

# Consolidating Achievements – Expanding on Successes

2007 Annual Report

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# 2007 ANNUAL REPORT

## **The Fifty-Sixth Annual Report**

### **of the Bundesagentur für Arbeit**

In compliance with Section 393(2) of Book Three of the Social Code, the Managing Board hereby submits the following Annual Report, approved by the Board of Governors, for the period from 1 January through 31 December 2007.\*

\* Discussions 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 of Fiscal 2007	8
<b>1 SUMMARY OF FISCAL 2007</b>	<b>10</b>
<b>2 OPERATING-POLICY OBJECTIVES</b>	<b>14</b>
<b>3 REPORT OF THE AUTONOMOUS ADMINISTRATION</b>	<b>18</b>
<b>4 REFORM AT THE BA</b>	<b>21</b>
Audits for Reform Seal of Approval	21
Upgraded employer service	22
Improvements and quality assurance at the Service Centres	24
Internal Auditing	25
Central Office for International Placement and Specialty Professions (ZAV)	26
Family Allowance Office	27
Customer response management	27
<b>5 PERSONNEL</b>	<b>29</b>
The HR management concept at the BA	29
Organisational development	31
<b>6 FINANCE</b>	<b>32</b>
<b>7 BOOK II OF THE SOCIAL CODE</b>	<b>36</b>
A learning organisation/Better-quality service/ Professionalisation	36
Federal Congress on Book II of the Social Code	38
Grant for Improving Employment Chances for Those with Placement Impediments (JobPerspective)	39
Introduction of assistance levels	40
Transparency yields efficiency	41
From practitioners, for practitioners	43
<b>8 THE LABOUR MARKET</b>	<b>44</b>
The economy and the labour market	44
The training market	47
International cooperation	49
Equal opportunity in the job market	50
Institute for Employment Research (IAB)	51

<b>9 EMPLOYMENT AND TRAINING PROGRAMMES AND SPECIAL PROGRAMMES</b>	52
Support for continuing vocational training	52
Aptitude testing and training programmes	52
Placement vouchers	53
“Free promotion”	53
Outside placement entities	54
Assignment of integration programmes to various sponsors	54
Personnel Service Agencies	54
Integration grants ( <i>Eingliederungszuschüsse</i> )	55
Support for taking up self-employment	55
Pre-training courses	56
Vocational training grants	56
Disadvantaged trainees	57
Job creation programmes	57
European assistance instruments	58
Support for job involvement of the disabled	59
Short-schedule work	60
Promotion of winter construction –	
Seasonal short-schedule working allowances	60
Part-time work for seniors	61
“WeGebAU” Special Programme for Continuing Training of Unskilled Workers and Employed Seniors at Companies	62
Special Programme for improving training opportunitie for young people	62
Special Programme for Integration Progress for Assistance Clients (IfB)	63
<b>10 EARNINGS REPLACEMENT BENEFITS</b>	64
Standard compensation for full or partial loss of employment ( <i>Arbeitslosengeld</i> and <i>Teilarbeitslosengeld</i> )	64
Voluntary extended insurance coverage	64
Employers’ duty to reimburse	64
Benefits in case of employer insolvency	65
Ineligibility periods	65
Combating abuse of benefits	66
Protests and court actions	67
<b>ANNEX</b>	68

## FOREWORD FROM THE EXECUTIVE BOARD

Dear Readers,

In 2007, the BA adopted an overriding goal that covered every other issue we addressed: to improve our service. Our aim was to make the most of the healthy economy so as to get more people into jobs. The BA's new structures also added a major contribution here. These conditions made it possible to reduce the number of unemployed individuals by 711,000 during the year – a change that certainly had an effect on the BA's budget as well. Lower expenditures and higher revenues left the financial picture substantially rosier than had been expected, even though the percentage deducted for unemployment insurance contributions decreased sharply, from 6.5 percent to 4.2 percent of the pay check.

The successes of 2007 would have been impossible without the dedication demonstrated by everyone involved. We owe a special vote of thanks to all our employees. It was they who carried our major reform projects to completion. And with the rising demand for workers, the placement of young people in training programmes, and the need to keep providing benefits, our staff had no time to catch a breath – their work still demanded every ounce of strength and attentiveness. We also want to thank the BA's Autonomous Administration, the Federal Ministry of Labour and Social Affairs, and all our partners in politics, business and society at large. We also look forward to expanding on our effective cooperation with local governments, so as to improve our results in Basic Benefits.

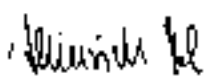
Our successes include not only good employment and budget figures, but also customer satisfaction with the BA's services. Here we can report steady improvement. On a scale where 1 is the highest score, our satisfaction rating improved from 2.9 (2006) to 2.6 (2007) among job seekers, and from 2.7 to 2.3 among employers. We welcome the acknowledgement expressed in these ratings from both sides of the labour market, but we also realise they are a mandate to keep moving ahead on the path we've already chosen.

The positive reports from Nuremberg have not gone unnoticed. The BA's surpluses have triggered extensive debate in political circles as to how the money should best be used. Ultimately, the Grand Coalition made essentially two decisions that will directly affect the BA: First, the contribution rate for unemployment insurance will be reduced further, to 3.3 percent, as of January 2008. Second, the duration of Unemployment Benefit I has been extended for older job seekers.

We recognise that these decisions represent a challenge and a mission for the BA in 2008, as well as a vote of confidence in the BA's ability to achieve. It was our employees who provided the politicians with this kind of freedom of action.

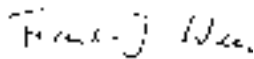
But it would be premature, and a mistake, to think our mission is accomplished. The Federal Court of Audit and our own internal auditors have noted problems in both Basic Benefits and other areas. For that reason we must continue to exert every effort to improve – for our clients' sake.

Our mission for the future is clear: The BA must continue making the most of the strong economy to find jobs and training positions for more people.



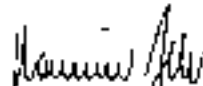
**Heinrich Alt**

*Member, Executive Board*



**Frank-J. Weise**

*Chief Executive Officer*



**Raimund Becker**

*Member, Executive Board*



## FOREWORD FROM THE BOARD OF GOVERNORS

A strong economy and a gratifying expansion of employment led to a substantial reduction in average unemployment for 2007. Legislative and organisational reforms have enabled the Bundesagentur für Arbeit, through a steering system focussed on efficacy and cost-effectiveness, to help parlay the country's good economic conditions into a further successful integration of job seekers into the workforce.

These conditions yielded a good financial performance for 2007, which the Board of Government has taken into account in adopting the 2008 budget – in part by continuing employment policy at current levels, so as to create more employment opportunities for the unemployed. The Board of Governors and Executive Board once again focused the 2008 budget on encouraging and activating the unemployed, and thus on integrating them into the training and job market. Even with the further reduction in unemployment insurance contributions from 4.2 percent of pay to 3.3 percent, the Board of Governors is pressing for the BA to maintain its efforts in employment and social policy at the necessary levels, and to give even more attention to those who are difficult to place in training or job openings.

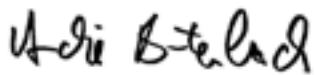
The Board of Governors adopted the 2008 budget on the basis of the 3.3 percent contribution, and also took into account the longer duration of Unemployment Benefit I for seniors, as well as the introduction of the Integration Voucher as a new instrument of employment policy.

With the support of the Board of Governors, starting in 2008 the BA will set up a benefits fund with the Deutsche Bundesbank to provide full funding for the BA's pension commitments. Additionally, in 2008 the BA will begin allocating provisions to this fund for its civil servants' durations of service, and will make a one-time deposit of EUR 2.5 billion for the beneficiaries already drawing benefits at the time of the fund's establishment. These steps make the BA the country's first social insurance agency to form reserves in advance for its future pension commitments.

The reorganisation of the Bundesagentur für Arbeit over the past few years has shown that the employment service has become an organisation that is responsive to management and able to make an important contribution toward the responsible handling of resources in the labour market. The BA must keep moving ahead along this path, and must make sure, through efficient and capable services, to consolidate its achievements to date and to improve the results of its placement work still further in terms of both quality and quantity. These efforts will include a professionalised service for employers, as well as carefully arranged support and placement for job seekers.

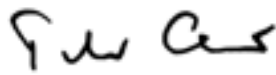


The Board of Governors will likewise make every effort to keep optimising the BA's integration and counselling services with an eye to both efficacy and cost-effectiveness.



**Annelie Buntenbach**

*Chairwoman  
of the Board of Governors*

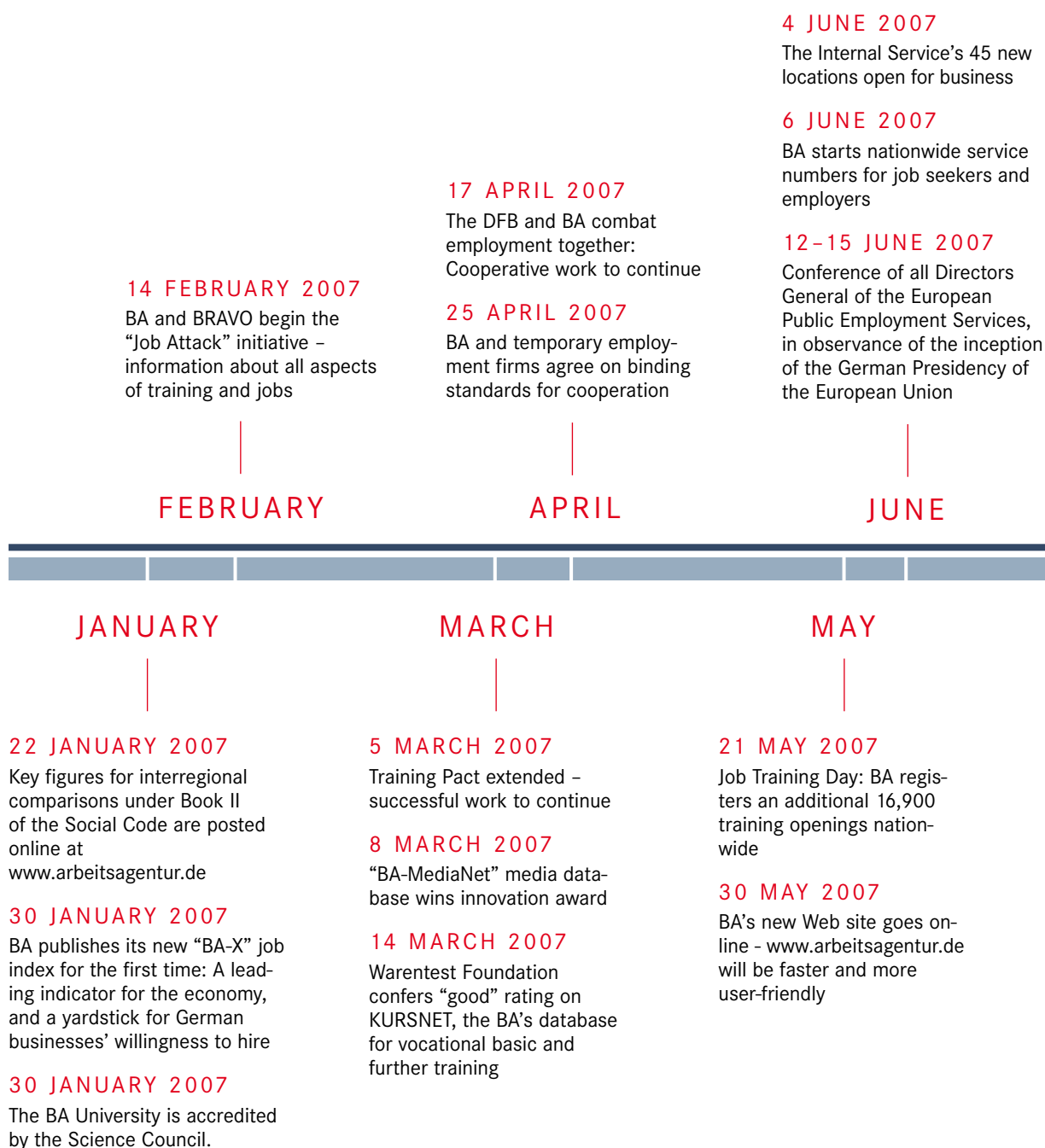


**Peter Clever**

*Vice-Chairman  
of the Board of Governors*



## MAJOR EVENTS OF FISCAL 2007





## SUMMARY OF FISCAL 2007

### Developments in the job and training market

*Employment figures  
rise substantially*

The economic upswing continued in 2007. However, at 2.5 percent, the German economy did not grow as vigorously as it had in 2006, at 2.9 percent. Both the number of job holders and employment overall rose significantly, yielding a considerable reduction in unemployment, as reflected in both unemployment insurance payments and Basic Benefits. The improvement particularly benefited the long-term unemployed covered by both pertinent books of the Social Code.

At the same time, demand for workers remained high. The rising trend in employment continued without interruption during the year – as was also evident from the BA-X job index maintained by the BA. The index improved steadily over the year, from 188 points in January to 243 in December.

The situation in the training market likewise eased appreciably in 2007. First, there was a decrease in unplaced applicants for training positions. Second, thanks to coordinated efforts from all involved in the Training Pact, the number of training positions increased significantly. But above and beyond the activities under the Training Pact, the Board of Governors' initiatives helped expand off-the-job training significantly as well.

