impacts of demographic change began to become apparent on the labour market and were increasingly reflected in the statistics. However, as a result of the financial crisis, the positive trend began to decline towards the end of the year and will continue to weaken perceptively in the course of 2009.

The same could be said of the market for trainee positions: At the end of the vocational advisory year – and for the first time in seven years – there were more vacant traineeships (19,500) than applicants not yet placed (14,500). Nonetheless, regional and structural differences continued to exist which made it difficult to fill numerous positions and rendered support for trainees necessary at a high level.

Impact and cost-effectiveness as the guiderails ...

The target-orientated continuation of the reform of the BA towards becoming a modern labour-market service provider was also decisive in 2008. It was marked by the strategic programme of the BA 2007-2009 and filled the motto "Aktiv für Arbeit" (active for work) with life. By consequently applying the BA strategy it was possible to make a perceptible contribution to reducing unemployment. Heightened transparency of the market and placement efforts, efficient structures and processes for clients, as well as the principle of impact and cost-effectiveness were central.

A solid budget policy, underpinned by success in placement and advisory services as well as the positive economic situation, made it possible to lower the contribution rate for unemployment insurance to 3.3 percent. With this, the BA was able to make a contribution to decreasing the burden on employees and employers.

... and quality as the aspiration of reform

Reform shows successes – both in quality and quantity

For the BA, a further measurable instance of the success of the reform was the continued positive reception of its performance on the part of clients. For example, the latter had improved in the customer satisfaction index in comparison to 2007: in relationship to employees from 2.6 to 2.4 (German school marks) and to employers from 2.4 to 2.3. Among other things, two particular measures geared towards the improvement of quality lie behind these positive assessments: on the one hand, efforts aimed at the increased activation of clients looking for work were undertaken and in doing so, for example, the frequency of quality contact was raised. On the

other hand, a newly structured service for employers was set up nationwide, and this was in a position to meet the demands of the clients in a quicker and more precise way. A further positive factor in this connection was the provision of information and advisory services for those not receiving benefits, especially with a view to making re-entry into the labour market after a period of parental childcare easier for both women and men. All this is witness to the aspirations formulated in the BA Programme of 2007-2009 of translating the restructuring of the BA into advantages for the customers through a continual rise in performance. The BA has recognised its deficits and has largely and consequently remedied these in the previous phases of reform. Efficiency-orientated action marks the new BA as a modern service provider in the process of change.

Operative increase in performance under Books III and II of the Social Code (SGB III and SGB II)

Important proof of the rise in operative performance in the sphere of SGB III was provided by the lowering of the "extended duration of actual unemployment" from 155 days in 2007 to 126 days in the financial year which has just expired. What is likewise striking is the increased proportion of clients who were integrated into the labour market. This rose from roughly 33 percent in 2007 to approximately 34.8 percent in 2008. Here the increased number of staff in the job placement sector last year had a positive noticeable effect. Along with the organisational improvements that the BA had achieved, the positive economic developments in Germany as a whole naturally played a significant role where the decreasing figure for unemployment was concerned.

In the legal sphere of the SGB II, the major focus in 2008 was on the consolidation and professionalisation of the way duties were accomplished. Even if the judgement of the Federal Constitutional Court of 20 December 2007 engendered a measure of uncertainty, an increasing effectiveness of the system became apparent despite all the recognised shortcomings still present. Moreover the reduction in unemployment figures from 2.52 to 2.26 million, as well as the reduction in the number of households in need by 150,000, shows that the positive labour market developments in 2008 were increasingly being extended so that they also affected persons in the legal sphere of SGB II. However, here it should be noted that the needy households included persons capable of work but in need of support as well as often persons not capable of work but in need of support, such as children.

In the area of Basic Income Support for Job-seekers (Grundsicherung), the expenditures of the joint agencies and the employment offices with separate duties (without authorised local authorities) on means-tested unemployment benefit (ALG II) and welfare benefit (Sozialgeld) dropped nationwide in comparison to the year before by EUR 930 million (4.7 percent) to EUR 18.9 billion (gross payments).

Safeguards for the future

*Reacting to the future in
good time*

The BA has taken an important step in the direction of expanding its perspective by accentuating prevention and innovation. Based on the labour market scenarios to be expected, initial approaches were developed in order to build up people's employability and to support and stabilise the competitiveness of enterprises. Here, above all, the transition from school to vocational training and the raising of the level of qualifications of the low-skilled were central issues. With an aim to deepening their professional orientation, less successful pupils from lower secondary schools in particular were supported by means of schemes and model projects. All in all, the BA has recognised its need to act with regard to "prevention" and "innovation" and will continue to work on this.

The BA's true potential is its staff

The feedback for executive personnel that was introduced nationwide in 2008 after a successful pilot phase is an essential element of the personnel development plan of the BA. Based on the principles of leadership and cooperation, this type of feedback provides the opportunity for executive personnel and other members of staff to mutually develop a culture of trust and responsibility through dialogue.

The BA meets demographic change with the stepwise introduction of demographic-sensitive personnel policies, linking this strategically to the introduction of diversity management. Each member of staff, whether male or female, contributes different skills and potentials to the working day. Diversity management fosters this kind of variety and makes specific use of it to ensure operative success. Openness and appreciation of diversity, as well as their targeted support, foster equality of opportunity and strengthen both the attractiveness of the BA as an employer as well as the motivation and commitment of its employees.

Marketing

*Focus of communication
"Training and further
training"*

The most important activities of the BA have been promoted in correspondence with the key operating-policy aspects. In Germany "training and further training" has increasingly gained in importance and, with that, became the core item for marketing measures in 2008. Along with numerous activities, one of the key points communicated was the BA's offensive in respect to qualifications. Through the campaign "Weiter durch Bildung" (Getting on through training) the topic of further training in particular was shifted into the focus of the public eye. Similarly the campaign "Start ins Studium" (Start studying) aims at increasing young people's interest in studying and was started up with the help of partners from the network "Wege ins Studium" (Paths to study). With the advertising campaign "Steig ein und erforsche welche Berufe zu Dir passen" (Get on board and test out which professions suit you) a new online portal www.planet-berufe.de was set up with a view to aiding the occupational choice of school students in lower secondary school.

Outlook

The Federal Government has decided to lower the contribution rate to unemployment insurance once again as from 1 Januar 2009. In comparison to 2006, this represents an annual decrease in the burden on the community of those insured of EUR 30 billion.

With respect to the current financial and economic crisis it remains to be seen what effect the crisis will have on the labour market. For the budget of the BA, additional burdens will definitely ensue, along with the expected increase in the number of unemployed, because of the economic stimulus packages – in particular because of the extended and enlarged possibility of drawing short-time working allowances.

OPERATING-POLICY OBJECTIVES

Framework conditions for 2008

The BA took advantage of the positive economic situation

The positive development of the national economy encouraged a sustained recovery on the labour and training market. The legal sphere of SGB III profited in particular from the pronounced willingness of enterprises to appoint staff.

Key framework conditions of the labour market

Annual results

	2005	2006	2007	2008
Gross domestic product, changes against the previous year in percent	0.8	3.0	2.5	1.3
Persons in employment, changes against the previous year in percent	-0.6	0.6	1.7	1.5
Average unemployed for year (in thousands)	4,861	4,487	3,776	3,268
of which SGB III	2,091	1,664	1,253	1,011
of which SGB II	2,770	2,823	2,523	2,257
All notified jobs in annual average stock figures (in thousands)	413	564	621	568

Management and achievement of goals under Book III of the Social Code

The focus is still on the prevention and ending of unemployment

In principle, the operating-policy objectives of the BA that had been agreed with the Board of Governors remained unchanged in 2008 vis-à-vis previous years: preventing unemployment, integrating people into work quickly, attaining a high degree of customer satisfaction, and working with sums received through contributions in a way that is both cost-efficient and geared to achieving results.

Until the end of 2008, the labour market was characterised by high absorption capacities. These favourable labour market framework conditions were used by the BA in the area of benefits financed by contributions to enhance integration results, shorten the length of actual unemployment and successfully fill jobs that had been registered as vacant. The reasons for this were the implementation of the principle of "Fördern und Fordern" (Support plus obligations) as well as customer-friendly and targeted integration processes both with respect to job-seekers and employers. It has been possible to integrate unemployed persons into the employment system and thus to avoid their transition to SGB II.

Preventing unemployment

It is an explicit goal of the BA to avoid unemployment from arising in the first place, if at all possible. In 2008, 291,000 employees whose employment contract was due to expire in the near future managed to find a new place of work with a seamless transition. In this way every seventh case of impending unemployment was avoided.

A future-orientated choice of profession, life-long learning, and looking for a job early on help avoid unemployment

For many years now, employees with good qualifications have been less susceptible to unemployment. For this reason the BA likewise supports the further training of employees already working within enterprises. Over 58,000 older or low-skilled employees were trained in 2008. A budget amounting to EUR 167 million was used for this category of persons alone.

Intensifying integration work

Job placement officers have been able to improve their work with job-seekers and employers. 1.8 million people who were previously out of work found new employment covered by social security in 2008. Through this, the integration performance was raised from 33.0 percent to 34.8 percent of potential clients in comparison to the year before. The customer satisfaction index of employees improved correspondingly from 2.6 in the previous year to 2.4 (measured according to German school marks).

Higher density of contact and increased use of labour market policy measures

In 2008, the Bundesagentur für Arbeit also managed to speed up the duration of placement processes once more. For those receiving unemployment benefit, the average extended duration of unemployment was shortened by 29 days as against the previous year.

The BA had concentrated at least a third of the job placement officers in newly structured teams in which a personal contact officer offered the employers that he or she dealt with placement services for both jobs and training positions. Along with the continued good state of company order books, this resulted in the registering at employment offices of 1.8 million unprompted vacancies subject to social security contributions. The decrease of 4.7 percent as opposed to the previous year is primarily due to the economic slowdown in the fourth quarter of 2008. As in the year before, a large proportion of vacancies – 38.6 percent – were reported by personnel service providers. A total of 371,000 jobs, and with that 31.2 percent more than the year before, were successfully filled. The new service for employers was evaluated in client questionnaires with a mark of 2.3 – a slight improvement vis-à-vis the previous year with 2.4.

Increased demand for manpower

A clear reduction in the number of unplaced applicants

More favourable perspectives for young people on the threshold of their careers

The situation on the training market has continued to improve: in the area of Basic Income Support (Grundsicherung), 511,600 traineeships were registered at the employment offices and the joint agencies (ARGE) – 1,200 more than the year before. During job placement activities, the employment offices make great efforts to ensure close cooperation with the ARGE in the area of Basic Income Support. Towards the end of the vocational advisory year on 30 September 2008 there were only 14,500 applicants not yet placed in both legal spheres and thus 55.7 percent less than one year earlier. Somewhat more than half of these applicants who had not yet been placed had been looking for a training position the year before. With 19,500 training positions still unfilled on the same reference date, the number of unfilled positions exceeded the number of applicants who had not yet been placed for the first time since 2002. This showed that the improved situation on the training market had been used by the staff of the employment offices and the ARGE to augment results.

In the case of 282,000 young people, the taking up of occupational training by 30 September 2008 was registered on the basis of voluntary information on their part. Roughly 161,000 young people from both legal spheres were able to commence pre-training courses or off-the-job occupational training at external institutions. With this, the support offered to training applicants almost reached the level of the year before.

Projects relating to in-depth occupational orientation take a preventive approach and are thus aimed at school students in their final years at schools of general education. They provided 45,000 school students with insight into regular in-company practice thereby contributing to the targeting of applications and to increased chances of a traineeship. In doing so, the BA supports the Federal States in preparing school students for their career in order to reduce the economic costs resulting from school-leavers who have inadequate qualifications for a career.

Steering und achievement of objectives under Book II of the Social Code

Operating-policy goals

Management and steering in the sphere of the Basic Income Support Scheme (Grundsicherung) take place on the basis of a Target Agreement between the Bundesministerium für Arbeit und Soziales (BMAS, Federal Ministry of Labour and Social Affairs) and the Bundesagentur für Arbeit. Based on the assumption that employment would increase again and the number of unemployed drop even further in 2008, the BMAS agreed with the BA on ambitious goals for 2008:

Ambitious goals for implementation of the Basic Income Support Scheme

- ■ Reduction of passive benefits by 6.5 percent (savings of EUR 900 million)
- ■ An increase in the integration rate of 10.3 percent to 22.1 percent
- ■ An increase in the integration rate for young people of 8.9 percent to 30.0 percent

At the same time, these goals were linked to the aspiration of utilising the budget resources earmarked for integration benefits effectively to achieve the goals set. With a budget of EUR 5.3 billion, the joint agencies (ARGEn) and the employment offices with separate duties had roughly EUR 1.0 billion more funds for integration benefits at their disposal than were spent in 2007.

In addition to this, and with a view to the deficits identified by the control bodies, the activities aimed at the setting up of structured quality management were intensified in the area of quality control and optimisation in order to improve, in a sustainable way, the processes and quality of the work in the ARGEn and in the employment offices with separate duties.

Achievements of objectives under Book II of the Social Code

In all three target indicators, improvements as against the previous year were noted. However it had not been possible to completely achieve the objectives for 2008 agreed upon together with the BMAS.

Dependency was successfully reduced

The cumulated expenditures for the sum of passive benefits lay in 2008 at EUR 13.21* billion which corresponds to a drop against the previous year of 5.3 percent or EUR 743 million*. The savings in passive benefits are among other things a result of the fact that the number of persons who had submitted an application for Basic Income Support (Grundsicherung) had declined by 7.1 percent* in comparison to the previous year. This is partly the result of improvements in initial advisory services by the offices for Basic Income Support. At the same time however it had proved possible to increase the number of cases of exit from dependency by 6.6 percent* in comparison to the previous year by means of improved activation and support measures. The nationwide target of lowering expenditures for the "sum of passive benefits" in comparison to the year before by 6.5 percent was however missed by approximately EUR 150 million*. At the same time it must be borne in mind among other things, however, that the statutory adjustment of the standard rate (Regelsatzanpassung) turned out to be higher than planned in 2008 through the suspension of the Riester factor, and that this led to an additional expenditure of roughly EUR 40 million*.

Proportionally more persons took up training or employment

It was possible to improve the integration rate, now at a level of 21.9 percent* in comparison to 9.1 percent* for the previous year. With this, proportionally more clients took up employment or training than during the previous year. This is also reflected in the drop in unemployment under Book II of the Social Code (including authorised local authorities) of 265,700 persons (-10.5 percent) on the yearly average for 2008 vis-à-vis the previous year. The number of persons in need of support in needy households consequently fell by 4.7 percent (provisional figure calculated), and likewise the number of needy households by 4.1 percent (provisional figure calculated). The ambitious goal of increasing the integration rate by 10.3 percent was not completely reached however. What was responsible for this was among other things the limited use of the new instruments the "hiring grant" (Beschäftigungszuschuss) and the "Kommunal-Kombi" (a programme in local administrative units in regions with high and long-term unemployment). Neither of the measures lived up to expectations: in 2008, 22,000 entries in total came about under the hiring grant (preliminary figures); with the "Kommunal-Kombi", 4,400 applications had been submitted for 9,900 positions since the beginning of 2008. 8,000 positions were approved. As a new measure, the hiring grant was at first little known and required to be promoted to employers and provider institutions. Moreover the decision of the EU to make the support available to private employers as well, as of 1 April, was not taken until March 2008. The Bundesverwaltungsamt (Federal Office of Administration) is responsible for the implementation of the "Kommunal-Kombi" programme.

The perspectives for young people under the age of 25 were also favourable in 2008. The integration rate of those under 25 years lay at 31.2 percent* in 2008. The agreed goal of boosting the integration rate of those under 25 years-of-age by 8.9 percent to 30.0 percent* was exceeded by 1.2 percentage points. In 2008, an average of 185,200 young people in the legal sphere of Book II of the Social Code

* Preliminary data on achievement of objectives are based on a forecast from the reporting month September 2008.

were registered as unemployed (including authorised local authorities) (-16.6 per cent or -36,800 as against the previous year). This indicated that the unemployment of young people had dropped more noticeably than unemployment in the legal sphere of Book II of the German Social Code in general.

With EUR 4.74 billion in total for integration benefits in 2008, approximately 12.4 percent (+ EUR 522 million) more were spent than in the course of the year before. Support structures were extended in accordance with the principle of "Fördern and Fordern" (support plus obligations). The improvement of integration chances on the primary labour market had thus gained in importance as against measures to create employment.

Quality control and optimisation were continued in 2008. To ensure that the legal provision of services and use of funds were adhered to, the BA had already implemented a process for compliance with minimum standards in 2007. Now, as of 2008, the technical prerequisites are in place so that the observance of minimum operative standards can be presented transparently nationwide. The first results show that, especially with regard to the operative processes from the local submission of applications onwards, there is still much to be done.