### Financial performance

*BA generates  
EUR 6.6 billion  
surplus*

The revival in the job market was substantially stronger than budget projections had assumed. The result was that revenues decreased less substantially than expected, while at the same time there were considerable savings on unemployment benefits, expenditures for active employment and training measures, and the slippage penalty. Instead of the anticipated deficit of EUR 4.3 billion, the BA generated a surplus of EUR 6.6 billion.

### Customer satisfaction improves

*Both job seekers and  
employers are more  
satisfied customers*

Customer satisfaction measurements show how far our internal process of change has advanced, and what fields still call for improvement. We conduct customer surveys at regular intervals. On a scale ranging from very good to inadequate, where lower numbers represent better ratings, our overall score among surveyed employers improved from 2.7 to 2.3 over the year. In unemployment insurance, the rating for our service and friendliness toward job seeker clients improved from the prior year's 2.9 to 2.6.

Clients for Basic Benefits for Job Seekers were surveyed for the first time in 2007, and gave us a 2.8 rating. In light of the often-considerable difficulties that Book II clients face, this rating is quite respectable. But it is also an indicator that improvement is needed.

## Overall social significance

At the BA, we furnish social security benefits under the terms of Book III of the Social Code, as well as Basic Benefits for Job Seekers under Book II of the Code. We help balance supply and demand in the job market, and provide both earnings replacement benefits and Basic Benefits. We owe it both to the community of the insured and to taxpayers to make cost-effective, efficient use of the funds confided to us. We can do this best by preventing unemployment in the first place. If we can continuously balance labour supply with demand, without time lags, we have performed our mission to the fullest. We have worked hard to improve our business processes so that we can provide counselling and placement earlier when there is a possibility of unemployment. Extensive information, together with an encouragement of personal activity and responsibility among our clients, also helped avert unemployment.

The upshot is that within the purview of Book III of the Social Code, we were able to channel some 295,000 people at risk of unemployment directly into new jobs, so that unemployment never became a reality for them. This was a gain of 68.9 percent from the year before.

In keeping with the performance of the economy, we thus created the leeway for politicians to reduce unemployment insurance contributions further. The further reduction in the contribution rate as of 1 January 2008 means that the rate has been cut by nearly half in two years, from 6.5 percent to 3.3 percent. This represents a major contribution on our part toward greater growth and employment, and is a particularly fitting fulfilment of our overriding responsibility to society as a whole.

In our Federal Allowance Office duties, on behalf of the tax administration we smoothly and quickly distribute more than EUR 29 billion to 9.11 million beneficiaries of child allowances. We provide this service virtually without “static” – a sign of the quality of our performance.

## Consolidating our achievements

The reforms that added the Customer Centres and Programmes for Action have enabled us to significantly improve our business operations with clients in unemployment insurance. To sustainably consolidate the standards we have achieved – for our clients’ benefit – we have introduced an extensive quality assurance system. All agencies are audited and certified by independent testing teams, under uniform standards. A comparable procedure also applies to our Service Centres.

*Certificates from independent testing teams safeguard the quality of new service standards*

In services under Book II of the Social Code, last fiscal year saw an initial consolidation. Payments processes were stabilised. Greater activation was achieved among young people and the long-term unemployed.

Expanded controlling produced detailed information for management and steering purposes. Greater transparency about our performance capabilities, and additional management and steering options out in the field, created incentives and options for action to achieve better results.

### Expanding our successes

Taking our previous achievements as a foundation, we plan to expand our performance still further. In parallel with better performance in our business operations, we are also developing innovative ideas and initiatives so that we can perform our mission amid a constantly evolving labour market. We must preserve and expand opportunities for both sides in the labour market.

Last fiscal year, we began restructuring our employer service. To further improve services to employers, we are laying down clear areas of responsibility, improving formats for screening and matching applicant profiles, and strengthening management.

### BA staff: Serving the client

*Carrying out our mission  
depends on successful  
HR work*

Successful human resources work is a key factor in carrying out our mission well. We emphatically support our employees with qualification training, work resources, and IT refinements. This is the only way in which we can satisfy our clients' expectations, and lay the groundwork for a systematic improvement in our performance.

Additionally, we encourage cooperation among employees with different cultural backgrounds, different ages, and different levels of experience. We believe diversity is a way of improving our innovative strength, and of finding viable solutions to be applied in diverse, constantly changing markets. It was this conviction that led us on 21 March 2007 to sign the Diversity Charter under the patronage of German Chancellor Angela Merkel.

In 2007 we further intensified our collaboration with other actors in the labour market. For example, in April we initiated extensive cooperative arrangements with temporary employment firms, so as to work together more closely and open up new employment opportunities for our job seeker clients.

## Prevention

We continue to focus even more closely on preventing unemployment. By expanding our in-depth vocational orientation under the Special Programme for Improving Training Opportunities for Young People, we begin improving the transition to training and job life even before a pupil leaves school. Our Job-to-Job placement to avert impending unemployment and the Special Programme for Continuing Training of Unskilled Workers and Employed Seniors at Companies (WeGebAU) are examples of how we've already taken preventive action.

*Sharper focus on prevention*

Preventing unemployment depends on many different actors in addition to the BA. One of our future tasks will be to network our content better with those actors.

## Outlook

We still hold firm to the principles that have brought us success so far: greater transparency, more dialogue, a better performance orientation.

In our work under Book II of the Social Code, our emphasis will be on improving our working procedures further and tapping additional potential for performance.

In unemployment insurance, we are extending our horizons beyond our national boundaries, and have begun measuring ourselves against other successful public employment services, with the aim of matching or exceeding their best scores by 2009.

Dedicated, qualified employees are the backbone of our success. Our management encourage a culture of performance, and practice what they preach. Jointly we embody a philosophy that puts the focus on the client, and on the efficiency of our services.

## OPERATING-POLICY OBJECTIVES

### The environment for 2007

*BA manages well by setting goals*

Plans for 2007 were based on the key economic figures provided by the federal government in October 2006. The economy performed better than expected, thus also favouring a significant recovery in the job and training market. Unemployment declined substantially, and employment covered by social security increased significantly.

Key economic figures						
	Net figure for 2005	Net figure for 2006	Net figure for 2007	Federal government's estimate for 2007		
Status:				October 2006	May 2007	October 2007
Gross domestic product	+ 0.9 %	+ 2.7 %	+ 2.5 %	+ 1.4 %	+ 2.3 %	+ 2.4 %
Gross total wages and salaries per employee	+ 0.4 %	+ 0.8 %	+ 1.3 %	+ 0.9 %	+ 1.9 %	+ 1.9 %
Total employees	- 0.6 %	+ 0.7 %	+ 1.7 %	+ 0.6 %	+ 1.2 %	+ 1.7 %
Average unemployed for year (millions)	4.861	4.487	3.776	4.336	3.737	3.787

### Management under Book III of the Social Code and achievement of goals in 2007

*The focus is still on integrating as many unemployed individuals as possible into the workforce*

The Federal Employment Agency is steered by setting goals.

The BA's paramount operating objectives for 2007 were substantially unchanged from previous years. The focus is still on the client. The BA's goal is to avert unemployment, quickly integrate people back into the workforce, achieve high customer satisfaction, and employ funding efficaciously and cost-effectively. The quality of service depends heavily on the dedication of our staff. For that reason, the BA works systematically to provide motivation, encouragement, and further development for its employees.

*Favourable conditions in the labour market support achievement of operating policy goals*

The favourable economy of 2007 made the labour market very dynamic. This tailwind helped the BA achieve its all its objectives as regards the emphases of its business policy:



### Preventing unemployment

- One of the BA's most important tasks is preventing unemployment. Supported by new legislation, now a phone call is enough as a first step in starting the job search process early, as long as a personal counselling appointment is kept later. This arrangement enables job placement officers to agree faster on appointments to provide assistance with job searches for people who expect to lose their jobs in the foreseeable future. In this way they were able to avert unemployment in almost one-fifth of all cases. More than 295,000 employees moved seamlessly into a new job. As an additional preventive measure, the BA provided assistance with further training for 21,000 employed seniors or unskilled workers, so as to reduce their risk of becoming unemployed.

*Substantially improved performance in preventive integration*

### Intensifying integration work

- The year's average number of unemployed individuals covered by Book III of the Social Code decreased 25 percent against the year before. At the end of December 2007, the Employment Agencies had over 372,000 fewer people on the unemployment rolls than in December 2006.

*Higher contact density and optimised processes help improve integration results*

The lower level of unemployment and the nationwide introduction of standardised programmes for action in job placement laid the groundwork for more intensified integration work. Job placement officers were able to have more frequent contacts with their clients, and offer the appropriate assistance earlier. These systematic efforts supported integration into the workforce: in 2007, 1.36 million formerly unemployed individuals found a new job covered by social security. This figure overshot our operating policy goal by 12.3 percent. The average duration of unemployment among recipients of Unemployment Benefit I was cut by 33 days against the prior year. And 53,000 fewer people went over to coverage under Book II of the Social Code.

### Stronger orientation to companies' personnel needs

- With incoming orders maintaining good levels, companies continued to have a heavy demand for staff. In 2007 the Employment Agencies took in registrations for 1.84 million vacancies for unsubsidised jobs covered by social security – more than 8 percent above the previous year. For that reason, the BA assigned one-third of its job placement officers to concentrate on working directly with employers. And it was precisely the regional and sectoral shortage of skilled workers that enabled 36 percent more unemployed individuals to qualify for employment through programmes for vocational further training than in the year before.

*BA activities focus on demand for skilled workers*

*Consistent focus and assistance for training candidates substantially reduce number of unplaced applicants*

### **More support for young people entering the market**

■ The reviving economy likewise improved the situation in the training market. The Employment Agencies registered 516,000 available training positions – 12.5 percent more than in the 2005/2006 training year. As of the end of the counselling year on 30 September 2007, unplaced applicants were down by more than 40 percent against the prior year. Aside from the improvement in the training market, this result also came from systematic steering and focus in the BA's operations. For example, the number of training placement officers was increased by 200 nationwide. This step-up provided the necessary resources for more intensive work with the training candidates themselves, and for better utilisation of the supply of training vacancies. Additionally, some 104,000 young people began pre-training courses or vocational training in off-the-job institutions. In other words, assistance was maintained at the same high level as the year before. Furthermore, to make sure applicants are better prepared for training, the BA works with various partners to finance projects that enable pupils to get a look at practical job situations a year or two before they complete school.

### **Oversight for implementing Book II of the Social Code**

*For the first time, the agreement between the Ministry and the BA includes quantifiable, and therefore verifiable, goals at the federal level*

The system of goals in Basic Benefits for Job Seekers, developed in 2005, was the basis for the implementation of Book II of the Social Code once again in 2007. Under the goal agreement process, practically every cooperative employment organisation and Agency with separate duties participated in planning for the five nationwide goals (reduction of need for aid, improvement of integration into gainful employment, improvement of integration among those under 25, ensuring subsistence benefits, improving cost-effectiveness and permanence), and reported “from the bottom up” on what they were doing to achieve their targets at their own level. These figures for available resources formed the basis for the nationwide goal agreement under Section 48 of Book II of the Social Code. The agreement, signed between the BA and the Federal Ministry of Labour and Social Affairs in February 2007, includes quantified, and therefore verifiable, goals at the federal level for the first time.

The “Book II Cockpit” enables cooperative employment organisations and Agencies with separate duties to get a quick survey of how well the goals are being achieved, both by way of standardised reports and by way of detailed analyses that can be prepared in flexible form.

The goals reached with the Ministry for 2007 were achieved:

■ Thus, at year's end (December 2007), national expenditures for the “total passive benefits” indicator had decreased 5.2 percent against the year before, and the number of those integrated into the workforce had risen 18.2 percent.

- There were substantial improvements in the target indicators for the number of those integrated and for integrated individuals under age 25. Compared to the previous year, the integration rate as of December 2007 had risen by 18.2 percent, to 22.1 percent (under 25: up 22.0 percent).

This good performance in achieving goals is also founded on a systematic adherence to goals by way of steering. Because the actors in the field were able to check their standing and apply techniques for improving their performance, many cooperative employment organisations and Employment Agencies with separate duties improved their performance significantly in 2007. However, a considerable spread is evident for all three figures among the cooperative employment organisations and Employment Agencies with separate duties.

## REPORT OF THE AUTONOMOUS ADMINISTRATION

In 2007, the economy made a gratifying recovery whose positive effects also extended, not insignificantly, to the labour market and the budget of the Bundesagentur für Arbeit. The implemented aspects of reform, and a business policy focused on efficacy and cost-effectiveness – with the emphatic backing of the Autonomous Administration – enabled the BA to make a significant contribution toward improving the picture in the labour market.

Many regions of the country and sectors of the economy were already showing the first signs of an impending shortage of skilled workers. For that reason, the Board of Governors called upon the BA to work with all actors involved in employment policy to counteract this development with appropriate strategies. Since companies find it very difficult, as a rule, to project their orders situation or future staffing needs for the medium term, the Board of Governors considers it essential for the Employment Agencies to provide efficient employer-oriented placement and counselling services. As the employer service becomes better anchored in the BA's own organisational structure, the Board of Governors assumes that the BA will be able to make an important contribution toward averting a more serious shortage of skilled workers. Likewise with an eye to the ongoing demand for skilled workers, in the 2008 budget the Board of Governors increased the share of assistance for non-beneficiaries in employment and training programmes to at least 30 percent, so as to tap this pool of potential workers more effectively.

The Autonomous Administration sets a high priority on taking advantage of the ongoing growth phase to make a lasting improvement in the chances for integration of those with impediments to placement, and to make better use of their potential as employees. For this purpose, the Board of Governors has initiated appropriate steps, which will be implemented by the Bundesagentur für Arbeit as a qualification campaign. This campaign has three fields of action: a) qualification of young people on a preventive basis by providing a more thorough vocational orientation; b) further training for adults – including with a stronger emphasis on further training in occupations in high demand, and for employees under the special WeGebAU programme; and c) a publicity campaign, providing not only information but qualification programmes with lower entry thresholds so as to strengthen both employees' and employers' willingness to become involved in further training.

Back in 2006, the Autonomous Administration already acted as a vigorous advocate for job seekers who find it difficult to get a job directly because of specific impediments to placement. The Board of Governors approved special assistance emphases for this target group. The Special Programme to Advance Integration for Assistance Clients (IfB) was developed further for 2008, and was included in the steering logic.

Some of the start-up difficulties in further training for adults were overcome thanks to the support of the Employment Agencies' management commit-

tees in publicising the WeGebAU programme, and thanks as well to legislative changes that expanded the eligibility for this Special Programme, at the Board of Governors' suggestion, to include employees above age 45 instead of age 50, and businesses with up to 250 employees instead of only 100. Greater efforts are still needed to implement the Special Programme even better. This will ensure that these Special Programmes become even more efficacious and cost-effective.

At the initiative of the Board of Governors, in 2007 the BA also made a considerable extra effort to help disadvantaged young people earn vocational certification. In addition to the BA's intensive placement activities to open up more opportunities for on-the-job training, the Special Programme to Improve Training Opportunities for Young People found additional placements for some 15,300 young people in training positions in specialised institutions, on top of the placements that already figured in the Employment Agencies' planning. Thus in 2007, a total of more than 32,600 young people covered by Book III of the Social Code began training in specialised institutions (the figure for 2006 was more than 22,000). Legislative simplifications suggested by the Board of Governors enabled disadvantaged young people to quickly find prospects in the training market, in the form of training programmes in specialised institutions, and thus reduced the number of candidates left over to be placed in subsequent years. Because the training market remains tight, and to provide further support for under-trained young people, the Board of Governors decided once again for 2008 to increase the originally planned number of off-the-job training positions by about 23,000, and if possible to provide 30,000 off-the-job training positions as long as the efficacious, cost-effective use of funds can be guaranteed. Thus the Bundesagentur für Arbeit will continue making a substantial contribution toward relieving these individuals' difficult position in the training market.

The experiences of the pilot Agencies prompted the Board of Governors to approve a nationwide refocusing of counselling for young people and programmes for action in training placement, as well as for vocational rehabilitation and the disabled. Thus placement staff will have uniform standards of quality for integrating young clients into both training positions and jobs.

With the aim of improving performance still further by taking advantage of synergies, the BA, with the support of a majority of the Board of Governors, is conducting a trial run of a model for involving private employment service providers in placement duties. The Board of Governors expects that a reciprocal learning process between the BA and the private service providers will improve skills, and thus advance placement, with no surrender of the BA's authority over its core duties of counselling and placement. The Board of Governors has repeatedly emphasised that any greater involvement of private service providers in placement work is by no means intended as a privatisation of the public employment service. The Board will closely watch the trial run by evaluating its results.

In the budget adoption process, a majority of the Board of Governors rejected the “integration contribution” from the BA to the federal government, which the government included in the BA’s budget. The integration contribution means that the BA would be required by law to cover half of the integration and administrative expenses for Basic Benefits under Book II of the Social Code. As in the case of the “slippage penalty” previously, a majority of the Board of Governors regards the new payment as an imposition of an inappropriate burden on unemployment insurance to finance duties that are properly the responsibility of society at large.

## REFORM AT THE BA

### Audits for Reform Seal of Approval

Once Programmes for Action have been introduced nationwide, the Employment Agencies undergo audits for the Reform Seal of Approval. The Programmes for Action give agency employees a binding orientation framework for determining their clients' needs for support.

*61 Reform Seal of Approval audits conducted nationwide in 2007*

The audits are part of the BA's quality assurance system. Any quality deficits in Employment Agency processes are identified, and the necessary steps for a remedy are initiated. The aim is to increase the Agencies' performance significantly by requiring compliance with quality standards.

In 2007, 61 Reform Seal of Approval audits were conducted nationwide, under the guidance of the Regional Directorates. These found stable processes and compliance with quality standards at 41 Agencies, which then received the Reform Seal of Approval with no conditions attached. Minor quality shortcomings were found at 8 Agencies, which received the Seal of Approval subject to certain conditions. Process quality did not meet standards at 12 Agencies, which must forgo a Seal of Approval for the time being. They will have to actively address and correct the problem areas. As of 31 December 2007, a total of 51 of the 61 Agencies audited in 2007 had earned their Seal of Approval.

Seal of Approval audits were suspended as of the fourth quarter because of the nationwide introduction of the upgraded employer service, and the introduction of the Programmes for Action in training placement and rehabilitation.

Both the introduction of the upgraded employer service and the knowledge obtained in the Seal of Approval audits to date have made it necessary to revise the audit concept.

Audits for the Reform Seal of Approval on the basis of the revised concept – which has already been prepared – are expected to resume in April 2008.

## Upgraded employer service

*The aim of upgrading the employer service is to attract and keep new clients, and enhance customer satisfaction*

The economic upswing also led to a significant increase in job vacancies posted with the BA, with longer placement windows. A concept for an upgrade of the employer service was developed, and underwent a trial run at the Augsburg Employment Agency from 12 February to 30 June 2007.

Important features of the concept include optimised management and guidance of employer assistance, and improved interaction among placement teams to assure quality in the selection of candidates. The employer service additionally handles job and training placement from the employer's perspective, and from the same perspective optionally also handles the placement of candidates for rehabilitation and the disabled. This ensures that employer-oriented placement and counselling duties are offered by a single contact person at a single service unit. Qualification programmes build the necessary professional and management expertise. Sales orientation is a special point of emphasis.

The aim of upgrading the employer service is to attract and keep new clients, and to enhance customer satisfaction.

The trial run had such good results that the concept went on to be introduced at Agencies nationwide, beginning in September 2007. The nationwide introduction is expected to be complete by 30 June 2008.

## New Job Exchange functions more convenient for employers

Rapid placement in a good match, with the greatest possible convenience and maximum flexibility – these are what employers expect from the BA. The Job Exchange is one way in which the BA offers employers expanded service, where working together becomes significantly more effective and efficient. Three innovations are especially important here:

1. Direct importation of vacancy announcements from company systems to the Job Exchange

Employers who would like to cooperate in transmitting vacancies to the BA have the option of directly connecting their internal corporate HR system to the BA's Job Exchange. The new process automatically imports posted vacancies to the Job Exchange at [www.arbeitsagentur.de](http://www.arbeitsagentur.de) by way of a standardised XML interface between the company's HR system and the BA. Employers can either manage their postings themselves, with applicant management as an optional extra, or pass on the management of the postings to the BA.



The process is simple, and there is no charge to the employer. It's especially worthwhile for larger companies with large hiring volumes. The cooperation programme has already signed up its first partners.

## 2. Joint account management by employers and the BA

Joint account management is available whether the employer delivers job postings automatically to the BA, or reports them conventionally. An employer can review the vacancies it has posted, and check data on proposed candidates for placement – thus keeping an eye online on how the process of filling a vacancy is progressing, while at the same time maintaining a limited degree of freedom to access and amend the associated data.

*The Job Exchange is an even more convenient way for employers to look for suitable staff*

## 3. "Call-me", a new option for contacting applicants quickly

With the "Call-me" function, an employer who is registered with the Job Exchange and looking through profiles to fit its vacancy can request a telephone number to contact an (anonymised) applicant, without the applicant's personal phone number being displayed on the Job Exchange. The employer gets an automatically generated service number that connects with the applicant's own phone number. To be available through Call-me, the applicant must consent for the Call-me function to be activated when his or her profile is posted anonymously on the Job Exchange.

## Strategic partnership between the German Football Association (DFB) and the BA

The BA and German Football have continued cooperating to fight unemployment even after the World Cup. On 17 April 2007, in Nuremberg, BA Executive Board Member Raimund Becker and German Football Association (DFB) President Dr. Theo Zwanziger signed a cooperation agreement between the BA, the DFB, and the German Football League (DFL). The DFB and DFL will work closely with the BA in job placement, vocational training, and marketing. The first practical results from the cooperative arrangement will be a joint pilot project between the BA and DFB in Hesse, for young people with a migrant background and integration problems.

## Temporary employment

The temporary employment industry represented a considerable share of the increase in employment. For many unemployed individuals, temporary work can offer an additional opportunity to return to the workforce. The BA intends to make the most of this potential, so as to get more people into jobs.

To lay a new foundation for cooperating with employers in the temporary employment industry, since February 2007 uniform cooperation agreements between the BA and temporary employment firms have been signed nationwide. These contracts define binding service standards for both sides, as well as procedures for working together. Signings began with contracts between the local Employment Agencies and small or medium temporary employment firms operating in their regions. These agreements are expressly available to any temporary employment company interested in cooperating, irrespective of size. For practicality's sake, agreements with large temporary employment firms are signed by Headquarters. As of 31 December 2007, there were already contracts with more than 90 temporary employment firms of interregional scope.

### **Improvements and quality assurance at the Service Centres**

*Uniform nationwide service numbers make the BA easier to reach*

*For employers:  
01801 66 44 66*

*For job seekers:  
01801 555 111*

The Service Centres' performance was also improved and consolidated during 2007. Telephone accessibility has averaged more than 80 percent for more than a year. Grouping the 52 Service Centres into 15 regional load-sharing associations ensured a largely uniform utilisation of capacity, and thus improved accessibility by phone, especially during peak calling hours. The introduction of uniform nationwide service numbers for employers and job seekers made it easier for clients to reach the BA by phone.

Focused quality assurance measures achieved a steady improvement in the quality of service. The Service Centres underwent a comprehensive quality check in the first half of 2007, which reviewed whether the Centres were implementing the appropriate professional, organisational and management standards, and whether external and internal clients were getting good-quality service. Nearly half of the Service Centres received a Quality Certificate immediately on completion of the audit. The other Centres were required to meet certain conditions before the certificate was granted, or were re-audited.

Effective 1 May 2007, a change in legislation allowed applicants to comply with the deadline under Section 37b of Book III of the Social Code by registering over the telephone. The Service Centres complied with the change as of that date. Registration by phone has made the placement process more customer-friendly. The new system has taken more of the load off the local Agencies by reducing the need for preliminary personal interviews and by enabling applicants to file their data via the Service Centres.

## Internal Auditing

As part of the reorganisation of internal services at the Bundesagentur für Arbeit, the organisation of Internal Auditing was also revised to meet the new requirements. The five Regional Directorates now each have one Audit Office for tasks under Book III of the Social Code, and another for tasks under Book II. Auditing functions for programmes under the European Social Fund (ESF) and for the prevention and suppression of corruption are integrated into the services for Book III of the Social Code; the anti-corruption team is also responsible for operations under Book II of the Social Code.

**Internal Auditing for Book III** of the Social Code audits all Employment Agencies every three years, using a standardised audit plan. At the end it issues a certification that work is being performed properly. Additionally, certain issues identified by way of a risk analysis are audited across multiple Agencies. Internal Auditing reports the results of these audits to the Executive Board and Board of Governors. It also monitors the implementation of any measures it has agreed upon with the audited organisational unit.

In its anti-corruption work, Internal Auditing conducted courses of training to help protect staff against the threat of corruption. It followed up persistently on any detailed clues of potential corruption. In particularly high-risk tasks, Internal Auditing audited the efficacy of the internal monitoring system, and provided suggestions for improvement. During 2007, in addition to the expansion of activities under Book II of the Social Code, the position of anti-corruption officer was also created. This individual can be called in by both employees and clients. These steps have expanded the BA's system for preventing and combating corruption. They have enabled it to set some of the highest anti-corruption standards of any similar organisation.

**Internal Auditing for Book II** of the Social Code audits the BA's tasks at all cooperative employment organisations and Employment Agencies that perform duties separately. Internal Auditing routinely included Unemployment Benefit II and integration benefits in its audits. By way of a risk analysis, certain issues were selected for random audits at individual organisational units. The results are deemed as standing for all organisations, and were reported to the Executive Board and the Federal Ministry of Labour and Social Affairs. Internal Auditing also monitors the implementation of any measures it has agreed upon with the audited organisational unit.

*Internal Auditing reorganised by area of law:*

*Audit Offices for tasks under Book III of the Social Code audit Employment Agencies*

*Audit Offices for tasks under Book II audit cooperative employment organisations and Employment Agencies with separate duties*

## Central Office for International Placement and Specialty Professions (ZAV)

At the ZAV, 2007 was a special year. The office reorganised to sharpen its profile as an internal service provider at the BA and as a specialised service provider for certain client groups and markets. The ZAV also adopted a new name: the former “Central Placement Office” is now the “Central Office for International Placement and Specialty Professions”. The new ZAV has three units: International Placements, Specialised Placements, and Work Permit Procedures.