*Transparency regarding
the observance of
minimum operative
standards in place*

The planning process for the year 2009 was carried out in Autumn 2008. After 3 years of continuity, the Target Agreement for 2009 is based on a further-developed system of objectives that along with the familiar goals of "Reduction of dependency" and "Improvement of integration into gainful employment" now also contains the new goal of "Avoiding long-term receipt of benefits". By introducing this new goal, the focus of the SGB II system of goals is to be concentrated more strongly on SGB II clients who have already been drawing Basic Income Support benefits for longer than 24 months and who are without work.

In addition to this, an index is to be introduced in 2009 to illustrate the quality of the process on the basis of the minimum operative standards "Length of processing", "Initial advisory session" and the "Under-25 offer" (Angebot U25) as well as the key index figure "Number of existing integration agreements (stocks)". The optimisation of operational processes at the joint agencies (ARGE) and the employment offices with separate duties will therefore continue to form a focal point of the central steering activities in the coming year. With this, the evaluation under Section 6c of Book II of the Social Code – which ascribes early activation high importance in overcoming dependency – has also been accommodated.

Despite the looming recession, the Bundesministerium für Arbeit und Soziales (BMAS, Federal Ministry of Labour and Social Affairs) and the Bundesagentur für Arbeit (BA) have agreed on ambitious goals. On the basis of the notified figures of offers of the joint agencies (ARGE) and after the conclusion of negotiations with BMAS, the following target figures for 2009 emerged with reference to the Autumn economic forecast of the Federal Government of 2008 (GDP 2009: +0.2 percent): lowering of passive benefits by 3 percent and consolidation of the integration rate (+0.7 percent). In addition to this, and under the objective "Avoiding long-term receipt of benefits", the number of clients in customer contact for over 24 months in 2009 should not exceed the level of the year before.

REPORT OF THE BOARD OF GOVERNORS

The Bundesagentur für Arbeit has been engaged since 2008 in its third phase of reform. While the first two phases were aimed at an improvement in manageability and the augmentation of operative performance capabilities, the third phase is geared towards the future demands of the labour market in the sense of a deepening of core operations. In the meantime, the first successes of the reforms that have been introduced have become clearly apparent. All in all, the Bundesagentur für Arbeit entered the downturn that began to emerge in the labour market as well at the end of 2008 with new vigour. The Board of Governors will support the Executive Board in implementing the further reforms and will also lay special targeted emphasis on improving the core tasks of providing guidance, job placement and targeted active support measures in the third phase of reform. In doing so, the Board of Governors supports the course set by the Executive Board and lays great value on the meaningful and stronger establishment of prevention and innovation within the framework of contribution-financed unemployment insurance, as well as on the sustainability of integration.

Against the backdrop of shortages of skilled staff in certain market sectors – which are to be expected in the coming years despite the economic slowdown – the well-aimed support of young people will gain in importance once more. This applies in particular to young people with a migration background. The initiatives already introduced by the Board of Governors in 2007 aimed at guiding more disadvantaged young people towards a vocational qualification were successfully continued in 2008. For instance, the Board of Governors had agreed to a renewed expansion of support during training of 11 percent in 2008. The employment offices took up the increases in vocational training planned by the Board of Governors in the budget for 2008 as well as the enhancement of the measures on offer to those not receiving benefits. In this way, through a holistic offer of measures to those not receiving benefits, it was possible to achieve a marked increase in the amount of women participating in the measures.

In addition, against the framework of the programme aimed at improving the training opportunities for young people, the preventive offers were clearly extended in 2008 particularly within the scope of extended in-depth vocational orientation with a view to improving the training capacities of school leavers, especially those from lower secondary schools. Given the challenges that exist during the transition from school to professional life, the unemployment insurance system is in this way to supply an effective impetus in order to support the Federal States in their efforts.

In order to improve the labour market opportunities of people with a migration background and to make good use of their potential, the Board of Governors recommends to the legislature that university and occupational qualifications acquired in the home country should be recognised more quickly and easily.

When the budget for 2009 was drafted, the Board of Governors advocated at an early stage that the resources for the qualification of employees during short-time work be topped up; they also supported the initiative of the Executive Board to promote the qualification of job-seekers with low skills. At the same time, however, the Board of Governors stressed that, here also, support must be given in a targeted manner in correlation with impact and cost-effectiveness. As regards the

support offered to those with low skills and to older employees, there was consensus within the Board of Governors that the WeGebAU Programme (Weiterbildung Geringqualifizierter und beschäftigter älterer Arbeitnehmer in Unternehmen (Further Education of Low-skilled and Elderly Employees in Enterprises)) which it had initiated was to be continued in 2009 as a special programme. Applying the WeGebAU in 2009 is also intended to make a contribution, in a preventive sense, to the avoidance of unemployment. In addition to this, the Board of Governors has agreed to the conclusion of the Administrative Agreement between the Federal Government and the Bundesagentur für Arbeit on the implementation of a directive on support to be offered (funds of the European Social Fund aimed at the co-financing of offers of qualifications to those receiving short-time working allowances). When the Directive comes into force, employees who already have qualifications can also make use of in-house and general qualification opportunities during short-time work. With this, the circle of persons who may benefit from support measures during short-time work will be expanded.

In 2008 also, the Board of Governors carried out its function intensively as a controlling body vis-à-vis the Bundesagentur für Arbeit. The Board of Governors studied the various different models for the integration of the unemployed, under the increasing involvement of third parties, and was constantly at hand to give advice to the Executive Board.

Over and above this, on numerous occasions the Board of Governors called the attention of the legislature to the fact that the Bundesagentur für Arbeit – precisely because of the growing challenges on the labour market – must be in a position to concentrate on its core tasks, and was therefore decidedly against shifting overall social responsibilities from the tax payer to those paying contributions. According to the amended legal conception of the Government, the refunding of pension insurance contributions to workshops for disabled persons, which previously came from the Government, is in future to be taken over by the support institutions, in particular the Bundesagentur für Arbeit, if the disabled persons do not obtain remuneration for their work. The majority of the Board of the Governors considers this interpretation of the law to be incorrect and, after intensive attempts at a mutually agreed settlement of the matter, saw no other possibility than to take legal action against the legal directive of the Bundesministerium für Arbeit und Soziales (BMAS, Federal Ministry of Labour and Social Affairs) on the refunding of pension insurance contributions by the Bundesagentur für Arbeit. In relation to contributions for periods of parental childcare, the Board of Governors also rejected the decision of the Federal Government to transfer the funding of contributions for such periods of childcare from the Government to the Bundesagentur für Arbeit. In doing so it voiced its dissent to an additional, non-insurance burden on those paying unemployment insurance of EUR 290 million (for 2009).

REFORM AT THE BA

Further developments in the Employer Service

The introduction of the concept for the further development of the service for employers was concluded in all employment offices by 30 June 2008. Feedback from practical experience and the results achieved show that the concept forms a solid base on which to successfully support the "balancing out" process on the labour market. For instance, the intensification of the interaction between the mediator teams orientated to job vacancies and those orientated to placing applicants makes a major contribution to the timely and high-quality filling of jobs, exploiting the potential for integration and the potential for employment at the same time. Through the integration of training placement and, optionally, the vacancy-orientated placement of those in rehabilitation and severely disabled persons into the service for employers, we have been able to introduce the guiding principle of orientation on the employer "Unser Service hat jetzt ein Gesicht" (Our service now has a face) into the minds of the employers.

The guiding concept for the joint Employer Service spanning both legal spheres contains a holistic view of employer orientation which takes account of the requirements of both legal spheres.

Through the further development of the Employer Service, it has at the same time been possible to establish the basis for the consolidation of the previously separate guidelines for the employer-orientated placement of jobs and training-positions on the one hand, and for those in rehabilitation/the disabled on the other, within a guiding concept for a common Employer Service that spans both legal spheres. The guiding concept spanning both legal spheres comprises a holistic view of the orientation on employers, taking into account the concerns and requirements of both legal spheres. In intensifying mutual cooperation, in involving those responsible in both the SGB II and the SGB III spheres in the design of the operational and decision-making processes, and in creating a common responsibility of the management of both legal spheres for local operating-policy approaches, both partners are now participating in the joint service for employers in the interest of the employer as client.

From the point of view of content, the operative "employer" processes have been adjusted to suit the altered framework conditions. In doing so the specific concerns of the SGB II and SGB III areas – for example, particularities of customer structure – are taken into account in designing the operative processes. At the same time high, previously defined standards of quality and the demands of a professional, marketing-orientated provision of services are adhered to.

By implementing the guiding concept for a common service for employers that spans both legal spheres, the Bundesagentur für Arbeit (BA, Federal Employment Agency) will once more consolidate its position as the most important service provider on the labour market and will at the same time make a substantial contribution to the increase in customer satisfaction.

As of October 2008, and in connection with the above mentioned guiding concept, the provision of information and training for those concerned took place at mutual events spanning both legal spheres. The widescale introduction of the concept of employer advisory services for both legal spheres is to be concluded by 31 March 2009.

Currently the BA is working on constantly improving the skills and methods of executive and non-executive personnel. Here the aim is to further increase the impact made by the employer-orientated service by systematically building up methods and skills.

Internal auditing

The internal audit of the BA fulfils the statutory controlling requirements in accordance with Book II and Book III of the Social Code (SGB). The auditors have direct access to the Executive Board and the Board of Governors. All reports of the internal auditors are immediately submitted by the Executive Board to the supervisory bodies concerned.

Topics for auditing are regularly derived from the risk analysis of the internal audit and are approved by the supervisory bodies. In addition to this, the Board of Governors charges the internal audit with certain topics within the framework of its supervisory function vis-à-vis the Executive Board and the Administration.

Along with its legal auditing tasks, the internal audit is also responsible for the prevention and combating of corruption.

As a member of the Deutsches Institut für Interne Revision e.V. (German Institute for Internal Revision), the BA has undertaken to carry out the internal audit inspections in accordance with internationally recognised auditing principles and standards. Within the framework of an external quality inspection, it has just been confirmed that the internal audit of the BA fulfills the requirements of the international auditing standard.

Audits on the basis of a risk-orientated approach to inspection have been carried out at the employment offices and the joint agencies (Arbeitsgemeinschaften, ARGEn). Regular indications of how to improve the way tasks are completed have been provided regularly at the local level. Recommendations on how operative processes and internal control systems can be optimised have been voiced to the steering units at headquarters. Agreed measures through which to implement recommendations are constantly reviewed.

The internal audit takes up every indication from staff or citizens with regard to corruption offences in a consequent manner. At the same time, the appointment of an anti-corruption officer at the BA has complemented the system of prevention and combating of corruption.

International Placement Services (ZAV)

In 2008, ZAV managed to further sharpen its profile as a special provider for particular groups of customers and markets and at the same time as the international service provider of the BA. With this it has made its contribution towards attaining the operating-policy goals of the BA.

Within the framework of international placement, the ZAV offers certain professional groups that cannot find adequate employment on the German labour market a – usually temporary – job perspective abroad. In the course of 2008 9,413 German employees, male and female, took advantage of this opportunity, that is, 9.9 percent more than in the previous year (8,565).

ZAV: Bonn and 17 locations nationwide – international job, management and artist placement as well as labour market permits

In the field of management placement, the ZAV places executive personnel from the upper echelons of management in German companies. In addition to this it takes over BA placement projects nationwide, for instance the "Ingenieur-Jobbörsen", job fairs for engineers, to support employers in the recruiting of executive and specialised staff from the fields of engineering and electrical engineering. In this way it was possible to integrate a total of 1,691 people into work last year. This represents an increase of 24.2 percent in comparison to the year before.

Moreover, through the artist placement section, it was possible to integrate 55,358 artists into the German labour market for the performing arts, music and entertainment, of whom 51,707 (93.4 percent) took on engagements of up to 7 days' duration as is usual in the trade and 3,651 employment of over 7 days' duration.

In the area of labour market permit procedures, the ZAV noted a slight reduction. All in all, 336,019 work permits were issued, that is, 3.4 percent less than the year before.

The ZAV International Placements Service will in future serve as a supporting advisory office for the recognition of the degrees of highly qualified clients from abroad. The aim is to make a contribution to Germany's competitiveness at an international level by ensuring that highly qualified immigrants are increasingly employed at a level adequate to their grade of qualifications.

Developments at the Family Allowance Office

Once the reorientation process of the Family Allowance Office had been completed in 2006 the organisation, composed of the Directorate in Nuremberg and 102 local family allowance offices plus six family allowance service centres (located in Göttingen, Halle, Marburg, Neubrandenburg, Stade and Hannover), consolidated itself.

The Family Allowance Office successfully prepared itself for the legal changes of October 2008 following the further developments in child benefits (Kinderzuschläge) and the increase in housing allowance benefit of 01.01.2009 connected to these. This also applies to the draft law of October 2008 concluded by the Federal Cabinet on the easing of the burden on employees and families and the increase in child allowances (Kindergeld) of 01.01.2009 specified therein. This will lead to the improvement of the benefits paid to families which will in turn constitute a further contribution to avoiding and combating child poverty.

In 2008, the first conceptual preparations for a possible taking over of the processing of child allowances for the staff of the Bundesagentur für Arbeit by the Family Allowance Office began. It is expected that this organisational integration will increase the effectiveness and efficiency of the processing of these child allowance matters also.

In the IT area as well, the project KinO1 commenced in 2008 as the first sub-project of a total of three project stages relating to child allowances online (Kindergeld-Online (child allowances online)). The reason for this project is to give those eligible to receive child allowances the possibility of filling out their application online when the final level

of configuration has been reached, an application that had previously been filled out by hand and sent by post. The successive projects planned in addition to this are aimed not only at introducing a system of forms but also at making possible the direct transfer of data to the Family Allowance Office and, in a further step, at supporting the exchange of data between public authorities necessary to process child allowances on an electronic basis with a view to speeding up processing. With these projects, the Family Allowance Office is implementing the e-government strategy of the Federal Government.

Child allowances and child benefits

At the end of December 2008 the family allowance offices had roughly 8.95 million eligible persons on their books to deal with (2007: 9.11 million) with 14.77 million children (2007: 15.02 million) and disbursed EUR 28.55 billion in child allowances (2007: EUR 28.99 billion) in 2008 as well as EUR 143 million in child benefits (2007: EUR 109 million).

Customer response management

The BA's customer response management received a total of roughly 110,000 requests in 2008. In comparison to the year before this represents a rise of approximately 30 percent. This makes it especially clear that the efforts of the BA with regard to customer feedback are taking effect. The reasons for the rise are, in particular, the nationwide introduction of the uniformly designed opinion card, the increased presence of the customer response management service on the Internet and its increased public profile. The inquiries consisted of 76,000 complaints and 25,000 expressions of praise. Roughly a third of the critical complaints were justified, a rate that corresponded to the previous period of reporting.

A rise in customer inquiries of about 30 percent

The issues raised by clients are strewn over the entire service palette of the BA. As in the previous years, and in correspondence with the spectrum of tasks of the BA, the following issues were central:

- in the legal sphere of **Book III of the Social Code** the payment of unemployment benefit (particularly in relation to periods of suspension of benefits, advisory services and the duration of processing); job placement (primarily placement procedures and suggestions); and the behaviour of staff (and here the aspects communication, professional competence and reliability);
- in the legal sphere of **Book II of the Social Code** the benefits of basic income support (and here especially the duration of processing, the level of benefit, and the income to be taken into account); the duration of the objection proceedings; and the behaviour of staff (here also the aspects "communication" and "professional competence") and
- in the area of the **family allowance offices** the processing of family allowance applications, along with the advisory services.

Content of customer inquiries

PERSONNEL/ORGANISATIONAL DEVELOPMENT

Demography-sensitive personnel policy

*BA awarded the
TOTAL E-QUALITY rating
for the third time*

The extension of demography-sensitive personnel policy and the introduction of diversity management are continuing to proceed. In 2008 emphasis was laid on the provision of support to employees with a migration background as well as the encouragement of awareness on the part of staff of the (intercultural) diversity of clients and of BA staff themselves. The BA was awarded the TOTAL E-QUALITY rating this year for the third time for its personnel policy geared to equal opportunities and life cycles. At the same time it had signed the declaration "Erfolgsfaktor Familie" (The family as a factor for success) of the initiative of the same name. Against the perspective of demographic change, the implementation of structural policies relating to age is being extended step by step, for instance by means of workshops towards raising awareness or a seminar on generation-spanning styles of management which has been carried out for the first time.

Performance and development dialogue

Within the framework of the personnel management concept of the BA, a performance and development dialogue (LEDi) was carried out in 2008 for the first time with all executive staff of the BA. Through this a connection is made for executive staff at all operative levels between the planning and controlling processes of the BA, individual target agreements, official appraisals and personnel development measures that are likewise to be specified at the level of the individual. The extension of the LEDi to all BA staff is planned for 2009.