The ZAV’s **International Placements** unit conducts the BA’s international counselling and placement operations at twelve locations nationwide. The international placement teams place workers from Germany in other countries, and vice versa. In these efforts the ZAV works closely with other European public employment services within the EURES (European Employment Services) network.

Specialised Placements includes the ZAV’s **management placement** service, which advises and assists companies and executives in filling management positions. The ZAV’s **artists’ placement** service specialises in placements in the performing arts, music and entertainment. The Office for Management at International Organisations (**BFIO**) places highly qualified German applicants with the United Nations, the EU, and other specialised organisations. The Centre for International Migration and Development (**CIM**) not only places skilled workers to assist with development in developing countries and the countries of central and eastern Europe, but also advises workers who come from developing and emerging countries and reside in Germany, but want to go back to work in their home countries.

In **Work Permit Procedures**, the ZAV assists various programmes under which workers from other countries can work in Germany for a limited time. Its work includes procedures for guest workers, seasonal workers, and household workers.

### Central Office for International Placement and Specialty Professions (ZAV) – 2007

Placements from Germany to other countries	8,565
Placements of executives within Germany	1,374
Engagements through artist placement including: for more than 7 days	58,298
for 7 days or less	3,256
from other countries	53,118
Work Permit Procedures (work permits without employment contract procedures)	1,924
	329,885

## Family Allowance Office

### Changes in the organisation of Child Allowances

The current phase of the reorientation process at the Family Allowance Offices was completed on 1 January 2007. The Family Allowance Office has now been organised into two levels, with a Directorate in Nuremberg and 102 (formerly 179) local family allowance offices, plus six Child Allowance Service Centres in Göttingen, Halle, Marburg, Neubrandenburg, Stade and Hanover.

### Child Allowance (Kindergeld)

At the end of December 2007, the BA's family allowance offices were providing benefits to some 9.11 million entitled beneficiaries (2006: 9.21 million), with 15.02 million children (2006: 15.23 million), and were paying out some EUR 29.15 billion in *Kindergeld* child allowances (2006: EUR 29.65 billion) and some EUR 112 million in *Kinderzuschlag* family allowances (2006: EUR 138 million) per year.

## Customer response management

The BA's customer response management system is the point of contact for client requests. It also serves as a central customer service desk to gather suggestions submitted by phone and mail, and registers compliments and complaints about the entire range of work performed by the BA, with the aim of focusing better on clients' wishes and increasing their satisfaction. At the same time, the gathered knowledge is to be analysed and applied to optimise services.

*Customer responses reflect better prospects for integration into the workforce*

The unit recorded and completed processing on some 83,500 written client requests in 2007, about 60,500 of which were complaints. Because of the new intake structures, a direct comparison with the prior year is not possible.

In services under Book III of the Social Code, customer responses in 2007 significantly reflected the increasing job supply and clients' better prospects for integration into the workforce. Job placement adjusted to meet clients' current wishes and needs.

For services under Book II of the Social Code as well, the changes in the job market generated a larger increase in customer responses relating to integration into a job. Results of the BA's work show that clients' expectations and wishes were being met better.

Because of the legal complexities involved, clients have a greater need for information – for example, about the amount of benefits when income is taken into account – in dealing with applications for subsistence benefits. The consequence was an increase in inquiries and complaints regarding technical matters.

Since the reorganisation of the child allowance offices, processing of the child allowance (*Kindergeld*) and family allowance (*Kinderzuschlag*) has been consolidated. As a rule, the specific nature of the cases involved in customer responses calls for individualised solutions.

## PERSONNEL

### The HR management concept at the BA

#### Demographics-aware HR policy through diversity management

The changing demographic structure of Germany is a key challenge for politicians, business, and the society at large. In the competition for able employees, the BA intends to position itself as an attractive employer by way of a demographics-aware HR policy applying diversity management. This approach also relates to the BA's customer orientation, because the many skills of the BA's employees are encouraged so that they can respond capably to the wishes and needs of a diverse range of client groups. Some of the areas for action identified in HR policy include policy on age structure, job-family compatibility, the integration of employees with a migrant background, and assistance for the disabled. The BA received a certificate from the European Public Sector Award in recognition of its concept for a demographics-aware HR policy through diversity management.

*BA receives award for its concept for a demographics-aware HR policy through diversity management*

#### Health management in house

The BA counts on holistic, participatory health management not only to support and encourage health among its staff, but to strengthen staff satisfaction and motivation. Considerations and activities here include not only working conditions and workloads, but personal behaviour and attitudes. In-house health management at the various offices is organised on the basis of a service agreement signed between the BA and the BA's central personnel council. Major topics include preventive health, integration management, and employee assistance with lost working hours.

#### Performance and development dialogue (LEDi)

As part of the BA's HR management concept, two performance and development dialogue components are currently being introduced: "LEDi-AT" (starting in Q4 2007, for high-level salaried employees not covered by collective bargaining agreements) and "LEDi-FK" (starting in Q1 2008, for all BA executives). For the first time, these establish a link between the BA's business operations planning and steering process and individual goal agreements with executives at all levels of the organisation. The LEDi dialogues, as the successors of the former HR development and assessment system, are intended to make a lasting improvement in the culture of dialogue and feedback among executives, and thus help strengthen the BA's operating performance.

## Performance management

*Outstanding performers receive bonuses*

A variety of performance components under collective bargaining agreements were implemented for the first time in 2007. The start-up provision for introducing the performance component into BA employees' pay, agreed upon as a transitional arrangement for 2007 and 2008, is only a first preliminary step in establishing mutually acceptable performance-based pay arrangements. As a way of acknowledging individuals' particular performance orientation through pay even ahead of the final agreement, in 2007 as in the prior year the BA additionally disbursed individual performance bonuses to outstanding performers, irrespective of whether they were employees under personal contracts or civil servants. It spent just under EUR 8 million for this purpose.

## Adjustments of BA service regulations

The amendment of Book III of the Social Code by the BA Service Regulations Adjustment Act opens up a voluntary option for the BA's civil servants to go on extended leave from their former civil-servant status, abandoning the associated pay restrictions, and establish a conventional contractual employment relationship instead. This "I-S-B" internal leave is essentially a "freeze" on the civil-service appointment at the individual's most recent level, associated with the option for the individual to take advantage of the wide variety of flexible, performance-based provisions of the BA's up-to-date collective bargaining agreement, by way of a conventional employment contract. The internal leave is a further important, logical step in the legal structuring of the BA's HR management system so as to make flexible, efficient use of human resources and achieve the goal of a staff that can be managed according to uniform rules.

## Training

*BA contributes significantly under the Training Pact. Trainee level is 7.3 percent*

In 2007, the BA had an average of 4,800 trainees, or a trainee level of 7.3 percent, representing a significant contribution toward the pact for training and supplying new skilled workers. As part of its demographics-aware HR policy, the BA reinforced its efforts to open up training opportunities for young people with migrant backgrounds, and for disabled individuals. Early in 2007, the Science Council accredited the BA University – a state-certified Technical University for Labour Market Management – thus confirming that the academic training that began there in 2006 complies with European standards.



## Organisational development

### New management organisation at BA Headquarters

As of 1 February 2007, responsibilities among the Executive Board were re-organised at BA Headquarters. The new management structure is intended to allow the BA to do an even better job of fulfilling its statutory missions under both Book II and Book III of the Social Code, by laying down a clear profile of duties and responsibilities. At the same time, it will allow the BA to act to meet the market's needs by way of an intermeshed overall strategy.

*The new management organisation will allow the BA to do its job even better*

Executive Board member Raimund Becker will be in charge of operations under Book III of the Social Code, and Heinrich Alt will be in charge of operations under Book II. Below the Executive Board level, areas were created for steering and implementation, as well as for specific products and programmes under the two books of the Social Code. CEO Frank-J. Weise will be in charge of Controlling/Finance, HR/Organisational Development, and overall BA strategy. The new Strategy/Further Development/Labour Market area, also allocated to the CEO's sphere of responsibilities, is intended to ensure a uniform overall strategy across all lines of operation, and a consistent focus of employment-oriented services throughout the BA.

### Optimisation of Internal Administration

The optimisation of the Internal Administration began on 1 March 2007 and was carried out apace. The 45 Internal Services nationwide, each of which pools the administrative work for several other offices, have been in full operation since summer. The new structures and processes undergo constant refinement. The optimisation of work at the Internal Services will be tracked and supported by business processes that will be described and introduced in phases. At the beginning of 2008, service levels were introduced to serve as a basis for relations between Internal Services and its clients.

## FINANCE

### Unexpectedly strong economy makes 2007 financial plans out of date

The major points of the BA's budget are affected by the overall performance of the economy. For that reason, the BA regularly plans its revenues and expenditures, and especially revenues from contributions and expenditures for unemployment benefits, on the basis of the economic assumptions adopted by the German government. Accordingly, the following key figures were assumed for the fiscal 2007 budget:

- Gross domestic product (real): +1.4 percent against prior year
- Gross total wages and salaries per employee: +0.9 percent against prior year
- Total employees: +0.6 percent against prior year
- 4,336,000 average unemployed for year

Another crucial factor in planning the 2007 budget was the reduction of the contribution rate for unemployment insurance from 6.5 percent to 4.2 percent as of 1 January 2007.

The total 2007 budget was for EUR 43.7 billion. Projected expenditures were countered by projected revenues of EUR 39.4 billion. The coverage gap was to be filled by withdrawing from reserves. The record surplus of EUR 11.2 billion from 2006 made it possible to form a reserve for the first time in many years.

The extrapolation of the estimated overall performance of the economy in May and October 2007 clearly shows the following major causes for the year's unusually good financial performance:

#### Key economic figures (change against prior year in percent, except for the unemployed)

	Net figure for 2005	Net figure for 2006	Net figure for 2007	Federal government's estimate for 2007		
				October 2006	May 2007	October 2007
Status:				October 2006	May 2007	October 2007
Gross domestic product	+ 0.9 %	+ 2.7 %	+ 2.5 %	+ 1.4 %	+ 2.3 %	+ 2.4 %
Gross total wages and salaries per employee	+ 0.4 %	+ 0.8 %	+ 1.3 %	+ 0.9 %	+ 1.9 %	+ 1.9 %
Total employees	- 0.6 %	+ 0.7 %	+ 1.7 %	+ 0.6 %	+ 1.2 %	+ 1.7 %
Average unemployed for year (millions)	4.861	4.487	3.776	4.336	3.737	3.787

As of the end of 2007, unemployment in Germany had decreased even more than was last expected. For 2007 it was down an average of 711,000, or 15.8 percent, from the year before. As in the year before, unemployed individuals covered by Book III of the Social Code (-410,000) benefited more from the revival of the job market than those covered by Book II (-300,000).

The principal final figures from the 2007 financial statements are as follows:

Die wesentlichen Ergebnisse des Jahresabschlusses 2007 sind:

- Actual revenues for 2007 were EUR 42.8 billion, and thus EUR 1.3 billion above expectations.
- Only EUR 36.2 billion of the planned expenditures were actually disbursed, saving EUR 9.6 billion.
- Benefits for active promotion of employment (Chapters 2 and 3) came to EUR 10.4 billion (planned: EUR 12.7 billion), not including expenses for additional placement workers, who were financed out of funds from the integration item of the budget.
- Unemployment benefits for the unemployed came to EUR 16.9 billion, EUR 4.8 billion less than planned (both figures include expenses for reimbursements of unemployment benefits to foreign insurance entities).
- Instead of the expected deficit of EUR 4.3 billion, the BA generated a revenue surplus of EUR 6.64 billion.

The positive performance of the job market and the BA's success in managing for efficacy and costeffectiveness led to a surplus for the second year in a row. Consequently, instead of drawing on reserves, the BA increased them substantially to nearly EUR 18 billion.

*The BA generated a surplus once again in 2007. Reserves increased to nearly EUR 18 billion.*

The contribution rate for unemployment insurance has been reduced again, after only one year, to 3.3 percent. The BA has argued that a portion of the surplus should be transferred to a shortterm liquidity reserve.

The liquidity reserve of EUR 9 billion, which is sought by a majority of the Board of Governors, is intended to ensure that in future the community of the insured can also draw on reserves during shortterm fluctuations, without having to borrow from the federal government. This reserve will also help counteract an increase in unemployment insurance contributions that might otherwise be inevitable if the economy slows down.

## 2008 budget

### Despite lower contributions, employment promotion continues at high levels

On 19 December 2007, the federal government approved the BA's budget plan for 2008, and thus laid the financial groundwork for the continuation of operating policies oriented toward being readily available to clients in the labour market, consistently with their needs, skilfully, efficaciously, and costeffectively. The budget had to be readopted by the Board of Governors on 20 December 2007, because the federal government had revised it in light of the expected changes resulting from implementation of the coalition resolution on extending the duration of unemployment benefits through various measures. The changes pertained to the estimate for unemployment benefits, which were increased by EUR 775 million, and the estimate for a new employment and training instrument, the "Integration Voucher for Seniors", as a discretionary benefit and a mandatory benefit variant, for expenditures of EUR 67.5 million each. Furthermore, the estimate for contribution revenues was reduced EUR 4.74 billion to reflect the reduction in the contribution rate to 3.3 percent as of 1 January 2008.

*The 2008 budget plans on total expenditures of EUR 43.1 billion, and revenues of EUR 38.1 billion. The deficit will be covered by drawing on general reserves.*

The total 2008 budget is for EUR 43.1 billion. Expenses are countered by revenues of EUR 38.1 billion. The EUR 5 billion deficit will be covered by a withdrawal from the current general reserves. The 2008 budget is based on the federal government's current assumptions about the performance of the economy in the Federal Republic:

- Gross domestic product (real): +2.0 percent against prior year
- Gross total wages and salaries per employee: +2.4 percent against prior year
- Total employees: +0.7 percent against prior year
- 3,493,000 average unemployed for year

Since 2007, the federal government has used additional revenues generated by the increase in the valueadded tax to help make up for the revenue lost through the reduction in the contribution rate for unemployment insurance. The funding allocated to the BA for each calendar year is generally one percentage point of general VAT revenues. For 2008, this amount has been set by law at EUR 7.583 billion. At the same time, by law the BA must perform certain general social duties, and share additionally in the federal government's expenditures for Basic Benefits for Job Seekers. During 2007 this was done by way of the "slippage penalty". Starting with 2008, the BA will pay an "integration contribution" to the federal government, amounting to half of the expenses to be paid by the federal government for benefits to integrate beneficiaries into jobs, including administrative expenses. The figure for 2008 is EUR 5 billion.

The 2008 budget includes expenditures of EUR 12.3 billion for benefits to actively promote employment – the "integration item" and other benefits.

Assuming that the number of clients decreases as expected, the new figure is some EUR 1.6 billion more than the 2007 expenditure for this area of assistance and for the BA's additional job placement workers funded out of the integration item. The estimated total for unemployment benefits, the BA's new integration contribution in connection with Basic Benefits for Job Seekers, and benefits for employees in the event of employer insolvency, is EUR 21.9 billion; a further EUR 6.4 billion is set aside for the cost of collecting contributions and the BA's administrative expenses for the groups covered by Books II and III of the Social Code. The administrative expenses for managing Basic Benefits for Job Seekers are included in the BA budget for the first time. Of this item, EUR 2.1 billion is expected to be refinanced through reimbursements that continue to be paid by the federal government to the BA for administrative expenses, and will thus not be charged to the community of the insured.

## BOOK II OF THE SOCIAL CODE

### **A learning organisation/ Better-quality service/Professionalisation**

Following the previous phase of expansion and consolidation, 2007 was the first year of professionalisation at the BA. The emphasis was on improving quality of service.

#### **Customer survey on Book II of the Social Code: Cooperative employment organisations are better than their reputation**

*Customer surveys  
improve quality  
of service*

To find out more about quality of service and customer satisfaction at the cooperative employment organisations, a customer survey was conducted at 27 of these organisations in the spring of 2007. The results can be considered representative of all organisations in this category.

The cooperative employment organisations were given an overall mark of satisfactory.

Four-fifths (81 percent) of recipients of Unemployment Benefit II are satisfied with “their” collective employment organisation (mean score 2.8). Employees in particular count among the organisations’ assets, earning a mark of 2.4 for their friendly attitude, dedication and professional skill. Support with individual issues was viewed only slightly more critically (mean score 2.5).

The cooperative employment organisations’ placement and counselling services rated barely satisfactory (mean 3.2) among benefits recipients. Application processing (counselling at time of application, assistance, comprehensibility of documents) earned a better mark, 2.6.

However, the customer survey also reveals areas for improvement. For example, 23 percent of the beneficiaries surveyed felt that the counselling and assistance at “their” cooperative employment organisation were less comprehensive than what they had encountered previously when receiving unemployment relief or social welfare payments. Additionally, about 25 percent of those surveyed said they did not know their personal contact person. Thus the survey yielded valuable points where the organisations could seek to improve.

Quality of service is to be improved continuously by way of regular customer surveys.

#### **In-house Consulting under Book II of the Social Code: Advice for cooperative employment organisation management off to a successful start**

Since the beginning of 2007, managers of cooperative employment organisations have been making use of the In-house Consulting services for Book II of the Social Code, to optimise the organisation of their procedures and structures, and to develop internal operations management as a goal-

oriented management tool. The organisations requested advice about granting benefits and about the market and integration, as well as overall processes. Exemplary areas of activity here included reducing backlogs, avoiding duplicate work and process loops, activating those on the rolls, generating target group concepts, and optimising the appeals process. The Regional Directorates employ 48 advisors for these services. An eight-member team at Headquarters supports these employees with ideas and practical aid.

The following principles are among the substantive characteristics of these consulting services:

- Consulting as a professional peer-to-peer service
- Voluntary use by the cooperative employment organisations
- Assurance of advisors' neutral position
- Transparency and integrity
- An orientation toward solutions, implementation, and efficacy

The new consulting approach, which seeks individualised solutions that are appropriate to needs and a good match for the requestor, met with a positive response among managers of cooperative employment organisations, and has established itself as a meaningful addition to the management support repertoire. Depending on the scope of the consulting request, a distinction can be made among stocktaking, concept development, and implementation projects.

*In-house Consulting gets positive response from cooperative employment organisation managers*

The positive response is demonstrated not just by the use of the service – the success of which is reflected in the utilisation of capacity – but also in customer satisfaction, which has been measured by way of a standardised feedback sheet that the advised managers have been turning in since the second quarter. On a scale from 1 (very satisfied) to 6 (not at all satisfied), for Q2 and Q3 of 2007, the only quarters processed to date, In-house Consulting earned a highly respectable average score of 1.8. The survey covered skill of advice, the conduct of the consultation process, presentation of results, and quality of results, as well as overall satisfaction. Without exception, the assisted managers answered that they would certainly recommend In-house Consulting to others.

So the upshot of the quarterly surveys to date on utilisation and satisfaction is that In-house Consulting got off to a successful start in 2007. To clarify the potential of In-house Consulting in improving the operating performance of the cooperative employment organisations, which desire to professionalise the quality of their service as learning organisations, since Q3 2007 the efficacy of support has been measured on the basis of suitable key figures.

Since the In-house Consulting service for Book II of the Social Code also views itself as a learning organisation, in 2007 the basic qualification of

advisors was supplemented with further training. The ongoing exchange of information and experience, a factor that helps assure quality, is ensured through networking activities (e.g., central workshops and knowledge exchanges, a shared knowledge platform, an intranet discussion forum).

## Federal Congress on Book II of the Social Code

On 1 and 2 October 2007, some 1,200 actors involved in services under Book II of the Social Code met for a Federal Congress. Participants from all over Germany – coming from cooperative employment organisations and approved municipal agencies, Employment Agencies, municipalities, and other institutions in the Book II network – assembled for their first professional conference. Labour Minister Franz Müntefering welcomed the participants under the theme of **“Generating momentum – Greater movement”**. The participants then discussed the successes and challenges they have encountered in implementing Basic Benefits for Job Seekers.

The event, organised by the BA on behalf of the Federal Ministry of Labour and Social Affairs, focused on learning from one another. Thirty-eight forums offered participants good opportunities for learning, organised under four main themes:

- Basic Benefits for Job Seekers
- Integration and Participation in the Job Market
- Social Integration and Social Stakeholding
- Organisation and Management/Networks and Cooperation

The event thus offered a **360-degree view of services under Book II of the Social Code**. There was particularly great interest in the topic of integration into the job market. The practical examples presented in many of the forums served as a starting point for constructive discussions about successful strategies for activating and integrating clients.

There were also opportunities to exchange ideas outside the forums. Eighteen exhibitors presented products and services at the Book II Information Market. In numerous discussions they reported their experiences and results, answered questions from visitors, and offered valuable suggestions for projects.

After the event, all participants agreed that exchanging professional information and networking with colleagues are important. Two “voices from the crowd” make that clear:

- Martina Kober, Manager of the Cooperative Employment Organisation – Vogtland District:

“The Book II Congress was a successful platform for a broad exchange of information and experiences with everyone who has to work in implementing Book II of the Social Code. We were able to make contacts,



gather ideas for projects, see what others do. Our booth at the Information Market presented our project for 'Identifying Rehabilitation Cases' to an estimated 100 visitors. We discussed the project's possibilities and limitations with both rehab specialists and outsiders, using practical examples and success stories. I think we were able to give our visitors some special suggestions. We've already had several follow-up inquiries from cooperative employment organisations since the event."

- Harald Lämmle, Employment Department Manager for the Biberach District approved municipal agency:  
"Integrating the unemployed and longterm unemployed into the workforce is a challenge for any provider of Basic Benefits. The Congress offered the opportunity for a broad exchange of experiences among all involved, in nearly 40 forum events. Everyone could learn from one another, because the approaches were presented from an inter-agency perspective. It was especially welcome that the focus was not on the particular form of the benefits organisation, but on approaches for integrating the citizens we serve. This major event was well enough organised to provide the necessary basis for that kind of exchange."

The Congress achieved its goal of providing important momentum for further development under Book II of the Social Code.

Its Proceedings, with the presentations of the 150 presenters from practical operations, research and politics, are available at [www.bundeskongress-sgb2.de](http://www.bundeskongress-sgb2.de).

### **Grant for Improving Employment Chances for Those with Placement Impediments (JobPerspective)**

Experience to date with implementing Book II of the Social Code indicates that there are more than a few long-term unemployed individuals who are remote from being ready for the market, and whom employment and training programmes regularly fail to integrate into the general job market.

The Second Amending Act to the Second Book of the Social Code, which went into force on 1 October 2007, for the first time introduces into employment policy an instrument that the legislators expressly intended to provide a longer-term or permanent prospect of participating in gainful employment for those with especially severe placement impediments who have no foreseeable prospect of working in the general job market.

Up to 100,000 persons are to be assisted in 2007 through 2009 under this legislation. The prerequisites are that the individual must be among the long-term unemployed, and must have at least two placement impediments that are intrinsic to them personally. Those who meet these requirements

first receive intensive assistance in an initial phase that lasts at least six months, using available assistance instruments and options, with the aim of integrating them into the general job market (this is known as the “activation” phase). When this goal is not achieved, consideration can be given to employment promotion benefits under Section 16a of Book II of the Social Code, if it is found that the person cannot be expected to be integrated into the job market within the next 24 months.

*Employers can get assistance of up to 75 percent if they hire individuals with special placement impediments*

Employers who provide jobs for such individuals with special placement impediments can be assisted with a hiring grant. The amount of the grant depends on the individual’s degree of disability, and may total as much as 75 percent of the eligible pay and of the employer’s lump-sum share of the total social security contribution, less the contribution toward employment promotion. Additionally, employers can collect lump-sum grants towards the cost of qualification training for up to twelve months, as well as a one-off payment, in justified special cases, for the special expenses of developing employment opportunities.

For a transition period until 31 March 2008, only entities that conduct employment promotion measures can be considered as employers, and only for jobs that are considered “additional” and in the public interest.

Nevertheless, this assisted employment, set up to be long-lasting, must always have the goal of assisting with the transition to an unsubsidised job, or a job subsidised with other regular benefits, within the general job market. It must be guaranteed that people are not permanently excluded from the general job market, and every opportunity must be taken to support a changeover.

## Introduction of assistance levels

Under Section 54 of Book II of the Social Code, the Bundesagentur für Arbeit is required to develop indicators that suitably reflect the progress of employable needy beneficiaries toward integration, if the programmes they are involved in do not lead directly to integration into the workforce. The system of assistance levels has laid the foundation for implementing this statutory mission.

*Assistance levels reflect need for support*

The system of assistance levels has four gradations that reflect the individual’s need for assistance and support in the integration process. From any of these stages, a client can be moved to an additional fifth level, “I” (Integrated but still in need of assistance). No matter what the client’s assistance level – IF (far from integration), IG (needs stabilisation), IK (needs support), IN (near integration) or the parallel I level – the priority goal is to terminate the need for assistance by integrating the client into the workforce.

Progress toward integration occurs when the client comes closer than was originally the case to the goal of being integrated into gainful employment, and thus has less need for assistance and support. Naturally, any regression in the integration process can be tracked in the same way.

Since 14 August 2006, the assistance levels have been available in the VerBIS IT process. In future, progress toward integration will be reflected by the client's reassignment to an assistance level within the BA's controlling system for Book II of the Social Code. The nationwide categorisation of clients for activation in VerBIS's assistance level system began in January 2007.

Success is no longer measured solely in terms of actual integration into a job, but rather on the basis of the work conducted with the client on the way towards that goal, thus allowing for a more differentiated record.

Besides mapping progress toward integration, the system of integration levels also meets the requirements for a record of client structure for the specific purposes of Book II of the Social Code.

The transparency that the assistance levels provide in regard to local client structures makes it possible to decide on necessary measures that may encourage further client progress toward integration. This also supports preparation of a labour market programme for providers of basic benefits in the field.