Improving leadership

*Management ability
is strengthened*

A targeted programme aimed at strengthening management abilities is to be carried out in order to improve the leadership qualities of the team leaders, both male and female, in the operative spheres of the employment offices. This is intended to make a major contribution to anchoring the reform of the BA effectively in the thought-processes and actions of the staff and to further strengthen the operative performance of the BA. The pilot phase of the concept took place in the Regional Directorates Northern Germany, North Rhine-Westphalia and Bavaria; the large-scale introduction of the programme will commence in January 2009.

Reorganisation of internal training structures

*More strongly de-
centralised responsibility
for qualifications*

Through the optimisation of structures and processes related to the qualification of personnel, the setting up and implementation of qualification measures previously taken care of centrally by the BA Training Institute were transferred to the Regional Directorates. This means that the reaction to training requirements can now be more flexible and more geared to actual needs. The training qualification measures will be more closely suited to the personal, local and regional requirements and circumstances.

Standards for uniform process and service quality

Since the beginning of 2008 each new and re-organisation of the BA has been described in a concept paper. The concept papers set standards for a uniform process and service quality as well as benchmarks for the organisation. The uniform way of proceeding with organisational changes ensures that there is transparency at all steps of the process. These concept papers also inform the relevant staff in a timely and comprehensive manner about organisational contexts and their effects. They also form the basis for the cooperation between the BA and staff representatives or the representatives of management and labour.

*The basis for a
systematic development
of organisation*

Personnel concepts for Book II and III of the Social Code

The personnel concepts agreed with the Bundesministerium für Arbeit und Soziales (BMAS, Federal Ministry of Labour and Social Affairs) for the areas relating to Book II and Book III of the Social Code are the basis for the stabilisation of the personnel structures of the BA. The body of personnel as a whole is to be stabilised at a qualitatively high level so that it is fit for the future and sustainable in respect to the entire spectrum of tasks to be undertaken; it will however at the same time remain structured in a flexible way by including a deliberate proportion of temporary contracts set in accordance with personnel policy in order to make further changes possible. In the understanding of the BA, the staff-to-client ratios applied in the legal sphere of SGB II and also in placement in the legal sphere of SGB III are not instruments to determine personnel requirements or to reflect volumes of work but rather indicators for a distribution of resources based on impact which can be adjusted in a flexible way to changes in framework conditions (e.g. economic effects).

FINANCES

The upswing on the labour market that was gradually coming to an end had a favourable effect on the financial results for 2008

2008 budget deficit was EUR 3.85 billion less than expected

In 2008, the BA received revenues of 38.29 billion EUR in its budget from contributions and executed expenditures of EUR 39.41 billion. This resulted in a financial shortfall of EUR 1.12 billion. This budgetary result was marked by a special effect: the setting up and initial financial endowment of a benefit fund for BA-pensioners as of the beginning of 2008 increased expenditures by EUR 2.5 billion. Without this one-off item, the expenditures would have been correspondingly smaller and, with that, there would have been a surplus of revenues over expenditure in the operative area of EUR 1.38 million to register. What had been planned was a resulting balance of EUR -2.47 billion. Hence there has been an improvement to the sum of EUR 3.85 billion.

Contribution rate lowered from 4.2 percent to 3.3 percent

Essentially the budget of the BA is influenced by the development of the economy as a whole and expenditures. The BA therefore plans its revenues regularly – especially contributions and unemployment benefit – on the basis of the assumptions made by the Federal Government. In addition, a decisive factor in planning the revenues for 2008 was the rate of contributions to unemployment insurance recently lowered to 3.3 percent as of 1 January 2008, after it had already dropped the year before from 6.5 percent to 4.2 percent. Where expenditures are concerned, the extent of unemployment directly determines the requirement for unemployment benefits and, via the number of clients, also the level of expenditures necessary for benefits related to active employment promotion measures.

The Budget Plan for 2008 involved a volume of EUR 43.12 billion. An income of EUR 38.15 billion stood against the estimated expenditures. To counterbalance the budget shortfall of EUR 4.97 billion, a withdrawal from reserves was planned. After many years, the favourable budget results of 2006 and 2007 had allowed reserves to be built up. At the end of 2007 these amounted to roughly EURO 17.86 billion.

The extrapolation of the estimation of the overall performance of the economy in May and October 2007 clearly reveals the key reasons for the decidedly favourable financial developments in 2008:

Key macroeconomic figures

(Change against prior year in percent, absolute figures for unemployment in millions) Germany

Status:	2006		2007		2008	
	Actual	Actual	Estimate of the Federal Government	Annual Economic Report	Estimate of the Federal Government	
			October 2007	January 2008	May 2008	October 2008
Gross domestic product	+2.7%	+2.5%	+2.0%	+1.7%	+1.7%	+1.7%
Gross total wages and salaries per dependent employee	+0.8%	+1.3%	+2.4%	+2.4%	+2.5%	+2.4%
Total number of dependent employees	+0.7%	+1.7%	+0.7%	+0.7%	+1.1%	+1.5%
Average number of unemployed per year	4.487	3.776	3.493	3.450	3.274	3.263

The development of unemployment in Germany since 2004 stood under the influence of an auspicious economic situation and the reforms on the labour market. On average during the 12 months of 2008, 3,268 million persons out of work were counted, a figure that was last seen in the summer of 1993. Vis-à-vis 2005, the drop amounted to almost 1.6 million. The annual average of 3,268 million lay at 508,000 or 12.4 percent below the previous year. The unemployed in the legal sphere of Book II of the Social Code profited as much from the developments from the point-of-view of figures as did those in unemployment insurance. Now, however, there is indication especially in the area of unemployment insurance that the gratifying development of the last years is slackening more and more.

Lower unemployment saves expenditures in billions

In parallel to the continually sinking unemployment, gainful employment – and with that above all also employment covered by social security contributions – has risen. The number of employees paying contributions to the BA was estimated in the Budget Plan at 26.49 million. On the basis of the provisional status for December, the annual average lay at 26.92 million. Against 2007, this implies an increase in employment subject to contributions of 590,000 or 2.3 percent.

It stands to reason that all public budgets profited from this welcome development, especially those of the Federal Government and the BA. In addition to this, a practical approval process in the active promotion of employment that is increasingly geared to results, and an economically efficient administration have also contributed to the positive financial outcomes. In 2008 the difficulties on the financial market and the increasing downwards trend in the real economy did not have an effect on the labour market in Germany until the end of the year. It is thus to be expected that the negative effects will increasingly take hold in 2009.

Financial effects of the economic slump to be expected in 2009

The principal figures from the financial statement for 2008 are as follows:

- At EUR 38.29 billion, annual revenues for 2008 were EUR 143 million (0.4 percent) above expectations.
- Revenues from contributions only exceeded expectations by EUR 77 million (0.3 percent) despite the clear increase in the number of persons covered by social insurance (target: EUR 26.38 billion, actual: EUR 26.45 billion). What had had a counteractory effect was that the wage and salary increases which were to be expected on account of the key macroeconomic figures did not show up in the assessment of contributions to their full extent.
- Of the planned total expenditures on the scale of EUR 43.12 billion, EUR 3.71 billion (8.6 percent) less were spent.
- The BA spent EUR 10.74 billion on support for the active promotion of employment (integration item and further benefits). The Budget Plan had earmarked EUR 12.25 billion in all. The total sum included EUR 250 million for the temporary employment of additional placement officers. These resources were transferred to the administrative chapter, of which 87 percent were then utilised. The target expenditure for purely promotional benefits amounted to EUR 12.00 billion, of which EUR 1.26 billion (10.5 percent) were not used.

- Expenditures for unemployment benefit in the case of unemployment amounted to EUR 13.86 billion, EUR 2.04 billion (12.8 percent) less than planned (including expenditures for social insurance contributions and for the refunding of unemployment benefit to foreign insurance institutions). With this budget result, the financial expenditures had been more than halved as against the previous highest level of expenditures in 2004 (EUR 29.07 billion).
- The Budget Plan for 2008 made EUR 6.44 billion available for the costs of contribution collection, administration under Book III of the Social Code and the provision of services within the framework of the Basic Income Support Scheme for Job-seekers, plus EUR 250 million from the integration item for additional placement officers with temporary contracts. The annual expenditures of EUR 6.47 billion remain EUR 213 million (3.2 percent) below the framework of the budget as a whole.
- Instead of the budget deficit of EUR 4.97 billion originally expected, there was only a budget deficit of EUR 1.12 billion at the end of 2008. Hence EUR 3.85 billion less had to be taken from the reserves as compensation. At the end of 2008 reserves thus amounted to EUR 16.74 billion.

Budget 2009 in force

On 17 December 2008 the Federal Government approved the BA's Budget Plan for the year 2009, established by the Board of Governors. The Budget Plan 2009 encompasses a volume of EUR 40.70 billion. The planned disbursements of this level are countered by revenues of EUR 34.57 billion. Reserves are to be correspondingly reduced to cover the EUR 5.95 billion deficit.

The 2009 budget planning is based on the Federal Government's assumptions of October 2008 about the performance of the economy in the Federal Republic:

- Gross domestic product (real) +0.2 percent
- Gross wages and salaries per dependent employee: +2.8 percent
- Total number of dependent employees: -0.1 percent
- Average number of unemployed for the year: 3.265 million

The reduction in revenues as against 2008 is due in particular to the lowering of the contribution rate for unemployment insurance once more to 2.8 percent.

Active promotion of employment still at a high level

On the expenditure side, the Budget Plan 2009 includes EUR 12.58 billion for the active promotion of employment – the integration item and other benefits. This budget exceeds the expenditures for 2008 (including the costs for additional placement officers) by EUR 1.51 billion. EUR 20.91 billion are earmarked for unemployment benefit and insolvency money and the integration contribution of the BA within the framework of the Basic Income Support Scheme for Job-seekers (Grundsicherung für Arbeitsuchende) as well as EUR 7.2 billion for the costs of contribution collection and the administrative duties of the BA including services in the area of the Basic Income Support.

The estimates relating to the economic situation already showed themselves to be out-of-date at the beginning of 2009. Over the last few months the Federal Government has become convinced that the current worldwide economic crisis will affect Germany greatly,

setting new forms of challenges. In a common initiative, it is intended that all public offices together initiate a set of bundled economic impulses of great dynamic effect.

With a Pact for Employment and Stability in Germany, the Federal Government is embracing five different packages of measures. For the area of labour market policy, the basic principle is to avoid redundancies and to expand investment in occupational qualifications. The Federal Government is therefore planning a legislative initiative to get the following measures off the ground:

Pact for Employment and Stability in Germany

- In 2009 and 2010 employers will be reimbursed by the BA for half of the social insurance contributions that they have to bear themselves in the case of short-time work. For periods of occupational qualification during short-time work, the complete social insurance contributions can be reimbursed.
- The submission of applications and procedures relating to short-time work will be simplified.
- The contribution rate for unemployment insurance is to be legally stabilised at 2.8 percent till the end of 2010.
- Additional resources are to be provided for activation and qualification measures in the years 2009 and 2010, especially for employees over 25 who do not have a professional qualification, for young people who have been looking for an apprenticeship for a long time without success, and for the expansion of guidance and regular support. In the course of the two years, the Federal Government is to additionally make available EUR 1.2 billion and the Bundesagentur für Arbeit EUR 770 million for the institutions providing Basic Income Support for Job-seekers.
- In order to qualify employees, WeGebAU, the special programme of Further Education of Low-skilled and Elderly Employees in Enterprises (Weiterbildung Geringqualifizierter und beschäftigter Älterer in Unternehmen) is to be opened up and topped up in 2009 and 2010 with EUR 200 million.
- The resources of the European Social Fund are to be increased in 2009 and 2010 by a total of EUR 200 million and used for the promotion of qualification measures during short-time work as well as for the promotion of projects to provide advisory services to enterprises on the subject of employment security.
- For the reemployment of employees in temporary agency work, qualification allowances are to be provided annually to the level of EUR 70 million from the BA budget in 2009 and 2010.
- The employment offices and the joint agencies (ARGEn) and the employment offices with separate duties (AAGAw) in the area of Basic Income Support for Job-seekers will each receive 2,500 additional jobs in placement, guidance and the granting-of-benefits spheres. Furthermore the BA is to be supported by additional official personnel.

The implementation of this package of measures will alter the BA 2009 budget in essential points and will additionally require considerable unbudgeted expenditures to be undertaken. This will necessitate a supplementary budget.

Supplementary budget necessary in 2009

SGB II

Client structures under Book II of the Social Code

In 2008 on monthly average¹ 6.978 million persons were in need of help within the Basic Income Support Scheme for Job-seekers (Grundsicherung für Arbeitsuchende) which corresponded to a drop of 4.2 percent against the same period for the year before. On average, 1.94 persons in need of help formed a household in need (Bedarfsgemeinschaft) which meant that in 2008 c. 3.603 million households in need were dependent upon benefits in accordance with SGB II. Of the households in need in June 2008, 50 percent were single-households in need, 18 percent lone parents, 13 percent couples without and 17 percent couples with children. With that, every second household in need is a single-household in need, although only about a quarter of the persons in need live in this type of needy household.

The SGB II-rate that relates the number of persons in need under SGB II to the relevant segment of the population (resident population under 65 years-of-age) came to 10.6 percent in 2008. In 2008 on average 73 percent of those in need of income support were capable of work and 28 percent were not. In June 2008, of those in need of support who were capable of work 49 percent were women; 19 percent of those in need of support but capable of work were younger than 25 years-of-age, while 23 percent were 55 years-of-age or older; 19 percent of those in need of support but capable of work did not have German citizenship.

In June 2008, 46 percent or 2.178 million of the persons in need of support but capable of work were registered as unemployed. 1.34 million or 26 percent of those in need of support but capable of work earned income from gainful employment in June 2008 which amounted to 113,000 or 9 percent more than in the same month one year earlier. Here incomes varied considerably: 14 percent (719,000) of those in need of support but capable of work had a gross income of up to EUR 400, while 5 percent (240,000) of those in need of support but capable of work earned between EUR 400 and 800, and 7 percent (378,000) over EUR 800.

Furthering targeted support for special groups of people

Focus of the SGB II on young people, persons with a migration background, older persons and lone parents

In 2008 once more, the focus of activation policies was on young people, persons with a migration background, older persons and lone parents:

Early activation was intended to smooth the transition of young people from school into a job. To do this, networking with what the job guidance offices and the youth services had to offer was developed further.

Persons with a migration background received further support through the implementation of the self-commitments of the BA within the framework of the national integration plan of the Federal Government. For instance, in cooperation with the Bundesamt für Migration und Flüchtlinge (BAMF, Federal Office for Migration and Refugees), the Basic Income Support offices and the employment offices put job-orientated language training into practice within the framework of the ESF-BAMF Programme. A working tool describes the entire process of language training in both

¹ Moving annual average, that is, stating with the the current month, the last 12 months, with data status of October 2008. See: Statistik der Bundesagentur für Arbeit, Analyse der Grundsicherung für Arbeitsuchende, October 2008, p. 2.

a systematic and structured way. In cooperation with the Deutscher Städtetag (German Association of Cities and Towns) a conference of experts was held on 2 June 2008 on the subject "Occupational integration of young migrants: What opportunities does SGB II offer?". Where the recognition of qualifications attained abroad is concerned, the BA is currently extending the advisory services it offers to those grouped as academics.

To support the occupational integration of older persons who have been unemployed for a long time, the Federal Programme "Perspectives 50plus – Employment Pacts for Older Persons in the Regions (Perspektive 50plus – Beschäftigungspakte für Ältere in den Regionen) was started up, with a second programme phase commencing on 1 January 2008; the programme was initiated and is steered by BMAS (the Federal Ministry of Labour and Social Affairs). 194 Basic Income Support offices with partners from regional networks took part in this programme in 2008.

Lone parents covered by the legal sphere of SGB II similarly require target-group-orientated advisory services and guidance if (re-)entry into gainful activity is to be successful. To facilitate this, the specialists and managers at the Basic Income Support offices have been provided with a "Guide for the promotion of lone parents under SGB II" (Leitfaden für die Förderung von Alleinerziehenden im SGB II).

In addition to this the Bundesministerium für Familie, Senioren, Frauen und Jugend (BMFSFJ, Ministry of Family Affairs, Senior Citizens, Women and Youth), the Bundesministerium für Arbeit und Soziales (BMAS, Federal Ministry of Labour and Social Affairs), the main local organisations and the Bundesagentur für Arbeit (BA) have begun various projects aimed at improving the labour market integration of, and the social safeguards of family and professional life for lone parents.

Do good and talk about it – Conferences of experts under SGB II

In 2008 once again conferences of experts were used to discuss current operating-policy issues: On the topic of "Utilising resources – Lone parents under SGB II" (Ressourcen nutzen – Alleinerziehende im SGB II), the Bavarian Regional Directorate extended an invitation on 15 July 2008 to representatives of the relevant ministries, staff from the various Basic Income Support offices and experts from social charity institutions and from the field of social research. The common goal: the occupational and social strengthening of lone parents through the coordinated support of all institutions involved. The entire documentation of the conference can be obtained from the Bavarian Regional Directorate at Bayern.SGBII@arbeitsagentur.de.

Conferences of experts enhance interest in current topics such as lone-parent-hood and employment-orientated case management

The case-management expert conference has now taken place for the third time. "Pooling strengths – Networks as a factor for success in employment-orientated case management" (Stärken bündeln – Netzwerke als Erfolgsfaktor im beschäftigungsorientierten Fallmanagement) was the motto on 8/9 October 2008 at the BA University in Mannheim. In the course of presentations by experts, practical examples and twelve workshops, over 400 staff from the Basic Income Support offices, along with network partners, experienced in a theoretical and practical way that successful cooperation and network management are important factors for success in case management, and hence in the integration of persons with a wide range of barriers to placement. The documentation of the conference has been published on the BA-Intranet as well as on the Internet.

Four years of employment-orientated case management – an interim report

Employment-orientated case management (beschäftigungsorientiertes Fallmanagement, bFM) has established itself and stood the test as a method of social and labour market integration at the Basic Income Support offices. Locally, various different forms of organisation and design are used. This was the conclusion reached by a survey in July 2008 by the Centre for Client and Staff Surveys of the BA, in which 298 of the total of 372 Basic Income Support offices took part. In detail, the following results became apparent:

Employment-orientated case management: a model for success with many faces

Almost all Basic Income Support offices had implemented the employment-orientated case management method; the introduction of the measures is due to take place in 20 percent of the offices within the coming year. This expert concept, jointly developed by local authority and BA staff, provides the basics for implementation for almost 90 percent. According to the staff monitoring unit, 4,745 members of staff are at present entrusted with case-management tasks. At least 90 percent of the Basic Income Support offices qualify staff especially for this task. On account of the high demand, the BA management academy (Führungsakademie der BA) has qualified more trainers via a certificate from the Deutsche Gesellschaft für (German Society for) Care und Case Management.

In the coming year, quality criteria and a concept through which to gauge success will be developed. Furthermore the networking absolutely essential for case management is to be professionalised and the concept developed further at expert level.

Combating abuse of benefits

I. Field offices

The Basic Income Support offices have set up field offices to assess eligibility criteria. These are intended to identify and eliminate suspected cases of abuse of benefits. In particular they are to check whether the eligibility criteria of persons who are receiving or have received Basic Income Support do, or did, indeed exist. In doing so, circumstances are checked that cannot only be judged on the basis of what has been recorded in the files.

II. Collation of data

Detection of abuse of benefits through collation of data

In the course of Fiscal Year 2008, the joint agencies and employment offices with separate duties identified instances of overpayment in 19,000 cases on the basis of findings from the automated collation of data according to Section 52 of SGB II. The extent of the damage came to EUR 10.5 million.

It should be noted in respect to the figures available that only those cases of overpayment were recorded that have already been completely processed by the Basic Income Support offices. For 2008 it is therefore to be expected that the results will increase considerably.

III. Pursuing administrative offences and criminal offences

In 2008 the Basic Income Support offices initiated 198,877 proceedings on account of the suspicion of an administrative offence or of a criminal offence. 180,308 proceedings (90.7 percent) were processed conclusively. 42,869 cases were passed on to the customs authorities because there was suspicion of undeclared employment; in a further 14,182 cases, the case was passed on to the public prosecution office together with substantiated indication that a criminal offence had occurred. On account of the existence of an administrative offence, the support institutions took action in 67,326 cases of violation and laid down administrative penalties or fines to the total value of EUR 8,583,199.

Criminal and fining proceedings

IV. Rate of sanction imposition

Because of behaviour contrary to obligations a total of 507,627 cases of sanction were applied by September 2008. This meant that on average 2.5 percent of all persons in need of support but capable of work were given at least one sanction.

Objections and legal action

In 2008, roughly 788,600 objections were raised in the legal sphere of SGB II, 3.2 percent or c. 24,700 more than in the same period of the year before. Almost a quarter related to income (22.8 percent), roughly a fifth to benefits for accommodation and heating (18.7 percent) and circa a tenth (10.1 percent) to the standard benefit for maintaining livelihood.

Roughly 841,900 objections were processed to a conclusion in 2008. In 36.5 percent of the cases the objection was accepted either completely or partially. More than half of the objections (53.2 percent) were rejected.

In approximately 132,400 cases, legal action was initiated in 2008, 33.5 percent more than in the same period of the year before. This was due among other things to the increased processing of objections: currently more objections are being processed than are received. Along with this there were roughly 31,700 applications for interim legal protection in 2008. Almost half (48.6 percent) of the legal proceedings completed in this period were decided in favour of the claimant, a large proportion of these without a court decision through recognisance by the Basic Income Support office. Added to these were 31,200 completed applications for interim legal protection which led to the (partial) success of the applicant in 44.7 percent of the cases.

The increase in objections and above all in legal proceedings is counteracted by various measures. Along with specialist supervision – among other things relevant advice as regards key issues – this also comprises the spheres of inquiries and advice and the ensuring of transparency in proceedings relating to benefits. An important starting point is the way decisions are made when applications are received and the detailed explanation of decisions on request. Various federal state governments also take part in this within the framework of their oversight duties with respect to local communities. A promising approach might be mediation similar to court proceedings; this is aimed at the more efficient handling, and even the avoidance, of court proceedings. To date such a mediation process has been tried out within the framework of pilot trials in Lower Saxony and Bavaria.

THE LABOUR MARKET

The economy and the labour market

*Continued improvement
of the labour market in
the shadow of economic
slowdown*

In 2008, the labour market profited from the positive economic situation of the years before. The real gross domestic product continued to grow by a likely 1.5 percent on a yearly average, sank however – adjusted for the season and calendar – in the course of the year after a strong first quarter. On the labour market this only became apparent at the end of the year. In 2008 gainful employment and particularly employment in jobs covered by social security continued to rise further in a clear way on yearly average. The build-up in employment is also the main reason for the strong drop in unemployment. What also contributed to this positive development were the reforms on the labour market and the declining availability of labour.

Gainful employment

According to preliminary figures from the Statistisches Bundesamt (Federal Statistical Office) gainful employment had increased in 2008 on the annual average by 582,000 or 1.5 percent to 40.35 million. The current rise – as already in the two years before – was mainly due to employment subject to social security. In June, 27.46 million employees were employed in jobs covered by social security, 603,000 or 2.2 percent more than the year before. At the same time, more than the majority of the increased employment was accounted for by full-time jobs. The economic upswing had caused employment to rise in all Federal States and in almost all sectors. There was above all a strong rise in the provision of corporate services.

The number of employees covered by social security rose in this economic sector from June 2007 to June 2008 by 6.2 percent or 225,000 to 3.85 million. This increase was partly due to the supply of temporary workers. According to provisional data from the Statistisches Bundesamt, the number of self-employed persons grew in 2008 on a yearly average by 14,000 or 0.3 percent to 4.47 million. In the case of Mini-jobs there was a further clear increase in 2008. However the growth was almost entirely due to employees already in jobs subject to social security who had decided to take on a second, very low-paid job in addition. Their numbers grew by 160,000 or 7.8 percent to 2.20 million. At 4.88 million, the number of employees with only very low pay remained practically unchanged compared to the year before. Only those employees exclusively with a very low-paid job are taken into account in calculating the number of persons in gainful employment because persons with a second job have already been accounted for under their main position of employment. Employment promoted via labour market policy measures has decreased in total. What had had a decisive effect was the decline in the promotion of self-employment which – after rising strongly from 2003 to 2005 – decreased markedly over the last three years in succession as a result of legal changes. Employment opportunities involving additional government expense (Mehraufwandsvariante), which are incorporated into the calculation of those in gainful employment as a special kind of legal relationship, lay somewhat below the level of the previous year. The numbers dropped by 10,000 to 291,000. A total of 64,000 employees were

occupied in job-creation schemes subject to social security and in employment opportunities of the "Entgelt" type (subsidised employment in addition to existing personnel), 2,000 more than a year ago.

The supply of labour

The supply of labour in Germany has dropped again slightly on average for the year according to the estimates of the Institut für Arbeitsmarkt- und Berufsforschung (IAB, Institute for Employment Research), namely by 76,000 to 44.38 million. The potential workforce had risen continuously since German reunification. As of 2006 the dominant demographic trend was that more older persons left the working population than young persons joined it and hence the workforce is becoming older and older. Between 2006 and 2008 effects that might have increased the labour supply, such as an increasing willingness to take up employment, or immigration, did not balance this out any more.

Demographic trend causes labour supply to drop

Unemployment

On yearly average 3,268,000 persons were registered as out of work in Germany, 508,000 or 13 percent less than the year before. After the drop in unemployment from 2006 to 2007, this constituted the second strongest drop in the history of the Federal Republic. In comparison to 2005, when unemployment reached its highest peak up till then as a result of the amalgamation of unemployment and social assistance (Arbeitslosen- und Sozialhilfe), unemployment had actually dropped by 1,593,000. The main reasons for this strong decrease were the positive economic environment, the reforms on the labour market and the decline in labour supply. In addition to this, the intensive advisory services offered the unemployed and the systematic verification of unemployed status probably played a role.

The annual average unemployment rate, in relationship to all persons working in the civil sector, amounted to 7.8 percent in 2008. In comparison to the year before, it had dropped 1.2 percentage points. With that, the rate lies clearly below the most recent low of 2001 at 9.4 percent. The proportional SGB III unemployment rate amounted to 2.4 percent as a yearly average while the proportional SGB II unemployment rate equalled 5.4 percent. The rates each dropped by 0.6 percentage points as against the previous year¹.

¹ Along with the unemployment rate relating to all persons working in the civil sector, there is also the unemployment rate relating only to dependent persons working in the civil sector. In Germany, this latter type of rate calculation has the longest tradition. The unemployment rate relating to all dependent persons working in the civil sector came to an annual average of 8.7 % in 2008 (1.4 percentage points below the year before).

Jobs known to the BA and BA-X

A reduction in the demand for labour, but the level is still high

The existing numbers of registered job openings remained at a high level in 2008. On an annual average, 569,000 jobs (including subsidised jobs) had been registered, 53,000 or 9 percent less than the year before. Of all registered jobs, 358,000 or 63 percent were accounted for on an annual average by unsubsidised jobs for "normal" employment relationships covered by social security which reflect the development of the market in a better way¹. That was 27,000 or 7 percent less than a year before, and with this the existing number of job openings still lies well above the level of the years 2005 and 2006. However the existing number of job openings is no monolithic block; it can change fairly quickly. In the course of the year, 2.65 million jobs were registered while at the same time 2.64 million jobs were de-registered. Along with the registered vacancies, the Bundesagentur knows of other additional jobs from private recruitment agencies (12,000), from the BA Job Exchange (JOBBÖRSE) (238,000) and from the Job Robot (175,000). According to the most recent data from the Institute für Arbeitsmarkt- und Berufsforschung (IAB), the overall economic availability of jobs came to 998,000 in the third quarter of 2008. That was 255,000 less than the year before. This included 829,000 job vacancies in the primary labour market which had decreased in number in comparison to the year before by 234,000 or 22 percent. Of all jobs, 58 percent had been registered at the Bundesagentur für Arbeit; of the jobs in the primary labour market, 50 percent. The rates of jobs reported have increased by 9 or 7 percentage points as against the previous year.

The BA Vacancy Index (BA-X) measures the demand for labour on the primary labour market. Based on concrete, registered vacancy listings from establishments registered at the BA, it functions as an early indicator of economic trends and as a yardstick of the actual willingness of businesses to fill jobs. The job barometer showed a reduction in the course of the year of 16 points between January and December 2008. In particular the demand for labour dropped by 10 points in the last quarter of 2008 which was a clear signal of the slackening in the dynamics of demand, even if they were still at a high level. The BA-X closed in December at 154 points.

The training market

Fewer applicants and more registered training positions

Easing of tension on the training market

The final figures at the end of the 2007-2008 counselling year on 30 September 2008 showed that the situation on the training market had improved considerably according to BA data. The number of registered applicants was lower than the year before while the number of registered training positions remained at the high level of the year before. The number of young people still looking for a training position after the training year had already begun had dropped. On the other hand establishments had difficulty in successfully filling all the training positions available. The number of training contracts concluded lay below that of the previous year. One of the main reasons for the – from the point of view of the applicants – favourable situation on the labour market was no doubt the positive economic environment and the good state of the order books of the establishments. In addition to this, developments in the demographic field had relieved the pressure on the labour market.

¹ Subsidised jobs include jobs for personnel service agencies (PSA), job-creation measures (ABM), development of job-creating infrastructural measures (BSI) and occasional work. "Normal" jobs covered by social security do not, on the one hand, cover marginally paid employment and, on the other, occasional jobs, seasonal, tele-, foreign worker and personnel service agency jobs, as well as special jobs for domestic help for care recipients.

From October 2007 to September 2008, a total of 511,600 training vacancies were registered with the training placement unit, 1,200 or 0.2 percent more than during the same period the year before. Of this total of registered vacancies, 432,700 were on-the-job and 78,900 were of-the-job offers. In comparison to the year before the number of on-the-job positions had risen by 10,400 (+2.5 percent). Having said that, the development in eastern Germany, with a growth of 4,000 positions (+6 percent), was more dynamic than in western Germany (+6,300, +1.8 percent). The increased number of training positions corresponds to the number of newly concluded training contracts.

In the course of the year under review, 620,200 applicants contacted the training placement unit for help in finding a training position, 113,800 or 15.5 percent fewer than during the same period the year before. With this, the number of applicants had declined for the second time running in both western and in eastern Germany. The arithmetical difference between registered training positions and registered applicants amounted to 108,600. A year earlier the difference had been 223,600. 52 percent of the applicants registered had already made efforts to find a training position either the year before or in earlier years.

At the end of the counselling year, 14,500 applicants had still not found a training position, that is, 18,200 or 55.7 percent less than the year before¹. This meant that only 2.3 percent of all applicants nationwide had neither an apprenticeship nor an alternative offer.

The proportion of applicants who took up training or remained in training lay at 50 percent, somewhat higher than the year before. 14 percent of the applicants decided in favour of continuing schooling or of taking up studies and 7 percent in favour of further qualifications (for example, participation in pre-training courses or a preliminary occupational qualification). A further 7 percent decided in favour of an alternative such as a job, the Bundeswehr (German Armed Forces), alternative community service, or a voluntary social or ecological year. There was no response from 19 percent of the young people as regards their activities as they showed neither an interest in, nor a reaction to, the invitation and/or inquiry from the employment office.

The number of non-filled training positions at the end of September came to 19,500 and was therefore 1,100 or 6.3 percent above the figure of the previous year.

The arithmetical difference between the number of applicants without a training position (14,500) and the number of unfilled training positions (19,500) – the so-called "gap" (Lücke) – amounted to -5,000. For the first time since the counselling years 1999/2000 and 2000/2001, that had come at a favourable economic phase in the same way as the counselling year just passed, there was a surplus of positions at the end of the counselling year. However these positive final figures only applied to western Germany where the "gap" was -6,500. In eastern Germany there were 1,600 more applicants without a training position than unfilled positions.

A surplus of training positions for the first time again: 5,000 unfilled positions more than applicants not yet placed

¹ On account of a revision of the figures for the training market there are slight divergencies in the data of the year before in contrast to previous publications. Detailed information on this can be found at: <http://www.pub.arbeitsagentur.de/hst/services/statistik/detail/c.html>.

Above all, previous experience gained with the National Pact for Training (Nationaler Pakt für Ausbildung) suggests that, in the so-called "fifth" quarter from September to the middle of January, a large number of the currently non-filled positions are filled with trainees and, in return, that applicants who had previously not been found a training position either found one or an alternative. Furthermore it also became apparent that the late placement activities of the Pact extend into the first calendar months of the new year. With the 19,500 training positions registered at the BA as unfilled at the end of September and the still unfilled preliminary occupational qualification traineeships, offers are available to provide all young people willing to accept a training position, and capable of doing so, with a training post or an alternative substitute.

International cooperation

European benchmark processes have had a significant effect on the activities of the SWA 4 division – Internationale Beziehungen (international relationships) – in 2008. For example, steering and controlling, skills and performance-orientated issues have been brought to the forefront. Switzerland, the United Kingdom and France above all were selected a benchmark partners. Conversely the reform successes of the BA have met with high interest abroad. In the Netherlands and France especially, where benefit and placement authorities have been combined, the BA is a much sought-after counterpart.

The BA has set up an information platform with all European partners (www.pesmonitor.eu) that is kept up-to-date and provides comprehensive information about public-sector employment authorities, their goals and tasks, developments and reform plans.