## Transparency yields efficiency

The BA's upgraded controlling reporting system, which has been online since the beginning of 2007, enables management to prepare and obtain standardised reports as well as flexibly organised detailed analyses. This makes performance levels transparent and objectively comparable. The controlling data enable the BA to track achievement of objectives under the goal agreement, through regular goal achievement interviews. This rigorous tracking makes it possible to recognise shortfalls early and take appropriate steps to remedy them. The governing principles are comparability and transparency under uniform standards nationwide, and freedom in the field to seek the most promising way to achieve integration and reduce the need for aid.

### Learning from one's neighbour

Regional conditions affect the cooperative employment organisations' opportunities and limitations for performance. The results of their work often depend on outside factors. So that these organisations can be compared with one another anyway, they have been categorised in 12 regional types according to the external factors they face. Thus even though major causes affecting the organisations' results are still beyond their control, these causes affect results similarly among cooperative employment organisations of the same type.

*Benchmarking – a continuous analytical comparison process – provides important indicators for the ongoing improvement of processes, products and services*

The differentiation into regional types enables the individual benefits agencies under Book II of the Social Code to compare themselves against others. Within a given type, they can then discuss strategies for solving current problems, the mix of employment and training programmes, or the efficacy of various approaches.

### Book II Type Meetings

To support this necessary exchange of information and experience among cooperative employment organisations of a given regional type with regard to operating strategies, the BA now offers interregional events in addition to the events already held at the level of the Regional Directorates. One such event of particular note is the **Book II Type Meetings**, which have been held since the summer of 2007. Here the managers of organisations in the same regional type can discuss strategies beyond their regional boundaries and intensify their exchange of ideas about best practices. This can then provide the impetus for improving the delivery of benefits in their own areas.

**Initial experience** indicates that the thematic focus of these meetings does a very good job of covering and illuminating the regional circumstances faced by each Book II regional type. The topics addressed included

- Incorporating social integration benefits into case management
- Instruments/levers for reducing need for aid through integration measures (e.g., “instant offers”, promotion of mobility)
- Integrating target groups in accordance with the circumstances for the local Book II type (migrants, young people under 25, etc.);
- The targeted application of employment and training programmes (qualification programmes, publicly assisted employment, starting one’s own business, etc.).

The exchange of ideas and experiences with selected experts who are themselves very familiar with the challenges and issues faced by the cooperative employment organisations provided valuable impetus for the organisations’ work. Plans call for one or two such meetings to be held for each regional type every year. A critical factor in keeping the response positive will be to develop the format and topics further, for example by bringing in more researchers and academics.

## From practitioners, for practitioners

Another important building block for improved delivery of services is the “**Book II Successful Practices**” database.

The cooperative employment organisations have already gathered extensive experience in implementing Book II of the Social Code so far. Since 2006, these concepts, ideas, programmes, procedures and work aids, which have been successfully developed and tested in the field, have been made available for all involved, and thus transparent, by way of a data platform. The database incorporates only examples of assured quality. In addition, an example must meet the following criteria in order to be published:

- Compliance with the law
- Conformity with objectives
- Efficacy and cost-effectiveness
- Innovative, model characteristics
- Maturity for implementation

In addition to the exchange of experiences from practitioners for practitioners as part of a “learning system”, publication also supports the goals of:

- Better-quality delivery of benefits
- Improved efficiency and performance at the cooperative employment organisations and the agencies with separate duties
- Compliance with minimum necessary standards
- Achievement of operating policy goals
- Advancement of the social policy mission under Book II of the Social Code.

At the same time, Book II agencies receive suggestions on how to improve their performance and approach problems innovatively.

The “Successful Book II Practices” data platform currently covers:

- Concepts and schemes for integration
- Processes for granting benefits and managing clients
- Implementation of procedures, work aids/specimen texts, checklists for IT solutions, communication concepts

In 2007 the number of published examples more than doubled. Most of them currently refer to matters of the market and integration. More than half such examples are concepts for young people as a target group. The examples are made available to municipalities at regular intervals by way of the leading municipal associations. The platform also offers a way of incorporating examples from approved municipal agencies, including an expansion of topics to include the cost of housing and heating.

*Establishment and objectives of the data platform*

*Expansion and upgrading of the data platform*

## THE LABOUR MARKET

### The economy and the labour market

The labour market profited especially from the strong economy in 2007. Real gross domestic product grew 2.5 percent. In addition to exports, equipment investments also made a significant contribution. Steady economic growth further revived demand for workers. Accordingly, employment increased significantly – especially employment in jobs covered by social security. The increase in jobs was also the main reason for the substantial decrease in unemployment. Other contributing factors were the reforms in the labour market over the past few years, the declining supply of workers, and the enhanced performance of the BA's business operations.

### Employment

*Employment increased an average of 649,000 in 2007, to 39.74 million. The rise was driven primarily by an expansion of employment covered by social security.*

Preliminary figures from the Federal Statistical Office indicate that employment increased in 2007 by 649,000 individuals, to an average of 39.74 million persons for the year. As in the previous year, the rise was driven primarily by an expansion of employment covered by social security. In June, 26.85 million individuals were employed in jobs covered by the social security system – 500,000 more than a year earlier. Somewhat more than half of the gain was in full-time employment.

The economic upswing boosted employment in every German state and almost every sector of the economy. Corporate service providers, especially temporary employment agencies (20 percent of the gain in employment) showed especially vigorous gains.

Self-employment also increased; preliminary figures from the Federal Statistical Office indicate an increase of 54,000 individuals, to an average of 4.45 million persons for the year. There was also an increase in mini-jobs in 2007, though not as large as in previous years. In June 2007, 4.88 million individuals were employed solely in short-term or occasional jobs – 28,000 more than a year earlier. Additionally, in June 2.04 million persons employed in jobs covered by social security also held a low-paying second job, an increase of 139,000 against the prior year. The calculation of these employment figures counts only those who have no work other than in a short-term or occasional job – those who hold such a job as a secondary job are counted under their primary job.

On the whole, employment assisted by labour market policy measures decreased.

The key factor was the decline in assistance to the self-employed, which had risen vigorously from 2003 through 2005 but declined substantially in the past two years because of changes in legislation (–63,000, to 236,000). However, the BA continues to make a considerable contribution towards

promoting self-employment. Employment opportunities involving additional government expense, which are accounted as a separate legal relationship in numbering the employed, decreased slightly (-6,000, to 300,000). Assistance for employment covered by social security by way of job creation programmes also declined (-6,000, to 65,000).

### Labour supply

According to estimates from the BA's Institute for Employment Research (IAB), the labour supply in Germany decreased again slightly on average for the year, by 73,000, to reach 44.43 million – compared to a decrease of 32,000 the year before. Before then, the potential workforce had climbed steadily since Reunification. Since 2006, the demographic trend has been for more seniors to leave the workforce than young people join it, and the workforce is gradually aging. The effects of factors that would increase the supply of workers – such as a growing inclination to take work, or immigration – were unable to compensate for this change in either 2006 or 2007.

*Demographic trend since 2006 is for more seniors to leave the workforce than there are young people joining*

### Unemployment

An average of 3,776,000 people were registered as unemployed in Germany during the year, 711,000 fewer than the year before. This was the sharpest decrease in employment in the history of the Federal Republic. Compared to 2005, when unemployment reached a historic high because of the pooling of unemployment assistance and social welfare benefits, unemployment has actually decreased 1,084,000. Key factors in this sharp decline have included the positive economic environment, reforms in the labour market, and the decrease in the labour supply. Additionally, intensified assistance for the unemployed and systematic reviews of unemployed status presumably also played a role. These effects were particularly evident in the group covered by Book II of the Social Code, and were also in part a result of growing familiarity with procedures among the providers of Basic Benefits for Job Seekers.

The year's average unemployment rate, referred to all persons working in the civilian sector, was 9.0 percent, a decrease of 1.8 percentage points from the year before. Thus the rate is well below the most recent low of 9.4 percent, from 2001. The year's average unemployment under Book III of the Social Code was 3.0 percent, and under Book II of the Social Code was 6.0 percent. These rates were down 1.0 and 0.8 percentage points, respectively, against the prior year.

### Jobs known to the BA and BA-X

*The BA is aware of more than half the job vacancies in the entire economy*

The average number of job openings registered with the BA rose again substantially in 2007. For the year as a whole, 621,000 vacancies were registered, 57,000 more than the year before. Vacancies turn over relatively fast. The number of incoming vacancies over the year, at 2.90 million, was the same as the number of jobs taken off the rolls. In addition to registered job openings, the BA is also aware of additional jobs, which come from such sources as private employment agencies and the BA's Job Exchange and Job Robot. On average, these came to 934,000 vacancies in all, 172,000 more than a year earlier. According to studies by the IAB, the BA is thus aware of substantially more than half of the job openings available in the entire economy, and can place applicants in them – although in some cases only after consulting the employer.

The changes in primary labour market vacancies known to the BA is measured by the seasonally adjusted BA Vacancy Index, the "BA-X". Since the BA-X reflects a large share of the job market in Germany, and is based on companies' specific vacancy listings, it serves as a leading indicator for the economy, and as a yardstick for businesses' actual willingness to hire. The job barometer rose steadily by 55 points over the course of 2007, and topped out at a historic high of 243 points in December – a clear signal that the build-up in employment will presumably also continue in 2008.



## The training market

The final figures at the end of the 2006-2007 counselling year on 30 September 2007 showed that according to the BA's data, the economic upswing has also improved the situation in the training market. Fewer applicants were registered than the year before, and more training positions were registered. Fewer young people were left looking for an apprenticeship after the training year had already begun. The better situation was also evident in the training contracts registered in industry, commerce and the trades.

*The situation in the training market is improving: 516,000 training positions were registered with the BA, 57,200 more than the year before*

From October 2006 to the end of September 2007, a total of 516,400 **training vacancies were registered**, 57,200 more than for the same period a year earlier. Of these total positions registered, 423,000 were for on-the-job training, and 93,400 were in specialised institutions.<sup>1</sup> This year, at the initiative of the Board of Governors, the BA increased the number of openings in specialised institutions well above the number it had committed to under the Training Pact. Among other resources, additional training positions in these institutions were also made available for young people with a migrant background.

The pre-training programmes at businesses, promoted by the federal government as a Special Programme until 30 September 2007, and maintained thereafter using contribution funds under Section 235b of Book III of the Social Code, helped improve the situation in the training market because of their effective function as a bridge to full-fledged training. According to studies by the tracking researchers, last year nearly 75 percent of participants in a pre-training programme moved on into full-scale vocational training, and more than 65 percent moved on into an on-the-job training position. During the 2006-2007 training year, some 37,000 young people entered a federally assisted pre-training programme at a business.

Intensive late placement activity under the **Training Pact** reduced the number of applicants still unplaced at 30 September 2007 by 61 percent, to 11,300 by the end of the calendar year. This number can be expected to decrease still further, since placement efforts will continue in the first quarter of 2008, especially for positions in pre-training programmes. At the end of December 2007, out of the 43,250 positions in pre-training programmes offered by businesses, some 19,500 were still open, as were an additional 4,200 training positions from the previous year, so that enough of the two kinds of positions were still open to accommodate the unplaced applicants.

<sup>1</sup> Because of changes in data collection methods, separate prior-year comparisons of positions in businesses and in specialised institutions are of limited validity.

*The “gap” decreased substantially, from 34,100 in 2006 to 10,700 in 2007*

As of 1 October 2007, the former special pre-training preparation programme (EQJ) pursuant to Section 235 b of Book III was brought within conventional assistance under Books II and III of the Social Code; the eligible group was extended to include young people with learning disabilities or social disadvantages. However, under a ruling by the BA Board of Governors, young people with a matriculation certificate for higher education can be included in Book III benefits only in justified exceptional cases.

In all, this more positive picture of the training market is consistent with the increase in **new training agreements** registered by the Federal Institute for Vocational Training. Up to 30 September 2007, a total of 625,900 new agreements were signed in Germany, up 49,800 or nearly 9 percent from 2006.

Over the year, 734,300 **applicants** used Employment Agencies to help find a training position, 28,800 fewer than for the previous year. While the number of registered applicants in Eastern Germany has been declining since as far back as 1999 for demographic reasons (2006-2007: -8.4 percent), in the past training year the figure also decreased for the first time in the western part of the country (-2.1 percent). This may also be a result of the good situation in the job market: more and more young people are looking for a training position without involving the Employment Agencies.

The percentage of **applicants** who **entered** or remained in training was 48 percent, about the same level as the year before; 14 percent of the applicants decided to remain in school or go on to university, and another 8 percent were going to seek further qualification (for example in a pre-training course or a pre-training preparation programme). A further 6 percent took up a job straightway.

The **computational difference** between registered training positions and registered applicants was 217,900. A year earlier, the difference was 303,900.

At the end of the counselling year, 29,100 **applicants were still unplaced**, 20,400 fewer than a year before. Thus only about four percent of all applicants were left without either a training position or an alternative.

The number of **unfilled training positions** as of the end of September was 18,400, up 3,000 from the figure a year earlier. Consequently the computed difference between the number of unplaced applicants (29,100) and the number of unfilled training positions (18,400) – known simply as “**the gap**” – had declined significantly to 10,700 (prior year: 34,100).

## International cooperation

In acknowledgement of Germany's presidency of the EU, in the first half of 2007 the BA organised four international conferences. The highlight was a meeting of the heads of the public employment services and the European Commission's General Directorate for Employment.