The European Representation of the BA in Brussels has consolidated its reputation as a much sought-after discussion partner of the Council, Commission and Parliament of the EU; current developments and changes of direction that would have an effect on the BA are identified at an early stage. Contributions from the European Representation flow directly into strategic considerations at Headquarters.

Equal opportunity on the job market

More intensive efforts towards improved integration performances and strengthening activities for the promotion of women

The activities in the area of equality of opportunity of women and men on the job market are orientated on the one hand on developments in the labour market and on the other on forecast requirements. As women participated less intensively than men in the economic upturn that extended into 2008, efforts were continued to improve integration services. At the same time – with a view to the further requirements of the economy for skilled employees – the employment potential of men and women not receiving benefits was further tapped through increased activation and promotion measures. An additional EUR 175 million were provided for this on the initiative of the Board of Governors under the 2008 integration item.

Participation of women in labour market policy measures in the legal sphere of SGB III rose in 2007 to 44 percent; however the legally prescribed promotion rate for women (60.1 percent) was not reached. The data available for 2008 on the use of particular measures imply that by the end of September the target figure for promotion (55.7 percent) and the proportion of women among those promoted (44.6 percent) had once more come closer to each other.

Efforts on the operative side to (re-)integrate women into the labour market were supported by the Equal Opportunities Officers for the Labour Market (Beauftragten für Chancengleichheit am Arbeitsmarkt, BCA): they developed basic offers of information and advice for men and women not receiving benefits and men and women returning to working life, as well as for employers, both male and female, for use over a wide area. In addition to this, the CA staff units were included in the planning of the measures and in the development of new products, especially for those not receiving benefits.

The participation of the BA in the action programme "Perspektive Wiedereinstieg" (Perspectives for re-entering the workforce) of the Bundesministerium für Familie, Senioren, Frauen und Jugend (BMFSFJ, Ministry of Family Affairs, Senior Citizens, Women and Youth) also aims at raising the level of participation of women in gainful employment. The "Internetportal für Wiedereinsteigerinnen" (Internet portal for women re-entering the work force) on the Internet platform of the BA intends to make regional information on returning to one's profession available as of 2009. The BA is a cooperation partner of the BMFSFJ in the implementation of the ESF Programme "Perspektive Wiedereinstieg", in which women are given support by means of case management on a personal basis during the process of returning to their professions. In doing so, it contributes to national co-financing.

In June, the BA signed the memorandum on the National Pact "Frauen in MINT-Berufen" (Women in MINT professions: Mathematik (mathematics), Information (information science), Naturwissenschaften (sciences), Technik (technology)). As a partner to this Pact, it not only intends to make a contribution to expanding the spectrum of vocational choice for young women but also to closing the gap in the need for skilled staff. This goal is also followed by the "AQUA" project within the framework of the qualification offensive implemented by the Federal Government. The BA is a member of the advisory body of this project targeted at engineers, both male and female, who wish to return to their profession after bringing up their families.

Institut für Arbeitsmarkt- und Berufsforschung (IAB, Institute for Employment Research)

The Institut für Arbeitsmarkt- und Berufsforschung der Bundesagentur für Arbeit (IAB, Institute for Employment Research) conducts research on the labour market in order to offer competent advice to political actors on the basis of modern methods and substantiated research findings. Organisational proximity to the BA ensures that research results can be incorporated directly into the BA's decision-making processes. Freedom of research and publication guarantee that independent, and with that from time to time, critical advice can be offered. The scientific independence that the Institute enjoys was confirmed explicitly once more by the Executive Board and the Board of Governors of the BA in 2008 by way of the Framework Rules of Operation.

The freedom of research and publication of the IAB guarantee that independent, and sometimes critical, advice can be given

IAB intensified both its cooperation with universities and its international cooperation in 2008. The most important publication is the IAB "Handbuch Arbeitsmarkt 2009" (IAB guide to the labour market) published in November 2008. In it, more than 50 social scientists from the IAB analyse the full spectrum of the labour market in 515 pages.

EMPLOYMENT AND TRAINING MEASURES AND SPECIAL PROGRAMMES

Promotion of further occupational training

Support of further occupational training can be seen as one of the essential elements of active employment promotion. This instrument is intended to contribute to evening out the discrepancy between requirements for qualifications on the demand side and the qualifications actually possessed by those looking for work. With this, the BA makes a significant contribution to meeting the demand for skilled workers.

A significant rise in entries into further occupational training

In the year under review, 251,539 (2007: 201,408) employees under the legal sphere of SGB III began further occupational training. Against the previous year, the number of entries rose by near on 25 percent. 8,178 persons began qualification measures finally gaining complete occupational qualifications. The average stock figure in 2008 was roughly 72,653 participants in further training. Among other things, emphasis was on further training in metal working, the transport sector and the health service professions.

Integration rate over 50 percent

The integration rate in the promotion of further training confirms that sustainable integration can indeed be achieved by using this instrument. Six months after the end of the measures, 57 percent of the participants under the legal sphere of SGB III were engaged in employment subject to social security.

Expenditures for further occupational training

Last year, about EUR 788.3 million (2007: EUR 619.2 million) of the integration item (or 27.3 percent of the integration item) were spent on further occupational training costs (course fees, travel costs, childcare costs, costs for accommodation away from home and meals) for the promotion of participation in further occupational training measures. What must be added to this are roughly EUR 738.7 million (2007: EUR 747.6 million) for the payment of unemployment benefit during further training.

This results in a sum of EUR 1.53 billion (2007: EUR 1.37 billion) of total expenditures under the legal sphere of SGB III for the promotion of participation in further occupational training measures.

Transition from school to work

Opening up the market for those entering professional life as a operating-policy goal

The BA has defined the opening up of the market to those entering working life for the first time as a central operating-policy goal. The aim is to make the transition between school and work easier for young people by providing support in the form of suitable information, advice in regard to choice of profession, and vocational guidance. Vocational guidance contributes to the level of information a young person has, his/her self-assessment, the development of acceptable and realistic courses of action and strategies, as well as to the provision of support in realising these strategies.

Widespread introduction for the most part completed

Revising these processes during job counselling and training placement helps to systematise and structure the processes more and to equip these activities with valid and verifiable quality standards.

After successful trials with the reorientation of vocational guidance and the introduction of the "Training Placement" action programmes, the new concept was introduced in the 150 employment office as of mid- 2007.

Preventive measures of in-depth occupational orientation and preparations towards choosing a profession according to Section 33, Sentences 3 to 5, SGB III, that already begin early on in the last years at school, were promoted by the BA in 2008 to the sum of EUR 50.7 million. These measures, that also take into account specific target group requirements – for example, those of young people with a migration background – require co-financing of at least 50 percent by third parties (especially the Federal States). In this way the BA intends to provide impetus in order to support the Federal States in their efforts here. In particular, initiatives are to be got off the ground to make the transition to training more successful for under-performing pupils than has been the case up to now. These are intended to acquaint disadvantaged and under-performing young people with the prerequisite skills essential for training and employment.

The media portfolio for school students in stages I and II of secondary education has been completely revised. For stage I of secondary education, the product series planet-beruf.de (as the successor of "Mach's Richtig" (Do it right)) was introduced. It revolves around a newly developed, occupational programme of self-study, the "BERUFE-Universum" (Career universe). The central medium providing information on opportunities of study, training and careers for stage II of secondary education is the new Internet portal www.abi.de. The Abitur (university entrance qualifications) career-choice magazine (abi-Berufswahlmagazin) has been revised in parallel to the Internet portal.

Media portfolio for stage I and stage II of secondary education completely revised

Within the framework of the network "Wege ins Studium" (Paths to study) the BA supports the efforts of the Federal Government to raise the – by international comparison fairly low – studying rate of school-leavers with university entrance qualifications in order to safeguard requirements for academic specialists in the mid- to long term. Under the motto Start ins Studium! (Start studying) a week of orientation took place nationwide from 3 to 7 November 2008 with several hundred events which were specifically aimed at drawing attention to individual perspectives available after gaining a university qualification. The BA supported the campaign with roughly EUR 1 million.

Network "Wege ins Studium" (Paths to study) reveal opportunities for academics

The BA gives special attention to the stronger inclination on the part of school-leavers, both male and female, towards the so-called MINT professions (**M**athematik (mathematics), **I**nformation (information science), **N**aturwissenschaften (sciences), **T**echnik (technology)). This takes place both within the framework of the production of new media as well as in individual advisory sessions which take the suitability and preferences of the young people into account.

Making MINT professions more attractive

Despite the fact that regional and structural differences continue to exist, the 2007/2008 training market is showing a clear tendency to relax. On 30 September 2008, 14,500 applicants who had not yet been placed were registered at the BA as against 19,500 unfilled training positions. Within the framework of the joint late placement measures of the BA and the trade associations, the young people not yet placed will be given further offers of on-the-job training, off-the-job training, a preliminary occupational

Training market showing trends towards improvement

qualification or pre-training courses. Here the Employer Service of the BA, in which training placement has now been fully integrated, plays an important role.

*Provision of additional
qualification possibilities
via the BA*

Along with the strengthened commitment of the BA in the area of in-depth vocational orientation, the BA has also made additional offers of a substantial scope available to support young people during their transition from school to training. In 2008 (not counting expenditures for the disabled), a total of EUR 2,099.0 million were spent; of this SGB II: EUR 389.6 million (2007: EUR 1,928.2 million; of this SGB II: EUR 279.3 million).

In this way 105,496 persons in search of career guidance participated in a pre-training preparatory programme (not counting special measures for disabled persons) during counselling year 2007/2008 (October 2007 to September 2008). The expenditure for this amounted to EUR 513 million in 2008 in total, EUR 337 million of this for course fees and EUR 176 million for the vocational training grants of the participants (2007: a total of EUR 533.5 million, EUR 347.4 million of this for course fees and EUR 186.1 million for vocational training grants).

The integration rate of the participants who completed the measures in 2007 was 52.2 percent (those in training subject to social security, 44.7 percent).

Within the framework of a preliminary occupational qualification, a total of 34,894 young people were given support during the last counselling year; of these 7,851 persons were under the legal sphere of SGB II. In 2008, the amounts spent totalled EUR 72 million (SGB II: EUR 13 million). (2007: EUR 79.0 million in total, SGB II: EUR 1.2 million).

In 2007, the integration rate of participants who completed the measures equalled 68.7 percent (those in training subject to social security 58.5 percent).

All in all, 43,225 persons began training at off-the-job institutions in counselling year 2007/2008, of these 16,527 persons were from the legal sphere of SGB II. EUR 978 million were spent on this type of service in 2008; of this EUR 639 million in the legal sphere of SGB III as well as EUR 339 million in the legal sphere of SGB II (2007: a total of EUR 852.7 million, of which EUR 250.5 million were in the legal sphere of SGB II). The integration rate of participants who completed the measures in 2007 equalled 34.5 percent (those in training subject to social security 13.4 percent).

In order to stabilise training relationships and avoid training being discontinued, 65,785 persons, and of these 4,589 persons from the legal sphere of SGB II, were supported during in-house training with benefits during training in the course of the counselling year. The financial outlays for this amounted to EUR 104 million in 2008, of which EUR 95 million were in the legal sphere of SGB III and EUR 9 million in the legal sphere of SGB II (2007: a total of EUR 113.6 million, and of this EUR 11.4 million in the legal sphere of SGB II). In 2007 the integration rate of participants who completed the measures equalled 78.6 percent (those in training subject to social security 45.0 percent).

Within the framework of the newly introduced Section 42 1r of SGB III, employers were granted a training bonus in 2008 for additional training, especially of young people who had already been looking for a training position the year before. The training bonus was granted in a total of 11,513 cases while the expenditures for this equalled EUR 10.5 million in 2008 in total.

The European Social Fund (ESF)

In 2008 as well, the BA promoted measures using funds from the ESF to a level of EUR 37 million. Support within the framework of the old promotional period 2000 – 2006 ended on the 30 June 2008 and 30 September 2008 respectively. The new promotional guidelines of the Bundesministeriums für Arbeit und Soziales (BMAS, Federal Ministry of Labour and Social Affairs) provide for a clear reduction in the previous promotional instruments carried out by the BA. In the new promotional period from 2007 to 2013 only training measures for those receiving transitional short-time working allowances (Transferkurzarbeitergeld) and those receiving short-time working allowances (Kurzarbeitergeld) as a result of the economic situation, and seasonal short-time working allowances (Saison-Kurzarbeitergeld) will be promoted via the BA.

*New promotional period
as of 2009*

The European Globalisation Adjustment Fund (EGF)

Through the Administrative Agreement of 11 July 2007 the BA was charged with implementing the EGF by the BMAS for the period of 2007 – 2013. About EUR 22 million have been employed by the BA since the beginning of the promotional period, and of these roughly EUR 10 million were resources from the European Globalisation Adjustment Fund. The first case of EGF-promotion in Germany had to do with the company BenQ Mobile at its locations in Munich and Kamp-Lintfort (Bocholt).

*Implementation of the
EGF by the BA*

The EGF can support the placement and qualification of employees by means of supplementary and top-up benefits.

Supporting the participation of disabled and severely disabled persons in working life

As the the institution providing rehabilitation, the Bundesagentur für Arbeit supports – for the most part young – disabled persons in finding their first job in working life. Of the total of 67,978 persons to be rehabilitated who were accepted for job guidance in 2008 (2007: 68,413), roughly 68 percent (as in the year before) can be ascribed to the area of initial integration.

*Focus: initial integration
into the workforce*

The Bundesagentur für Arbeit intensifies guidance during the transition from school to working life. It provides vocational orientation and individual advice in the schools themselves via its specially trained advisory personnel. The service palette is supplemented by in-depth job orientation in cooperation with third parties. As of 2008, teachers at the special schools in particular have been systematically integrated into the assessment of individual training needs. In 100 special schools, persons trained to offer guidance to disabled young people about to enter working

*Providing services at the
threshold to working life*

life will support them during the last two years of school and in looking for training, in particular increasingly with a view to finding in-house training.

The main goal is to enable disabled young people to undertake solidly based training with intensive in-house phases as a basis for finding employment on the general labour market. For this reason, and in as far as in-house training cannot, or cannot yet, take place, the BA pushes modular, flexible and labour market-related/establishment-related support measures that are geared to the individual requirements for support that the individual has.

According to the yearly average for 2008, a total of 96,218 disabled persons with the goal of initial vocational integration (2007: 93,597) took part in job-promotion measures, 42,650 of them (2007: 41,765) with the aim of gaining an occupational qualification. At the time, a further 17,670 young people (2007: 15,866) were involved in an occupational pre-training course or in measures to clarify aptitude.

Support for reintegration

Within the framework of occupational reintegration, on the yearly average for 2008, 13,244 disabled persons (2007: 13,992) gained qualifications through further training measures. 202 participants (2007: 310) were prepared for a new place of work via training measures and measures to ascertain aptitude.

Workshop for disabled persons, and alternatives

A total of 27,336 persons (2007: 26,952) were provided with support on a yearly average in 2008 in the entry phase and occupational training phase of a workshop for disabled persons (Werkstatt für behinderte Menschen, WfbM). Here it was the case of disabled persons who on account of their capacities were not capable, or were not yet capable of, undertaking an activity on the general labour market.

The support measure "Unterstützte Beschäftigung" (supported employment) provided for by statute as of 2009 offers disabled persons a establishment-orientated qualification for possible employment on the margin of the general labour market. The BA has designed diagnosis measures that are closely connected to this purpose to facilitate a better definition of capabilities in preparation for "Unterstützte Beschäftigung". Here the aim is to achieve realistic and resilient predictions on the matter through individual, practice-based ascertainment of aptitude of whether employment on the general labour market is feasible or whether the WfbM is the necessary institution for participation in working life. The first participants were able to begin their activities in the middle of 2008; in total there will be approximately 2,400 places available over the next two years.

A financial commitment

As the institution providing rehabilitation, the BA is also responsible for those capable of work but in need of support under the legal sphere of SGB II; the promotional funds earmarked in the budget of the BA will also be utilised for this group of persons. In measures concerning initial occupational training and in workshops for disabled person, one can in principle speak of payment obligations of the BA for both legal spheres. In the area of reintegration, the institutions that finance Basic Income Support for those capable of work but in need of support are normally obliged to pay original benefits for those in their sphere of responsibility.

In 2008 the BA invested EUR 2.30 billion (2007: EUR 2.17 billion) from the SGB III budget for the participation of disabled persons in working life. The expenditures for rehabilitation support in the area of SGB II came to EUR 109 million in 2008 (2007: EUR 105 million).

For the especial support of severely disabled persons – primarily integration subsidies to employers when they hire a severely disabled person – a total of EUR 122 million (2007: EUR 117 million) were expended on persons under the legal sphere of SGB III and EUR 36 million (2007: EUR 27 million) on persons under SGB II.

The "WeGebAU" special programme

It is the intention of this special programme commenced in 2006 to provide start-up financing for the further training of the low-skilled and of older persons in employment, especially in small and middle-sized enterprises, and thus to strengthen awareness for the challenges of life-long learning in all concerned. Through participation in further training, employment opportunities and employability are to be retained or extended in order to safeguard employment perspectives. At the same time these qualification measures can make a contribution to meeting the need for skilled staff.

Further training of low-skilled and older employees

In 2008 a total of 57,757 instances of support took place with an expenditure volume at the level of EUR 167 million. Of these, 9,792 were older persons as of 45 years-of-age in establishments with less than 250 employees. 21,147 persons with low-skills were supported by way of further training costs according to Section 77, Sub-section 2, SGB III. For 26,818 employees, employers received wage subsidies (Arbeitsentgeltzuschuss, AEZ) according to Section 235c, SGB III.

Through the change in Section 417, Sub-section 1, SGB III, in which the age limit was lowered to "as of 45 years-of-age", it was possible to support just short of 4,717 more persons with further training costs according to Section 417, Sub-section 1, SGB III.

More support for older persons

There is unison of opinion in the Board of Governors that the WeGebAU programme it introduced be continued as a special programme in 2009.

Short-time work

Employees are paid economic short-time working allowances according to Section 169 ff. SGB III if there is an unavoidable, temporary interruption of work at the establishment concerned resulting from economic causes or unavoidable circumstances. The short-time working allowance is partially a replacement of wages and is intended to contribute to retaining jobs for the employees, and experienced staff for the establishments.

Short-time working allowances are paid to employees and are intended to retain jobs for the employees and experienced staff for the establishments

In the moving annual average (Status 30.09.2008) 45,675 employees were working short time (2007: 38,582). The number of establishments affected changed from

4,217 to 4,589. Expenditure for short-time work resulting from the economic situation amounted to EUR 110 million (2007: EUR 80 million) in 2008.

In western Germany an annual average of 36,866 employees were working short time (Status 30.09.) in 3,557 establishments (2007: 30,942 employees in 3,302 establishments). In eastern Germany the number of short-time workers came to 8,809 (previous year: 7,640); on average 1,033 establishments were working short time (914 in 2007). As a result of the economic developments at the end of 2008, there was much greater recourse to this measure.

The short-time workers in organisational units of an establishment who received transitional short-time working allowances according to Section 216b, SGB III are also included in the above figures on employees and establishments. The expenditures for this amounted to EUR 131 million for 2008 (2007: EUR 184 million).

Winter construction/seasonal short-time working allowances

The introduction of seasonal short-time workers allowances contributed to the stabilisation of working relations in the construction industry and relieved those paying contributions to the sum of EUR 321 million.

The winter earnings replacement allowance (Winterausfallgeld) was replaced in the period of bad weather 2006/2007 by the seasonal short-time working allowance. As seasonal short-time working allowances can already be paid as of the first working hour lost, lost working hours become virtually cost-neutral for the construction employer (the employer is reimbursed on a pay-as-you-go basis for the complete cost of the social security contributions that he has had to pay himself for the hours lost.)

By law, commercial construction workers receive winter reimbursements involving additional expense and winter bonus allowances, which are not subject to tax or social security contributions.

The evaluation carried out on behalf of BMAS showed that the reduction in unemployment in the construction field in Winter 2006/2007 likely saved those paying contributions c. EUR 321 million.

In 2008 228,409 applications for benefits (seasonal short-time allowances and supplementary allowances) were paid for 1,712,646 employees.

A total of EUR 177 million (2007: EUR 159 million) were used in 2008 to pay for seasonal short-time working allowances financed via contributions. The pay-as-you-go expenditures for winter reimbursements involving additional expense, winter bonus allowances and reimbursement of social security contributions to employers came to EUR 267 million (2007: EUR 253 million).

Pay-as-you-go revenues for winter construction work amounted to EUR 301 million in 2008 (previous year EUR 297 million).

Part-time work for older employees

Benefits under the Part-time Work for Older Employees Act are granted to employers for employees who have completed their 55th year of age and have agreed on part-time work with their employers. Support benefits from unemployment insurance can only be provided for the period as of 1 January 2010 if the part-time work for older employees began before that point of time. Agreements on part-time work for older employees that were concluded after 31 December 2009 are in principle legally possible but can no longer be supported by the BA. In the year under review, roughly 46,000 applications for approval of eligibility criteria were authorised nationwide (2007 in total: 50,960). On 31 December 2008 about 100,000 employees were taking advantage of subsidised part-time work for older persons (on 31 December 2007 the figure was still roughly 105,300). In approximately 36,400 cases, previously out-of-work employees took over the vacated positions and in roughly 56,500 cases individuals who had completed their training did so. In the remaining cases (about 7,100) small enterprises hired a trainee or recipients of means-tested unemployment benefit ALG II were hired as replacements.

The BA supported part-time work for older employees in 2008 to the level of EUR 1.34 billion (2007 a total of EUR 1.38 billion). EUR 174 million (2007: EUR 170 million) of this were allotted to eastern Germany.

Part-time work for older employees that begins after 31 December 2009 can no longer be supported by the BA

EARNINGS REPLACEMENT BENEFITS

Unemployment benefit/partial unemployment benefit

For unemployment benefit and partial unemployment benefit the BA spent EUR 13.86 billion in 2008

The BA had spent EUR 13.86 billion in 2008 (2007: EUR 16.93 billion) on unemployment benefit/partial unemployment benefit (including reimbursements to foreign insurance institutions). The total sum included EUR 2.31 billion for health insurance, EUR 3.18 billion for pension insurance and EUR 0.28 billion for nursing care/long-term care.

In the year under review the average monthly entitlement (without social security contributions) amounted to EUR 733 (2007: EUR 750) for recipients of unemployment benefit.

Voluntary extended insurance coverage

Family caregivers, the self-employed, and those employed abroad (outside the EU) can insure themselves voluntarily under extended insurance coverage. Periods of voluntary extended insurance count towards entitlement to unemployment benefit.

A total of roughly 71,200 applications (previous year: 75,200) were approved; revenue from contributions amounted to c. EUR 31 million (previous year: EUR 30 million).¹

Insolvency money

Insolvency money is granted to the sum of the net back pay and salaries

Employee benefits for employer insolvency cover back pay and salaries for employees for the last three months of the employment relationship prior to the insolvency event. The insolvency event is usually the inception of insolvency proceedings against the employer's assets, or the rejection of an application for such proceedings because the assets of the insolvent will not cover court costs. Insolvency benefits will be granted to the level of the net back pay/salary (allowing for a monthly benefit ceiling). Along with this, the Bundesagentur für Arbeit pays total back social security contributions for the past three months to the applicable collection offices (the public health insurance funds).

In 2008 the expenditure for insolvency benefits equalled EUR 654 million (2007 a total of EUR 697 million). EUR 124 million (2007: EUR 120 million) went to eastern Germany.

¹ Information on expenditures not yet available.

Periods of suspension of benefit

Periods of suspension of benefit arise if SGB III-clients behave in a way which is not in accordance with the insurance conditions. In the year under review, a total of 741,115 periods of suspension of benefit (2007: 639,222) were recorded, of which 181,824 (2007: 170,654) were because of giving up work or behaviour contrary to the contract and 27,409 (2007: 23,107) because of refusal to take up reasonable employment or training measures or because such measures were abandoned, and 213,129 (2007: 185,284) because of failure to report. 10,507 (2007: 9,427) periods of suspension of benefit occurred because of inadequate own efforts und 294,015 (2007: 239,459) because of late registration of the fact one was looking for a job. During periods of suspension of benefit, unemployment benefit was not paid. The period of eligibility was reduced in accordance with the number of days of suspended benefit, in the case of a 12-week period of suspension of benefit because of giving up a job, at least a quarter of the duration of eligibility. In addition to this, eligibility for benefits was discontinued in a further 6,625 cases (2007: 4,726) because the job-seeker had given cause for ineligibility periods totalling at least 21 weeks.

741,115 periods of suspension of benefit occurred

Objections and legal action¹

The number of objections raised against decisions made by the offices of the BA in 2008 was less than the year before. It equalled c. 327,507 (previous year 331,057).

The number of actions lodged with the Social Courts fell slightly to 28,268 (previous year 31,000). In c. 90 percent of the cases decisions in reaction to objections were not challenged.

The number of unresolved proceedings at the end of the year came to 43,330.

The number of appeals to the Higher Social Courts amounted to roughly 2,599 (previous year 3,115) thus representing a drop of about 17 percent.

At approximately 395 proceedings (previous year 390), the total number of new proceedings involving the BA pending before the Federal Social Court (Bundessozialgericht) (appeals on matters of law only, summonses to the BA as an interested party, appeals against denial of authorisation to appeal) was almost unchanged.

¹ Matters according to the Social Courts Act = area SGB III.

ANNEX

Budget of the BA, and funding from the Federal and State Governments and other sources	53
Key labour market data	57
BA budget	57
Major labour market policy instruments	58
The labour market created favourable financial framework conditions in 2008 as well	58
Unemployment and active employment promotion of women	59
Contributions to health, pension and long-term care insurance 2008	60
Personnel statistics	61
Members of the Executive Board of the Bundesagentur für Arbeit	62
Members of the Board of Governors of the Bundesagentur für Arbeit	63

Budget of the BA, and funding from the Federal and State Governments and other sources

Revenue and expenditures in the 2008 budget year in EUR

	Budgeted figures 2008	Actual figures 2008	+ or - against budget
I. BA revenues	38,146,340,000.00	38,289,175,761.85	142,835,761.85
Contributions	26,375,000,000.00	26,451,742,346.85	76,742,346.85
Funding from the Federal Government for employment	7,583,000,000.00	7,583,000,000.00	0.00
Reimbursement for administrative expenditures SGB II	2,096,000,000.00	2,261,604,138.80	165,604,138.80
Other revenues	2,092,340,000.00	1,992,829,276.20	-99,510,723.80
Winter employment levy	305,000,000.00	300,614,183.37	-4,385,816.63
Insolvency	890,000,000.00	673,473,542.19	-216,526,457.81
European Social Fund (ESF)	25,000,000.00	-151,470,906.06	-176,470,906.06
Reimbursement for administrative expenditures	220,140,000.00	224,336,562.02	4,196,562.02
Funds from equalising fund	110,000,000.00	130,201,534.70	20,201,534.70
Yields from reserves	410,000,000.00	670,219,250.74	260,219,250.74
Administrative income and other revenues	132,200,000.00	145,455,109.24	13,255,109.24
less: total expenditure (total IV)	43,115,270,000.00	39,407,011,587.22	-3,610,915,949.51
Funding balance	-4,968,930,000.00	-1,117,835,825.37	3,753,751,711.36
The funding balance was equalled out by withdrawal from reserves		1,117,835,825.37	
II. Revenues of the Federal Government, the States and other sources¹		35,480,012,238.90	
1. Federal Government ¹		35,454,972,171.73	
2. Federal States		12,574,332.20	
3. Other sources		12,465,734.97	
Total expenditures for other budgets and entities		35,480,012,238.90	
Surplus (+)/Deficit (-)		0.00	
III. Total revenues (totals I and II)		73,769,188,000.75	
Total expenditure (total VI)¹		74,887,023,826.12	
Surplus (+)/Deficit (-)		-1,117,835,825.37	
IV. Expenditures from the BA budget	43,115,270,000.00	39,407,011,587.22	-3,610,915,949.51
1. Budget item for integration measures under Section 71b SGB IV	3,558,200,000.00	2,889,299,425.80	-668,900,574.20
Budget allocated to generate a direct impact		2,677,241,672.70	
Instruments to promote integration		1,713,609,061.55	
Participation costs for further occupational training		668,139,598.25	
Aptitude tests/Training measures		159,091,555.10	
Integration subsidies		488,311,092.81	
Personnel service agencies (PSAs)		7,653,541.81	
Placement services outsourced to third parties		28,258,743.41	
Other instruments to promote integration		362,154,530.17	
Measures towards in-depth job orientation		8,069,632.71	
Guidance by social workers		382,532.71	

¹ Not including expenditures for child allowances (Kindergeld) if these were disbursed by family allowance offices out of the earmarked funds under Chapter 6001, Title 01 01 - Withholding tax. These expenditures came to EUR 28,468,210,458.96 in 2008.

Budget of the BA, and funding from the Federal and State Governments and other sources

Revenue and expenditures in the 2008 budget year in EUR

	Budgeted figures 2008	Actual figures 2008	+ or - against budget
Guidance for young people entering a profession		0.00	
Preliminary occupational qualifications		50,618,933.51	
Assignment of integration measures		11,583,621.44	
Integration assistance accompanying employment		0.00	
Support for guidance and placement		74,221,591.08	
Mobility subsidies		140,066,603.37	
Hiring subsidies for start-ups		22,446,640.76	
Hiring subsidies for substitutes		3,938,306.91	
Earnings replacement subsidies during the further occupational training of employees		2,972,264.48	
Subsidies for social plans		-141,060.00	
Promotion of the construction of residential homes for young people		0.00	
Discretionary support acc. to Section 10, SGB III		48,940,812.05	
Maintenance allowance		-945,348.85	
Instruments orientated on the progress of integration		177,153,399.62	
All-round integration support for clients requiring guidance		87,535,156.53	
Programme 2007 integration		89,618,243.09	
Substitute labour market		49,572,765.54	
Job-creation schemes (ABM)		39,781,516.74	
Improvement of infrastructure		-10,066.46	
Structural adjustment measures (SAM)		9,801,315.26	
Promotion of the disadvantaged		736,906,445.99	
External training		639,192,329.96	
Assistance during training		94,723,919.08	
Guidance by social workers, supervision of training		299,459.32	
Other benefits		2,690,737.63	
Special programmes		212,057,753.10	
Special preventive measures for young people		45,408,673.63	
Further training of low-skilled and elderly employees in enterprises (WeGebAU)		166,649,079.47	
2. Other services for the active promotion of employment	8,694,600,000.00	7,851,982,299.68	-726,325,923.84
Promotion of occupational training	932,000,000.00	859,887,379.62	-82,652,303.35
Occupational training allowance	567,000,000.00	512,138,365.41	-54,861,634.59
Participation costs for occupational pre-training	365,000,000.00	337,209,331.24	-27,790,668.76
Training bonus	0.00	10,539,682.97	10,539,682.97
Participation of disabled persons in working life/ support for the severely disabled	2,560,300,000.00	2,419,330,469.09	-140,969,530.91
Mandatory levy to promote participation in working life	2,340,700,000.00	2,240,602,074.93	-100,097,925.07
Voluntary contributions to promote participation in working life	74,200,000.00	56,473,601.84	-17,726,398.16
Benefits for the severely disabled	145,400,000.00	122,254,792.32	-23,145,207.68

Budget of the BA, and funding from the Federal and State Governments and other sources

Revenue and expenditures in the 2008 budget year in EUR

	Budgeted figures 2008	Actual figures 2008	+ or - against budget
Promotion of self-employment	1,775,000,000.00	1,638,872,650.17	- 136,127,349.83
Self-employment grants (Existenzgründungszuschüsse)	210,000,000.00	144,976,954.11	- 65,023,045.89
Start-up grants (Gründungszuschüsse)	1,565,000,000.00	1,493,895,696.06	- 71,104,303.94
Unemployment benefit during further occupational training	793,000,000.00	738,749,449.67	- 54,250,550.33
Other benefits	2,634,300,000.00	2,195,142,351.13	- 312,326,189.42
Integration vouchers	135,000,000.00	8,168,540.55	- 126,831,459.45
Short-time working allowance as well as seasonal short-time working allowances	335,000,000.00	287,275,660.80	- 47,724,339.20
Reimbursement of social security contributions for seasonal short-time working allowances	131,000,000.00	125,984,515.95	- 5,015,484.05
Transitional short-time working allowances	200,000,000.00	131,231,925.45	- 68,768,074.55
Promotion of winter construction (funding from employer levies)	106,750,000.00	140,656,198.38	33,906,198.38
Promotion of winter construction (funding from contributions)	1,500,000.00	11,439.37	- 1,488,560.63
European Social Fund (ESF)	60,000,000.00	36,789,404.73	- 23,210,595.27
Wage guarantees for older employees	72,800,000.00	57,015,839.74	- 15,784,160.26
Promotion of transfer measures	15,000,000.00	13,348,998.07	- 1,651,001.93
Part-time work for older employees	1,500,000,000.00	1,344,754,589.52	- 155,245,410.48
Assigning placement to third parties (obligatory)	500,000.00	124,560.73	- 375,439.27
Placement vouchers	72,000,000.00	49,397,934.91	- 22,602,065.09
Support of institutions	4,000,000.00	399,704.43	- 3,600,295.57
Other expenditures	750,000.00	- 16,961.50	- 766,961.50
3. Benefits to replace earnings in the event of unemployment and employer refunds to pension and long-term care as well as slippage penalty	21,925,300,000.00	19,691,726,508.06	- 2,233,573,491.94
Integration contribution	5,000,000,000.00	5,000,000,000.00	0.00
Refunds to pension and long-term care insurance systems	190,000,000.00	173,536,467.12	- 16,463,532.88
Unemployment benefit/Refunds to foreign insurance institutions	15,905,300,000.00	13,864,394,172.61	- 2,040,905,827.39
Insolvency money	830,000,000.00	653,795,868.33	- 176,204,131.67
4. Administrative duties and collection of contributions	4,477,020,000.00	4,494,904,040.47	17,884,040.47
Remuneration for the cost of collection	482,700,000.00	482,327,836.36	- 372,163.64
Administrative expenditures of the BA under SGB III	3,994,320,000.00	4,012,576,204.11	18,256,204.11
Personnel costs	2,955,680,000.00	3,199,582,559.78	243,902,559.78
Other administrative expenses	1,038,640,000.00	812,993,644.33	- 225,646,355.67
5. Administrative expenditures of the BA within the framework of the Basic Income Support Scheme for Job-seekers (Grundsicherung)	1,960,150,000.00	1,979,099,313.21	18,949,313.21
of these: expenditures for non-local services	104,000,000.00	95,967,532.24	- 8,032,467.76
6. First allocation to the benefit fund of the BA	2,500,000,000.00	2,500,000,000.00	0.00