The following additional conferences were conducted:

- Conference on Application-Oriented Evaluation – practical aspects of retrospective analysis of efficacy; practical aspects of targeting and profiling; knowledge gained from social experiments
- Life-Long Learning – equal opportunity for senior workers
- A meeting of correspondents from the EU network for mutual information about employment measures for integrating persons with a migrant background.

The main themes on the agenda of the meeting of the heads of public employment services were discussions on flexicurity and diversity in the international context. The subsequent conference of experts dealt with the results of a research analysis of the BA's products – an investigation that is held up as an international example. The cycle of events was rounded out with a conference on the tools that serve to improve employment among those over age 55, and the convention of MISEP correspondents on integration efforts for migrants.

## Equal opportunity in the job market

*Activities in equal opportunity for women and men in the job market concentrate on increasing women's involvement in employment and improving their employment opportunities*

Consistently with the European employment goals, activities in equal opportunity for women and men in the job market concentrate on increasing women's involvement in employment and improving their employment opportunities. During 2007, the emphasis was on expanding the labour supply and covering the increasing demand for skilled workers. Thus, indirectly, activities in equal opportunity for women and men probably also influenced the situation of unemployed women. A total of 1.87 million women were registered as unemployed in 2007. Thus the number of unemployed women was down 276,000 from the annual average for 2006 (2.15 million).

Employment and training programmes make a significant contribution here. In this regard, legislation has laid down an assistance ratio for women, in terms of their percentage of the unemployed and their relative incidence of unemployment. In 2006, actual assistance (42.4 percent) fell short of the target (55.4 percent). This trend continued in 2007, although the final figures are not available yet. The BA is adjusting its operating focus for 2008 to increase the percentage of women assisted.

Informational and counselling services, as well as networking, were directed primarily to women not receiving benefits and those reentering the workforce, especially after a phase at home taking care of the family. By way of the BA's participation in the "Job-Chance-Internet" professional conference and the focus of the "Get It On" competition, the women participating at the conference, both in Bremen and via live broadcast over the Internet, were presented with opportunities for employment and education in a wide variety of fields relating to the Internet.

The 2007 employer survey indicated that the issue of compatibility between job and family will continue to play a major role for businesses. In this connection, the BA proved to be an important cooperating partner within the "Family as a Success Factor" business network, as well as in regional alliances to support the family.

## Institute for Employment Research (IAB)

The BA's Institute for Employment Research (the IAB) studies the labour market so as to provide expert advice to policy actors at all levels. Its organisational affiliation with the BA ensures that research knowledge is channelled directly and effectively into the political opinion-shaping process and into action within the labour market. Freedom of research and publication ensures that the IAB's advice remains independent, and therefore sometimes also critical.

High points of 2007:

- **The Science Council, the government's most important advisory board for science policy, gave the IAB an excellent rating.** "The IAB does an exemplary job of combining excellent research with high-quality informational and consulting services", said the evaluation report, published in November.
- **Joachim Möller has headed the IAB since 1 October.** He will continue to perform his duties as Professor of Economics at Regensburg University on a limited basis. His appointment strengthens the institute's close cooperation with university research.
- **The IAB turns 40.** In her celebratory address, Gesine Schwan, the President of Viadrina European University, emphasised that "the founding of the IAB was an important innovation, because it took a much more concrete view of consulting as an implementation of research results as practice." Labour Minister Müntefering also praised the IAB: "Today, policy discussions on the labour market and employment in Germany would be unthinkable without the IAB. The IAB has earned a good name."

## EMPLOYMENT AND TRAINING PROGRAMMES AND SPECIAL PROGRAMMES

The discussion of the various measures and Special Programmes below concentrates on promotion under Book III of the Social Code.

### Support for continuing vocational training

Some 197,016 workers<sup>1</sup> (2006: 144,391) entered further vocational training programmes under Book III of the Social Code during the year. This represented another significant increase in the number of entries against the prior year. The year's average for participants in such programmes under Book III of the Social Code was about 64,149.<sup>1</sup>

*2007 expenditures to promote participation in these programmes was approximately EUR 1.38 billion*

Last year's expenditures to promote participation in these programmes came to approximately EUR 633 million (2006: EUR 608 million) out of the budget item for integration measures (equivalent to about 25 percent of that item). This total includes approximately EUR 619 million for full or partial maintenance allowances, including social insurance contributions for the completion of cases still pending, and some EUR 14 million for the training programmes themselves (course fees, travel, child care, and room and board away from home).

A further addition to this amount is some EUR 748 million (2006: EUR 714 million) for unemployment benefits granted during continuing training. Thus the year's expenditures to promote participation in these programmes totalled approximately EUR 1.38 billion in funds spent under Book III of the Social Code (2006: EUR 1.32 billion).

### Aptitude testing and training programmes

Training programmes offer a broad range of potential content, such as aptitude testing for jobs, correcting deficits in application strategy and application procedures, and correcting limited training deficits. These courses, which last up to 12 weeks, may be conducted by either businesses or specialised institutions.

During 2007, 521,248 individuals<sup>1</sup> began training programmes under Book III of the Social Code. This figure is on about the same level as for the prior year (533,634). The proportion of programmes conducted at businesses for 2007 was about 46.3 percent<sup>2</sup> (2006: 43.6 percent) under Book III of the Social Code. A total of EUR 142 million (2006: EUR 166 million) was spent on costs (including course fees, travel and child care) for participants in training programmes under Book III of the Social Code.

<sup>1</sup> At the current margin, data are extrapolated on the basis of experience.

<sup>2</sup> Computed on the basis of preliminary, non-extrapolated data.

## Placement vouchers

Placement vouchers offer job seekers a way to also engage private job placement entities to help them find a position as a part of their own efforts to find a job, at the expense of the state Employment Agency. Placement vouchers are issued on request to employees who are entitled to unemployment benefits, and who have been unemployed for at least six weeks out of the past three months; they are also issued to participants in job creation and staff reorganisation programmes. If the placement is successful, a private placement agent engaged by the worker can redeem the voucher for EUR 2,000 at the Employment Agency, in two instalments: EUR 1,000 after the person has been on the job for six weeks, and the remainder if the employment lasts six months.

From January 2006 to the end of December 2006, 34,624 placement vouchers were issued under Book III of the Social Code. The 2007 figure was 33,033. Compensation paid during the year totalled EUR 55 million (2006: EUR 58 million).

## “Free promotion”

“Free promotion” benefits under Section 10 of Book III of the Social Code are oriented to assistance for individual cases (individualised support). To integrate an individual into a job, the local Employment Agencies may approve a number of different benefits under their own, decentralised authority. Here the Agencies are authorised to use up to 10 percent of their funds budgeted for integrating workers into the work force.

*To integrate an individual into a job, the local Employment Agencies approve a number of different discretionary benefits*

In 2007, these discretionary benefits were granted for some 93,983<sup>1</sup> men and women (2006: 104,497). Expenditures by the Employment Agencies totalled some EUR 89 million (2006: EUR 113 million). “Free promotion” is permitted only for those covered by Book III of the Social Code.

<sup>1</sup> At the current margin, data are extrapolated on the basis of experience.

## Outside placement entities

*The total paid for third-party placement services in 2007 was EUR 28 million*

For support, the state Employment Agencies can engage third parties to perform some or all of the pertinent placement activities, and refer candidates for training or job seekers to these third parties. As a separate matter, the unemployed individuals themselves can request to have a third party placement organisation engaged, if they have been unemployed for six months or longer. During the year, a total of 117,955 individuals<sup>2</sup> covered by Book III of the Social Code were referred to outside placement entities (2006: 152,928). The total paid for such services was EUR 28 million (2006: EUR 25 million).

## Assignment of integration programmes to various sponsors

This integration tool under Section 421i of Book III of the Social Code was introduced by the First Act for Modern Services in the Labour Market, of 23 December 2002, and expired on 31 December 2007. Since that date, no further funds can be allocated to this benefit.

This effort focuses on success at integrating participants. The fee paid to a benefits provider depends on that success. The content of such measures is not predefined. It is left up to the creative skills and initiative of the entities who submit bids under this concept.

A total of 74,891 participants<sup>1</sup> under Book III of the Social Code (2006: 21,415) were referred to such programmes in 2007. Expenditures were approximately EUR 43 million (2006: EUR 12 million).

## Personnel Service Agencies

The goal of Personnel Service Agencies (PSAs) is to give unemployed individuals a chance to return to work through placement-oriented temporary employment. The hope is that by virtue of what is known as the “adhesion effect”, employees will be retained by the business that has hired them temporarily. It has been found that the PSAs’ placement and integration opportunities depend significantly on the economy and on conditions in the temporary employment market.

In 2006 the legal obligation for Employment Agencies to set up at least one Personnel Service Agency expired. Since that time the number of PSAs

<sup>1</sup> At the current margin, data are extrapolated on the basis of experience.

<sup>2</sup> Computed on the basis of preliminary, non-extrapolated data.



has decreased further. Last year 5,533 formerly unemployed individuals<sup>2</sup> began working at a PSA as part of assistance under Book III of the Social Code. This was a decrease of 44.8 percent<sup>2</sup> under Book III in comparison to the prior year. In 2007, 6,264 individuals<sup>2</sup> under Book III were employed in PSAs. Thus the number of workers in PSAs decreased by nearly half against 2006 (11,506). Expenditures for PSAs came to EUR 18 million (2006: EUR 38 million).

### Integration grants (Eingliederungszuschüsse)

In certain cases, employers who hire job seekers with particular impediments to placement can qualify for integration grants. In all, state Employment Agencies approved 124,947 new grants<sup>2</sup> under Book III of the Social Code in 2007 (2006: 112,573). Expenditures for integration grants came to EUR 415 million (2006: EUR 291 million).

*EUR 415 million was paid for integration grants in 2007*

### Support for taking up self-employment

The introduction of the start-up grant (*Gründungszuschuss*) as of 1 August 2006 reorganised assistance for those who start new businesses under Book III of the Social Code. Start-up grants pool the former bridging allowance and self-employment grant into a single benefit, which is paid in two phases. For nine months, the recipient gets a grant in the amount of the last unemployment benefit he or she drew, to ensure a living, plus EUR 300 per month as a contribution toward social security. If the new business owner documents that the business is running, he or she can be granted EUR 300 per month towards social security for a further six months.

In 2007, 121,954 people<sup>1</sup> started their own businesses with the support of a start-up grant (2006: 33,569). The cost came to EUR 1.22 billion in 2007 (2006: EUR 0.08 billion).

Additionally, an average of 122,058 individuals<sup>1</sup> received self-employment grants (*Existenzgründungszuschüsse*), which are available only for businesses that were founded before 1 July 2007. Expenditures for these grants during 2007 came to EUR 0.5 billion (2006: EUR 1.03 billion).

<sup>1</sup> At the current margin, data are extrapolated on the basis of experience.

<sup>2</sup> Computed on the basis of preliminary, non-extrapolated data.

## Pre-training courses

Pre-training courses are meant to prepare juveniles and young adults for a lasting slot in initial vocational training or employment. These courses must offer specific approaches to a solution for a wide variety of problem situations that young people face in making the transition from school to vocational training, as a consequence of the rising expectations of the job world.

Participation in pre-training courses (not including those specifically intended for the disabled) was chosen by 92,750 clients<sup>1</sup> (2006: 114,458), including 20,567<sup>1</sup> under Book II of the Social Code. Pre-training courses were originally Book III benefits. They are also paid for out of Book III funds for employable needy individuals covered by Section 7 of Book II of the Social Code.

Total expenditures were EUR 535 million – EUR 349 million for course fees and EUR 186 million for vocational training assistance for the participants (2006: EUR 547 million – EUR 365 million for course fees and EUR 182 million for vocational training assistance for the participants).

## Vocational training grants

*Some EUR 845 million was paid for vocational training grants in 2007*

While they receive on-the-job training, apprentices and trainees who no longer live with their parents may be eligible for vocational training grants. Assistance is also available for participants in pre-training courses.

In 2007 the BA disbursed a total of some EUR 845 million (2006: about EUR 870 million) for vocational training grants, including course costs. Eastern Germany accounted for some EUR 304 million of this figure (2006: about EUR 340 million). The total also includes approximately EUR 310 million for vocational training grants to support on-the-job training (2006: about EUR 323 million).

<sup>1</sup> Computed on the basis of preliminary, non-extrapolated data.

## Disadvantaged trainees

Benefits for disadvantaged apprentices and trainees are aimed at making it possible for young people who require special help because of educational deficits or social difficulties to complete a course of vocational training, or to support them if difficulties arise during training.

A total of 32,652 persons<sup>2</sup> began training in specialised institutions under Book III of the Social Code (2006: 36,343). A total of 57,626 persons<sup>2</sup> received training assistance grants during on-the-job training (2006: 69,128). The expense of supporting vocational training for disadvantaged trainees totalled EUR 707 million in 2007 (2006: EUR 808 million), including EUR 102 million for training assistance grants and EUR 602 million for training in specialised institutions.

## Job creation programmes

Job creation programmes create temporary employment opportunities for unemployed individuals with placement problems.