Budget of the BA, and funding from the Federal and State Governments and other sources

Revenue and expenditures in the 2008 budget year in EUR

	Budgeted figures 2008	Actual figures 2008	+ or - against budget
V. Expenditures for the Federal and State Governments and other entities^{2,3}		35,480,012,238.90	
1. Federal budget funds ²		35,454,972,171.73	
a) Cost of implementing the Job Security Act (Arbeitssicherungsgesetzes); European Globalisation Adjustment Fund (Chapter 1102 Title 636 01, 686 21)		9,576,208.51	
b) Benefits under Books II and III of the Social Code and similar benefits (Chapter 1112)		34,959,428,305.62	
of these: benefits from the Basic Income Support Scheme for Job-seekers (partial group 01)		27,071,632,364.73	
c) Temporary protection of former military personnel against the economic impact of unemployment (Chapter 1403 Title 433 71)		12,966,043.36	
d) Child allowances (not including allowances under the tax laws) ² (Chapter 1710 Title 636 11, 681 13, 681 18, 681 19)		250,800,140.40	
e) Reimbursements of administrative costs for family benefit adjustments under the Income Tax Act (Chapter 0803 Title 636 01)		201,000,000.00	
f) Preparation and training of personnel for activities in the area of development cooperation, allowances for integrated and returning specialists, benefits under the Development Assistance Act (Chapter 2302 Title 681 02, 685 08, 686 13)		21,151,213.49	
g) Other (Chapter 0633 Title 684 02, Chapter 0902 Title 681 11; Chapter 1101 Title 541 01)		50,260.35	
2. Budget funds of the Federal States		12,574,332.20	
3. Funds from other sources ³		12,465,734.97	
VI. Total expenditures (Total IV and V)^{2,3}		74,887,023,826.12	

² Not including expenditures for child allowances (Kindergeld) if these were disbursed by family allowance offices out of the earmarked funds under Chapter 6001, Title 01 01 - Withholding tax. These expenditures came to EUR 28,468,210,458.96 in 2008.

³ Not included are the following expenditures realised via the financial systems of the BA:

- Housing and heating costs (KdU) under municipal sponsorship (Section 6, Sub-section 1, Sentence 1, No. 2 SGB II): EURO 11,663,636,109.76;

- Administrative costs for joint agencies (Arbeitsgemeinschaften, ARGE) and employment offices with separate duties (Arbeitsagenturen mit getrennter Aufgabewahrnehmung, AAgAw) within the framework of the Basic Income Support Scheme for Job-seekers: EUR 1,502,140,077.94;

- Disbursements of the benefit fund of the BA: EUR 2,980,297,557.73, and of this EUR 246,387,750.83 for current benefit claims.

Key labour market data

(in thousands)

	2006	2007	2008
Persons in employment ¹	39,024	39,694	40,283
Persons employed in jobs subject to social security ²	26,354	26,855	27,458
Reported vacancies ³	564	621	569
Persons unemployed ³	4,487	3,776	3,268
Unemployment rate ³ (relating to the entire civil-sector workforce)	10.8	9.0	7.8

¹ Persons in employment domiciled in Germany (national concept); preliminary results; Source: Federal Statistical Office

² Always for the end of June; data as of 2006 preliminary

³ Annual average

BA budget

Revenues and expenditures 2006 - 2008 in EUR

	2006	2007	2008
Revenue	55,383,585,972.29	42,838,386,253.69	38,289,175,761.85
Contributions for employment promotion	51,176,403,044.88	32,263,683,050.50	26,451,742,346.85
Funding from the Federal Government for employment promotion		6,468,000,000.00	7,583,000,000.00
Reimbursement for administrative expenditures SGB II	2,166,039,052.80	2,195,665,292.70	2,261,604,138.80
Levies and other	2,041,143,874.61	1,911,037,910.49	1,992,829,276.20
Expenditure	44,168,828,382.46	36,195,896,601.70	39,407,011,587.22
Budget item for integration measures	2,482,814,843.13	2,507,110,307.67	2,889,299,425.80
Further services of active employment promotion	8,637,788,116.60	7,916,407,055.20	7,851,982,299.68
Promotion of occupational training	870,920,220.36	845,149,204.28	859,887,379.62
Promotion of participation in working life of disabled and severely disabled persons	2,439,783,133.06	2,291,475,926.34	2,419,330,469.09
Promotion of self-employment	2,580,529,801.18	1,818,191,710.23	1,638,872,650.17
Unemployment benefit during further occupational training	713,907,597.51	747,576,497.08	738,749,449.67
Others (part-time benefits for older employees, short-time working allowances, support for all-year employment, etc.)	2,032,647,364.49	2,214,013,717.27	2,195,142,351.13
Benefits to replace earnings during unemployment and during employer insolvency	27,217,612,428.47	19,765,017,822.92	19,691,726,508.06
Integration contribution (2006 and 2007: slippage penalty)	3,282,156,252.00	1,944,688,885.92	5,000,000,000.00
Reimbursement to pension and long-term care insurance institutions	200,419,912.16	189,681,786.31	173,536,467.12
Unemployment benefit to the unemployed / Reimbursement to foreign insurance institutions	22,899,203,859.95	16,934,061,766.26	13,864,394,172.61
Benefits in the case of employer insolvency	835,832,404.36	696,585,384.43	653,795,868.33
Costs for the collection of contributions and administration	5,830,612,994.26	6,007,361,415.91	6,474,003,353.68
Remuneration to social security collection offices	488,751,709.12	481,230,414.67	482,327,836.36
Administrative expenditures of BA in the SGB III sphere	3,251,642,662.75	3,414,514,002.71	4,012,576,204.11
Administrative expenditures of BA within the Basic Income Support Scheme for Job-seekers	2,090,218,622.39	2,111,616,998.53	1,979,099,313.21
First allocation to the benefit fund of the BA			2,500,000,000.00
Balanced withdrawal from reserves			1,117,835,825.37
Balanced addition to reserves	11,214,757,589.83	6,642,489,651.99	

Major labour market policy instruments

Number of persons on annual average (in thousands)*

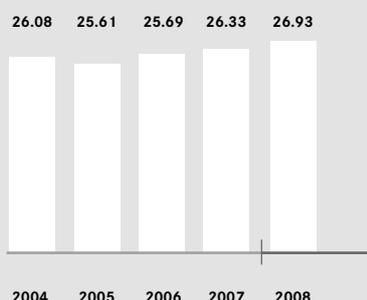
	2006	2007	2008
Training			
Further occupational training	119	132	151
Aptitude tests and training courses	70	77	79
Benefits during employment			
Integration subsidies	82	112	128
Start-up grants (Gründungszuschuss)	8	92	123
Bridging allowances	63	3	-
Self-employment grants (Existenzgründungszuschuss)	210	122	41
Employment creation measures			
Occasional work	293	323	315
Job-creation schemes	44	41	40
Structural adjustment measures	6	2	1
Promotion of occupational training			
Occupational training for the disadvantaged	112	125	126
Pre-training courses	74	73	67
of these: occupational rehabilitation			
Initial occupational integration of persons with disabilities	112	109	92
Occupational reintegration of persons with disabilities	30	25	19
Short-time workers ¹	67	68	

* Data for 2008 are preliminary. As of 2006, the statistics on the support provided are based on information from the IT processes at the BA as well as on data inputs supplied by authorised local authority entities and assessed as plausible.

¹ The annual average for 2008 cannot be calculated because figures are only available for the months of January to September.

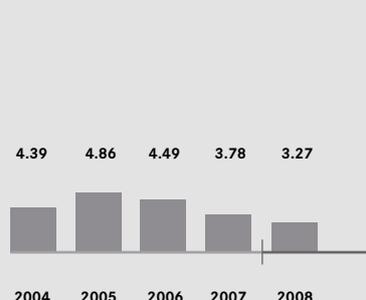
The labour market created favourable financial framework conditions in 2008 as well

Contributors
(annual average, millions)



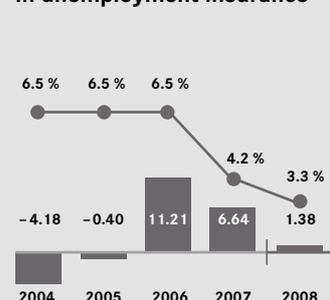
Number of contributors rose 2.5 percent as against 2007

Persons unemployed
(annual average, millions)



13.5 percent less unemployed as against the previous year

Operative funding balance (billion) and contribution rate in unemployment insurance



Operative surplus despite lowered contribution rates

Unemployment and active employment promotion of women

Characteristic		Germany			Western Germany			Eastern Germany		
		Women, absolute figures	Women, percent		Women, absolute figures	Women, percent		Women, absolute figures	Women, percent	
			2007	2008		2007	2008		2007	2008
Persons unemployed										
Inflow*	AT	3,254,531	44.9	45.2	2,229,467	45.2	45.1	1,025,064	44.4	45.6
Existing	AV	1,599,940	49.6	49.0	1,055,376	49.8	49.2	544,564	49.2	48.5
of these: long-term unemployed*	AV	531,933	52.8	52.7	338,117	51.9	52.3	193,816	54.4	53.4
of these: returning to the labour market*	AV	99,467	98.7	98.6	56,637	98.7	98.6	42,830	98.7	98.7
Outflow*	AT	3,438,984	45.4	45.6	2,342,823	45.6	45.5	1,096,161	45.0	45.9
of these: in positions of employment* (without training)	AT	1,140,751	38.7	39.1	741,729	38.6	38.9	399,022	39.0	39.5
Unemployment rate	%									
relating to the entire civil-sector workforce ¹	AV		9.6	8.2		8.0	6.8		15.6	13.4

Important services of employment promotion (Stocks and appropriations)

Further occupational training²	AV	72,065	48.1	47.9	50,204	48.7	48.6	21,862	47.0	46.4
Job-creation measures:²										
Occasional work under Section 16, Sub-section 3, SGB II	AV	132,170	40.9	42.0	64,413	36.9	38.6	67,757	45.7	46.0
Job-creation schemes	AV	16,774	41.9	42.4	2,646	35.7	37.4	14,128	43.7	43.5
Support for regular employment										
Direct assistance:²										
Integration subsidies	AV	48,148	35.5	38.1	25,732	32.0	34.9	22,417	40.9	42.8
Hiring grant for start-up companies (Neugründungen)	AV	1,977	41.5	42.7	992	38.3	39.1	985	45.8	47.0
Hiring grants for substitutes	AV	193	54.3	51.2	73	48.5	44.6	120	59.4	56.1
Wage subsidies	AV	2,747	38.6	34.5	2,044	32.6	31.5	704	57.7	48.1
Start-up grants (Gründungszuschuss)	AV	45,647	36.5	37.1	33,658	35.7	36.3	11,988	38.8	39.5
Indirect assistance:²										
Training measures	AV	37,384	47.5	48.1	25,783	47.1	47.5	11,601	48.4	49.4
Supporting guidance and placement (cases approved)	AT	1,355,833	52.0	52.3	747,487	52.1	52.2	608,346	51.9	52.3
Mobility subsidies (cases approved)	AT	139,371	36.4	38.0	50,507	72.2	72.7	88,864	36.5	38.8
Applications for vocational training places										
Registered during the year under review (inflow) ³	AT	292,438	46.3	47.1	229,453	47.0	47.6	62,890	44.2	45.6
Not yet placed at the end of the year under review ³	AT	7,082	48.8	48.9	4,944	49.6	48.8	2,137	47.1	49.1

* As of 2005 complementary evaluations of the BA's special IT process. As of 2005, the unemployment statistics are based on data from the BA's IT processes and from data supplied by authorised local authority entities and assessed as plausible; if the data supplied did not seem plausible, figures were based on complementary estimates from the BA's statistics. Complementary evaluations from the BA's special IT process do not contain any data from authorised local authority entities.

¹ Unemployed persons as a percentage of the total civil-sector workforce (dependently employed, self-employed and family helpers).

² Reporting year: 1 October to 30 September of the following year. After July 2005 the geographical characteristic for data collection on applicants was changed from the place of counselling to the place of residence. Regional figures may differ from the totals for Germany as a whole because of data that could not be allocated and applicants living abroad.

³ Data for 2008 are provisional. The statistics on support payments as of 2006 are based on the BA's IT processes and on the data supplied by authorised local authority entities and assessed as plausible.

AV = Annual average, AT = Annual total

Contributions to health, pension and long-term care insurance 2008

Contributions to health, pension and long-term care insurance Million EUR (Increase of expenditures for net payments)

Benefits	Net benefits	Health insurance contributions (KV)	Percentage of net benefit	Pension insurance contributions (RV)	Percentage of net benefit	Long-term care insurance contributions (PV)	Percentage of net benefit	Total KV, RV, PV	Percentage of net benefit	
Unemployment benefit during unemployment	8,092.4	2,313.3	28.6	3,176.0	39.2	275.0	3.4	5,764.30	71.2	
Unemployment benefit during further occupational training	455.9	128.1	28.1	175.1	38.4	15.5	3.4	318.7	69.9	
Transitional allowance	63.0	16.2	25.7	16.2	25.7	2.0	3.2	34.3	54.4	
Maintenance allowance	- 1.3	0.1	- 6.5	0.1	- 10.5	0.0	- 0.8	0.2	- 17.8	
Paid insolvency money	495.4							326.8		
Refunded insolvency money	- 97.9							- 70.5		
			Social security contributions only shown as totals							

Along with the expenditures on earnings-replacement benefits, roughly EUR 6 billion were additionally paid under the above-mentioned types of benefit for contributions to social security funds of the beneficiaries.

In addition to this, the BA also refunded a sum to the level of nearly EUR 10 million to the accident insurance fund of the Federal Government for the accident insurance coverage (including administrative costs) of clients in the legal spheres of SGB III and SGB II who are obliged to register; employees of the BA; and the members of the organs of the Autonomous Administration of the BA.

Personnel statistics

Key data from the personnel area

Rate of severely disabled: ~ 8,5 %

Proportion of women: ~ 69 %

Part-time rate: ~ 24 %

Jobs for permanent staff and employment possibilities for temporary staff at the Bundesagentur für Arbeit

	Total		Legal sphere SGB III ¹ including services SGB II		Legal sphere SGB II ² excluding services SGB II		Family Allowance Office
	2007	2008	2007	2008	2007	2008	2008
Total	96,488.5	100,146.0	65,895.0	63,306.5	30,593.5	33,426.5	3,413.0
Employees	60,040.5	63,152.0	39,583.0	37,188.5	20,457.5	22,963.5	3,000.0
Civil servants	20,148.5	20,148.5	15,012.5	14,272.5	5,136.0	5,463.0	413.0
Staff with temporary contracts	11,849.5	12,001.5	6,849.5	7,001.5	5,000.0	5,000.0	
Junior staff	4,450.0	4,844.0	4,450.0	4,844.0			

Source: BA Budget Plan

¹ Employment offices, Regional Directorates, special offices, and headquarters; as of 2008 without Family Allowance Office

² Joint agencies and the unemployment offices with separate duties

Members of the Executive Board of the Bundesagentur für Arbeit

Dr. rer. pol. h.c. Frank-J. Weise

Chair of the Executive Board

(in office since 19 February 2004; Member of the Executive Board since 29 April 2002)

Heinrich Alt

Member of the Executive Board

(in office since 26 April 2002)

Raimund Becker

Member of the Executive Board

(in office since 19 February 2004)

Members of the Board of Governors of the Bundesagentur für Arbeit

Status: 21 January 2009

Peter Clever
Chair

Annelie Bunttenbach
Vice-Chair

■ Employee group

Dr. Wilhelm Adamy
German Federation of Trade Unions

Michaela Rosenberger
Gewerkschaft Nahrung-Genuss-Gaststätten

Members

Egbert Biermann
IG Bergbau, Chemie, Energie

Dietmar Schäfers
IG Bauen-Agrar-Umwelt

Annelie Bunttenbach
German Federation of Trade Unions

Dr. Hans-Jürgen Urban
IG Metall

Isolde Kunkel-Weber
United Services Union ver.di

Peter Deutschland
German Federation of Trade Unions

Dr. Stephanie Odenwald
Gewerkschaft Erziehung und Wissenschaft

Deputy members

Stefan Körzell
German Federation of Trade Unions

■ Employers group

Bertram Brossardt
Association of Bavarian Industry Inc.

Gerhard Handke
Federal Association of German Wholesale
and Export Trade Inc.

Members

Peter Clever
Confederation of German Employers'
Associations

Knuth Henneke
Metropol-Region Rhein-Neckar

Walter Huber
Siemens AG

Dr. Jürgen Wuttke
Confederation of German Employers'
Associations

Holger Schwannecke
Association of German Crafts and Trades

Deputy members

Wolfgang Bartel
Employers Association of the Metalworking
Industry

Alexander Wilhelm
Confederation of German Employers'
Associations

Dr. Lutz Mackebrandt
CMS Societät für Unternehmensberatung AG

Public bodies group

Members

Bernd Buchheit
Federal Ministry of Labour and Social Affairs

Sabine Hübner
Ministry of Work, Social Affairs, Health and
the Family, Federal State of Brandenburg

Carsten Frigge
Ministry of Economic and Labour Affairs of
the Free and Hanseatic City of Hamburg

Gerd Krämer
Social Ministry, Hessen

Dr. Alexander Groß
Federal Ministry of Economics and
Technology

Dr. Rosemarie Wilcken
German Association of Cities and Towns

Kornelia Haugg
Federal Ministry of Education and Research

Deputy members

N.N

Christiane Voß-Gundlach
Federal Ministry of Labour and Social Affairs

Prof. Eberhard Trumpp
Administrative District Assembly
Baden-Württemberg

Key annual data of the labour statistics for the Federal Republic of Germany

(in thousands)

Characteristic		2003	2004	2005	2006	2007	2008	
Population¹	t	82,532	82,501	82,438	82,315	82,218		
	m	40,356	40,354	40,340	40,301	40,274		
	w	42,176	42,147	42,098	42,014	41,944		
Persons employed in jobs subject to social security²	t	26,955	26,524	26,178	26,354	26,855	27,458	
	m	14,773	14,541	14,286	14,424	14,770	15,064	
	w	12,181	11,983	11,892	11,931	12,085	12,394	
<i>of these: foreign nationals</i>		t	1,874	1,805	1,755	1,790	1,844	1,901
Total number of persons unemployed	AV t	4,377	4,381	4,861	4,487	3,776	3,268	
	" m	2,446	2,449	2,606	2,338	1,900	1,668	
	" w	1,931	1,933	2,255	2,149	1,873	1,600	
<i>of these: foreign nationals</i>		" t	543	545	673	644	559	497
<i>young people under 20</i>		" t	84	75	124	108	83	67
<i>severely disabled persons*</i>		" t	168	174	180	182	171	154
<i>unemployed persons looking for part-time work*</i>		" t	394	391	491	517	466	397
Total unemployment rate³	AV t	11.6	11.7	13.0	12.0	10.1	8.7	
	" m	12.4	12.5	13.4	12.0	9.8	8.6	
	" w	10.8	10.8	12.7	12.0	10.4	8.9	
<i>of these: foreign nationals</i>		" t	20.2	20.3	25.2	23.6	20.3	18.1
<i>of these: young people under 20</i>		" t	4.5	4.2	7.4	6.8	5.3	4.3
Job-seekers*	AV t	5,434	5,849	6,412	6,212	5,627	5,058	
	" m	3,018	3,254	3,413	3,227	2,849	2,601	
	" w	2,416	2,594	2,999	2,985	2,779	2,457	
Total vacancies notified	AV t	355	286	413	564	621	569	
	" t	66	54	130	183	193	176	
<i>of these: for part-time work</i>		" t	66	54	130	183	193	
Inflow of job-seekers*	AT t	7,455	6,900	6,840	6,431	6,430	6,339	
Inflow of unemployed persons*	AT t	7,629	8,235	8,379	8,116	8,233	8,436	
Inflow of notified vacancies	AT t	2,467	2,136	2,731	2,932	2,898	2,649	
Short-time workers⁸	AV t	195	151	126	67	68		
Employees in job-creation measures⁵	AV t	97	86	48	44	41	40	
Clients of the vocational guidance services⁴	AT t	2,133	2,048	1,949	2,059			
	" m	1,091	1,051	1,006	1,072			
	" w	1,041	997	944	987			
Notified available vocational training positions⁴	AT t	547	520	471	459	510	512	
<i>of these: remained unfilled⁴</i>		YE t	15	13	13	15	18	20
Registered applicants for vocational training positions⁴	AT t	720	736	741	763	734	620	
<i>of these: not yet helped/not yet placed⁴</i>		YE t	35	44	41	49	33	14
Participants in further vocational training measures⁵	AV t	260	184	114	119	132	151	
Integration subsidies⁵	AV t	153	110	60	82	112	128	
Recipients of unemployment benefit II⁶				4,982	5,392	5,772	5,005	
Recipients of welfare benefit⁶				17,742	1,955	1,964	1,895	
Recipients of unemployment benefit⁷	AV t	1,919	1,845	1,728	1,445	1,080	916	

* As of 2005 complementary evaluations of the BA's special IT process. As of 2005, the unemployment statistics are based on data from the BA's IT process and on data supplied by authorised local authority entities and assessed as plausible; if the data supplied did not seem plausible, figures were based on complementary estimates from the BA's statistics. Complementary evaluations of the BA's special IT process do not contain any data from authorised local authority entities.

t = total, m = men, w = women

AV = Annual average, AT = Annual total, YE = Year end

¹ Source: Federal Statistical Office. Break-off date: 31 December – for 2006 – results on 30.09.2006 from the population forward projection.

² End of June in each case; data as of 2006 are provisional – according to the principle of place of work.

³ Unemployed persons as a percentage of dependent, civil-sector persons in employment (employees liable to social security and in marginal employment, civil servants, the unemployed).

⁴ Reporting year: 1 October to 30 September of the following year. After July 2005 the geographical characteristic for data collection on advice seekers and applicants was changed from the place of counselling to the place of residence. Regional figures may differ from the totals for Germany as a whole because of data that could not be allocated and applicants living abroad. Data for the reporting year 2006/2007 were revised.

⁵ Data for 2008 are preliminary. The statistics on support after 2006 were taken from the BA's IT processes and from the data supplied by authorised local authority entities and assessed as plausible.

⁶ Data with 3 months waiting period from January 2005 up to and including August 2008; the data for the period September to December 2008 were provisionally extrapolated for the purpose of calculating the annual figures.

⁷ The annual average for 2008 includes estimates for the November and December figures.

⁸ No annual average for 2008 because figures are only available for the months January to September.

Key annual data of the labour statistics for Western Germany

(in thousands)

Characteristic		2003	2004	2005	2006	2007	2008
Population ¹	t	65,619	65,680	65,698	65,667	65,664	
	m	32,074	32,111	32,129	32,128	32,144	
	w	33,545	33,569	33,569	33,539	33,521	
Persons employed in jobs subject to social security ²	t	21,730	21,412	21,206	21,340	21,737	22,239
	m	12,145	11,973	11,807	11,905	12,185	12,427
	w	9,586	9,438	9,399	9,435	9,553	9,812
<i>of these: foreign nationals</i>		t	1,773	1,706	1,654	1,682	1,731
Total number of persons unemployed	AV t	2,753	2,783	3,247	3,007	2,486	2,145
	" m	1,594	1,608	1,749	1,567	1,245	1,089
	" w	1,159	1,175	1,497	1,440	1,239	1,055
<i>of these: foreign nationals</i>		" t	468	469	582	555	477
<i>young people under 20</i>		" t	55	48	86	76	58
<i>severely disabled persons*</i>		" t	125	129	135	134	123
<i>unemployed persons looking for part-time work*</i>		" t	337	334	430	451	399
Total unemployment rate ³	AV t	9.3	9.4	11.0	10.2	8.4	7.2
	" m	10.2	10.3	11.3	10.1	8.1	7.0
	" w	8.3	8.4	10.7	10.2	8.7	7.4
<i>of these: foreign nationals</i>		" t	18.8	18.9	23.5	22.1	18.8
<i>of these: young people under 20</i>		" t	3.8	3.5	6.5	6.0	4.6
Job-seekers [*]	AV t	3,429	3,757	4,301	4,164	3,702	3,301
	" m	1,962	2,145	2,296	2,162	1,868	1,690
	" w	1,467	1,612	2,005	2,002	1,835	1,610
Total vacancies notified	AV t	292	239	325	436	489	455
	" t	50	41	79	117	131	123
<i>of these: for part-time work</i>		" t	50	41	79	117	123
Inflow of job-seekers [*]	AT t	5,344	4,974	4,944	4,578	4,599	4,579
Inflow of unemployed persons [*]	AT t	5,173	5,577	5,817	5,538	5,604	5,782
Inflow of notified vacancies	AT t	1,830	1,658	2,021	2,167	2,169	1,951
Short-time workers ⁸	AV t	160	122	101	54	52	
Employees in job-creation measures ⁵	AV t	24	21	12	9	9	7
Clients of the vocational guidance services ⁴	AT t	1,550	1,488	1,436	1,537		
	" m	792	762	738	794		
	" w	758	726	698	742		
Notified available vocational training positions ⁴	AT t	427	407	371	360	394	402
<i>of these: remained unfilled</i> ⁴		YE t	14	13	12	14	17
Registered applicants for vocational training positions ⁴	AT t	502	523	538	559	547	482
<i>of these: not yet helped/not yet placed</i> ⁴		YE t	22	29	30	23	10
Participants in further vocational training measures ⁵	AV t	161	121	76	81	90	104
Integration subsidies ⁵	AV t	56	40	28	47	68	75
Recipients of unemployment benefit II ⁶				3,186	3,462	3,394	3,235
Recipients of welfare benefit ⁶				1,255	1,399	1,402	1,350
Recipients of unemployment benefit ⁷	AV t	1,326	1,288	1,208	1,023	769	647

Note on area status: Old Federal States excluding Berlin

* As of 2005 complementary evaluations of the BA's special IT process. As of 2005, the unemployment statistics are based on data from the BA's IT process and on data supplied by authorised local authority entities and assessed as plausible; if the data supplied did not seem plausible, figures were based on complementary estimates from the BA's statistics. Complementary evaluations of the BA's special IT process do not contain any data from authorised local authority entities.

t = total, m = men, w = women
AV = Annual average, AT = Annual total, YE = Year end

¹ Source: Federal Statistical Office. Break-off date: 31 December.

² End of June in each case; data as of 2006 are provisional – according to the principle of place of work.

³ Unemployed persons as a percentage of dependent, civil-sector persons in employment (employees liable to social security and in marginal employment, civil servants, the unemployed).

⁴ Reporting year: 1 October to 30 September of the following year. After July 2005 the geographical characteristic for data collection on advice seekers and applicants was changed from the place of counselling to the place of residence. Regional figures may differ from the totals for Germany as a whole because of data that could not be allocated and applicants living abroad. Data for the reporting year 2006/2007 were revised.

⁵ Data for 2008 are preliminary. The statistics on support after 2006 were taken from the BA's IT processes and from the data supplied by authorised local authority entities and assessed as plausible.

⁶ Data with 3 months waiting period from January 2005 up to and including August 2008; the data for the period September to December 2008 were provisionally extrapolated for the purpose of calculating the annual figures.

⁷ The annual average for 2008 includes estimates for the November and December figures.

⁸ No annual average for 2008 because figures are only available for the months January to September.

Key annual data of the labour statistics for Eastern Germany

(in thousands)

Characteristic		2003	2004	2005	2006	2007	2008
Population ¹	t	16,913	16,821	16,740	16,648	16,554	
	m	8,282	8,243	8,212	8,173	8,131	
	w	8,631	8,578	8,529	8,475	8,423	
Persons employed in jobs subject to social security ²	t	5,224	5,112	4,972	5,014	5,117	5,219
	m	2,629	2,567	2,479	2,519	2,585	2,636
	w	2,596	2,545	2,493	2,496	2,532	2,583
<i>of these: foreign nationals</i>		t	101	99	96	101	114
Total number of persons unemployed	AV t	1,624	1,599	1,614	1,480	1,291	1,123
	" m	852	841	856	771	655	579
	" w	772	758	758	710	635	545
<i>of these: foreign nationals</i>		" t	75	76	91	89	82
<i>young people under 20</i>		" t	29	27	38	33	21
<i>severely disabled persons*</i>		" t	43	44	45	48	44
<i>unemployed persons looking for part-time work*</i>		" t	57	57	62	66	61
Total unemployment rate ³	AV t	20.1	20.1	20.6	19.2	16.8	14.7
	" m	20.6	20.6	21.3	19.5	16.7	14.8
	" w	19.6	19.5	19.7	18.8	16.8	14.5
<i>of these: foreign nationals</i>		" t	38.8	38.8	45.2	42.4	33.9
<i>of these: young people under 20</i>		" t	7.0	6.9	10.8	9.9	7.3
Job-seekers ⁴	AV t	2,005	2,092	2,111	2,048	1,925	1,758
	" m	1,056	1,109	1,117	1,065	981	911
	" w	949	982	994	983	944	847
Total vacancies notified	AV t	63	47	88	129	133	113
	" t	16	13	51	66	62	53
<i>of these: for part-time work</i>		" t	16	13	51	66	62
Inflow of job-seekers ⁵	AT t	2,112	1,926	1,895	1,853	1,831	1,760
Inflow of unemployed persons ⁶	AT t	2,456	2,658	2,561	2,578	2,629	2,654
Inflow of notified vacancies	AT t	637	478	710	765	729	698
Short-time workers ⁸	AV t	35	29	25	13	16	
Employees in job-creation measures ⁵	AV t	73	65	36	34	31	33
Clients of the vocational guidance services ⁴	AT t	583	555	511	520		
	" m	300	287	267	277		
	" w	283	268	244	244		
Notified available vocational training positions ⁴	AT t	119	113	100	99	116	110
<i>of these: remained unfilled</i> ⁴		YE t	1	1	1	2	3
Registered applicants for vocational training positions ⁴	AT t	218	213	202	204	186	138
<i>of these: not yet helped/not yet placed</i> ⁴		YE t	1	15	11	16	4
Participants in further vocational training measures ⁵	AV t	99	63	38	37	42	47
Integration subsidies ⁵	AV t	97	70	32	35	44	53
Recipients of unemployment benefit II ⁶				1,796	1,930	1,884	1,769
Recipients of welfare benefit ⁶				519	556	562	544
Recipients of unemployment benefit ⁷	AV t	593	557	520	423	311	269

Note on area status: New Federal States including Berlin

* As of 2005 complementary evaluations of the BA's special IT process. As of 2005, the unemployment statistics are based on data from the BA's IT process and on data supplied by authorised local authority entities and assessed as plausible; if the data supplied did not seem plausible, figures were based on complementary estimates from the BA's statistics. Complementary evaluations of the BA's special IT process do not contain any data from authorised local authority entities.

t = total, m = men, w = women

AV = Annual average, AT = Annual total, YE = Year end

¹ Source: Federal Statistical Office. Break-off date: 31 December.

² End of June in each case; data as of 2006 are provisional – according to the principle of place of work.

³ Unemployed persons as a percentage of dependent, civil-sector persons in employment (employees liable to social security and in marginal employment, civil servants, the unemployed).

⁴ Reporting year: 1 October to 30 September of the following year. After July 2005 the geographical characteristic for data collection on advice seekers and applicants was changed from the place of counselling to the place of residence. Regional figures may differ from the totals for Germany as a whole because of data that could not be allocated and applicants living abroad. Data for the reporting year 2006/2007 were revised.

⁵ Data for 2008 are preliminary. The statistics on support after 2006 were taken from the BA's IT processes and from the data supplied by authorised local authority entities and assessed as plausible.

⁶ Data with 3 months waiting period from January 2005 up to and including August 2008; the data for the period September to December 2008 were provisionally extrapolated for the purpose of calculating the annual figures.

⁷ The annual average for 2008 includes estimates for the November and December figures.

⁸ No annual average for 2008 because figures are only available for the months January to September.

Editor
Bundesagentur für Arbeit
Executive Board

March 2009