During 2007, 16,237 employees<sup>1</sup> covered by Book III of the Social Code (2006: 16,709) entered supported job creation programmes; 6,719<sup>1</sup> of these individuals were in Western Germany, and 9,518<sup>1</sup> were in Eastern Germany. Most of those employed under these programmes worked in community services, agriculture, gardening and landscaping. Assistance was thus at approximately the same level as the year before. The BA paid out EUR 105 million for such programmes under Book III of the Social Code (2006: EUR 107 million), EUR 44 million in Western Germany and EUR 61 million in Eastern Germany.

*Job creation programmes were at approximately the same level as the year before.*

<sup>1</sup> At the current margin, data are extrapolated on the basis of experience.

<sup>2</sup> Computed on the basis of preliminary, non-extrapolated data.

## European assistance instruments

*60,900 people nationwide  
were reached via  
the BA's ESF programme*

### European Social Fund (ESF)

The BA supported programmes out of ESF funding again in 2007. These included:

- Assistance for those founding their own business (coaching)
- Maintenance benefits for participants in vocational qualification programmes
- Vocationally-oriented courses to strengthen language skills for those with immigrant backgrounds
- Participation in qualification programmes while drawing transitional short-schedule working allowances.

ESF funding of EUR 46 million (2006: EUR 55 million) was used to reach 60,900 people nationwide (2006: 73,500) by way of the BA's ESF programme. Support concentrated mainly on helping people start their own businesses, with 36,100 cases. Some 12,700 individuals were able to earn qualifying certification while drawing transitional short-schedule work allowances; 5,300 individuals entered vocation-related language courses. Support for living expenses was collected by 6,800 individuals while they participated in further vocational training and other forms of training.

### European Globalisation Adjustment Fund (EGF)

The aim of the EGF is to cushion mass layoffs caused by changes in the structure of global trade, through the use of employment support services. In addition to counselling activities, it offers training and direct financial aid.

- In July 2007, the Federal Ministry of Employment and Social Services asked the BA to implement this fund in Germany.

In the fall of 2007, an initial EGF assistance project was brought into being at two sites for about 1,100 former employees in the telecommunications industry. The European Commission provided about EUR 12.6 million in budgeted funds for associated measures to reintegrate these people into the workforce.

## Support for job involvement of the disabled

In 2007 the BA invested a total of EUR 2.17 billion (2006: EUR 2.3 billion) out of the Book III budget for job involvement of the disabled. Under the BA's responsibility as a rehabilitation agency, this budget is also used for programmes to support job involvement by employable needy persons covered by Book II of the Social Code. In the case of programmes for initial vocational training, and programmes in workshops for the disabled, normally the BA is expected to provide benefits for groups under both books of the Social Code. In reintegration, as a rule, the providers of Basic Benefits for employable needy persons are originally responsible for providing benefits.

*EUR 2.17 billion was invested in vocational integration and reintegration in 2007*

Most of the budget went for the initial integration of young people included under both pertinent books of the Social Code. On average for 2007, a total of 96,014 young disabled persons<sup>1</sup> (2006: 99,057) participated in a vocational support programme, including 41,747<sup>1</sup> (2006: 43,658) with the aim of obtaining vocational certification. Vocational training for disabled young people is still largely conducted in institutions specifically designed for the disabled. Another 18,381 young people<sup>1</sup> (884 more than in 2006) were involved in pre-training courses or aptitude testing programmes.

In vocational reintegration under Book III of the Social Code, an average of 8,313 disabled individuals<sup>1</sup> (2006: 13,335) earned qualifications in further training programmes. An average of 156 participants<sup>1</sup> (2006: 230) were prepared for a new job through aptitude testing and training programmes during the year.

On average for both books of the Social Code, a total of 26,949 individuals<sup>1</sup> (2006: 26,726) were assisted in the intake procedures and vocational training at a workshop for the disabled in 2007.

Additionally, a total of EUR 117 million (2006: EUR 136 million) was spent for special assistance to disabled persons under Book III of the Social Code, primarily for integration grants to employers who hired a disabled individual.

<sup>1</sup> Computed on the basis of preliminary, non-extrapolated data.

## Short-schedule work

*The number of businesses operating with shortened schedules decreased from 6,600 (2006) to 4,449. At the same time the number of employees working on short schedules decreased to an average of about 40,646.*

Employees receive short-schedule working allowances if an unavoidable but temporary work shortage arises at a business because of economic causes or unavoidable events. The shortened work-schedule allowance is a partial substitute for wages, and is intended to preserve jobs for the employees and help the business retain experienced staff, thus averting layoffs.

On the average, 40,646 employees worked shortened schedules during 2007 (2006: 67,000). The number of businesses involved decreased from 6,600 to 4,449. Expenditures for short-schedule work were about EUR 80 million (2006: EUR 150 million).

During the year, an average of 32,407 workers at some 3,454 businesses in Western Germany worked shorter hours (2006: 54,100 workers at 5,100 businesses). The average number of workers on short schedules in Eastern Germany was 8,239 (2006: 24,700) at 995 businesses (2006: 1,500).

The above figures for workers and businesses also include short-schedule workers who were working in organisational units of a business and who drew short-schedule working allowances under Section 216b of Book III of the Social Code ("transitional short-schedule working allowances"). Transitional short-schedule working allowances are granted as a way of avoiding layoffs and improving placement opportunities for employees in the event of changes in a business, as defined under the Act on Labour Relations in the Workplace, who remain employed in a job covered by social security within an organisational unit of a business (usually a transitional company providing temporary employment accompanied by training). An average of some 9,518 employees at some 604 organisational business units drew these benefits in 2007. Expenditures in 2007 were approximately EUR 184 million (2006: EUR 199 million).

## Promotion of winter construction – Seasonal short-schedule working allowances

The seasonal short-schedule working allowance has replaced the former *Winterausfallgeld* winter earnings replacement allowance. Since seasonal short-schedule working allowances can be paid out starting with the first hour of lost work, each hour of lost work becomes virtually cost-neutral for the construction employer (who still pays the full amount of the employer's share of social security contributions on the lost work time).

By law, commercial construction workers receive winter added-expense reimbursements and winter bonus allowances, which are not subject to taxes or social security contributions.

The effects of this assistance instrument are to undergo an evaluation in 2008.

Seasonal short-schedule working allowances financed from social-insurance contributions cost some EUR 159 million in 2007. Expenses funded on a pay-as-you-go basis came to EUR 253 million (added-expense reimbursements, bonus allowances and social security allowances).

Pay-as-you-go revenues for winter construction in 2007 were EUR 297 million (2006: EUR 203 million).

### **Part-time work for seniors**

Benefits under the Part-Time Work for Seniors Act are accorded to employers for workers who are over age 55 and agree on part-time work with the employer, and if the positions vacated through that part-time work are refilled. Benefits will be paid for the period after 1 January 2010 only if part-time employment began before that date. Part-time work agreements signed after 31 December 2009 are permitted by law, but will no longer receive assistance from the BA.

During the year, a nationwide total of some 51,000 applications were submitted for recognition of eligibility for support (2006: 52,600). At 31 December 2007, about 105,300 elder employees were making use of part-time work benefits; the figure a year earlier had been 105,100. The resulting job openings were filled by formerly unemployed individuals in about 40,500 cases, and by trainees who had completed their courses of training in almost 57,300 cases. In the remaining cases (about 7,500), small businesses hired a trainee or the employer engaged recipients of Unemployment Benefit II as a replacement.

The BA's support for part-time employment for seniors amounted to roughly EUR 1.38 billion in 2007 (2006: EUR 1.26 billion). Of this figure, about EUR 170 million was for Eastern Germany (2006: EUR 160 million).

*Some 51,000 applications for recognition of eligibility approved in January-December 2007*

## **“WeGebAU” Special Programme for Continuing Training of Unskilled Workers and Employed Seniors at Companies**

*About EUR 61 million was spent for continued training of the unskilled and of older workers*

By a resolution of the BA’s Board of Governors, about EUR 61 million was set aside for continuing training of the unskilled and of seniors (the “WeGebAU” programme) during 2007. This Special Programme accompanies the federal government’s 50+ initiative, and is intended to provide incentive financing, especially for small and medium enterprises, to support continuing training for groups who are often out of reach for on-the-job further training. The individual Employment Agencies were responsible for the organisation and implementation of the Special Programme. Since October 2007, continuing training counsellors have been specially engaged to advise and support employers and employees in regard to opportunities for assistance under the Special Programme. Support under the programme was provided in a total of 21,088 cases.<sup>1</sup> The employment and training tools used were the wage subsidies under Section 235c of Book III of the Social Code, and continuing vocational training for seniors (Section 417 (1) of Book III) or for the unskilled (Section 77 (2) of Book III). Wage subsidies, with a share of 63.8 percent,<sup>1</sup> were the most widely used instrument.

## **Special Programme for Improving Training Opportunities for Young People**

The Special Programme for Improving Training Opportunities for Young People, adopted by the Board of Governors in December 2006, opened up additional funding of EUR 220 million. One emphasis of the Special Programme was using preventive instruments at the time of transition from school to work. Programmes for in-depth vocational orientation for secondary-school students were expanded significantly.

Additionally, model projects were set up with “free promotion” resources to prepare students early for a successful transition to vocational training. Another goal was to apply early assistance so as to limit or entirely obviate the need for resources to repair problems later. Since the states bear the primary responsibility for qualifying students, one prerequisite for assistance from the BA is that a third party – generally the individual state – must co-finance at least 50 percent of the programme under an additional, non-routine commitment.

<sup>1</sup> Computed on the basis of preliminary, non-extrapolated data



Additionally, some 13,000 more training positions than had originally been planned were created for disadvantaged applicants at specialised institutions. A total of some 30,000 positions in specialised institutions were provided for young people covered by Book III of the Social Code. In this way the BA made a major contribution toward relieving the difficult training market situation for this group.

### **Special Programme for Integration Progress for Assistance Clients (IfB)**

In certain problem situations, integration directly into the job market is not possible, since steps must first be taken early to advance the individual toward integration. This Special Programme adopted by the Board of Governors is intended to accelerate assistance for integration progress for assistance clients. In other words, their integrability is to be improved significantly through the use of suitable employment and training tools.

This Special Programme is intended for clients whose integration can be expected only after a substantial delay, possibly even after their insurance benefits expire. Funding of EUR 200 million was made available for 2007. As of 2008, the Special Programme will be integrated into the system for monitoring efficacy.

*A total of EUR 200 million was made available for the programme in 2007*

## EARNINGS REPLACEMENT BENEFITS

### Standard compensation for full or partial loss of employment (Arbeitslosengeld and Teilarbeitslosengeld)

*The BA spent EUR 16.92 billion for these two categories of unemployment benefits in 2007*

For these two categories of unemployment benefits, the BA spent EUR 16.92 billion in 2007 (2006: EUR 22.88 billion). Of this amount, EUR 12.70 billion was for Western Germany and EUR 4.22 billion was for Eastern Germany. The total includes EUR 2.81 billion in health insurance contributions, EUR 3.89 billion in pension insurance contributions, and EUR 0.32 billion in long-term-care insurance contributions.

The average monthly entitlement for a recipient of these benefits (not including social security contributions) was EUR 762.38<sup>1</sup> (2006: EUR 763).

### Voluntary extended insurance coverage

Since 1 February 2006, family caregivers, the self-employed, and individuals employed in countries outside the EU have been able to voluntarily continue their enrolment for unemployment insurance. Periods of voluntary continued insurance count toward entitlements to unemployment benefits.

A total of some 85,000 applications (2006: 92,000) were filed for voluntary continued insurance, some 9,400 of which (2005: 13,000) were denied. Revenues from these contributions amounted to roughly EUR 30.1 million (2006: EUR 18.3 million).

### Employers' duty to reimburse

Employers have an obligation to reimburse the BA over a period of not more than 32 months for unemployment compensation, including contributions to the public health, pension and long-term-care insurance plans, for former employees who have reached the age of 57.

Revenues from these reimbursements amounted to roughly EUR 84.1 million in 2007 (2006: EUR 129.1 million). Of this figure, some EUR 14.8 million was from businesses in Eastern Germany. Except for transitional cases, the reimbursement rule expired as of 1 February 2006.

<sup>1</sup> The average for 2007 was computed only from January through October, since no figures with the three-month waiting period were available for November and December 2007.

## Benefits in case of employer insolvency

Employee benefits for employer insolvency cover back pay for employees for the last three months of the employment relationship prior to the insolvency event (meaning essentially the inception of insolvency proceedings against the employer's assets, or a court's rejection of an application for such proceedings because the assets would not cover the court costs).

Insolvency benefits are paid in the amount of the net back pay (allowing for a monthly benefit ceiling). Additionally, the Employment Agency pays total back social security contributions for the past three months to the applicable collection offices (the public health insurance funds).

Disbursements for employer insolvency benefits amounted to approximately EUR 696.6 million in 2007 (2006: EUR 835.8 million). Of this figure, about EUR 120.2 million was for Eastern Germany (2006: EUR 171 million).

*Insolvency benefits are paid in the amount of the net back pay. Expenditures, at some EUR 696.6 million, were down from the prior year*

## Ineligibility periods

Ineligibility periods – periods when beneficiaries cannot draw benefits – are imposed when a beneficiary under Book III of the Social Code has given up prior employment without good cause, rejects an offered job without adequate reasons, or rejects or abandons an employment or training programme without good cause. Ineligibility periods are also imposed when an unemployed individual does not comply with an Employment Agency's request to report (ineligibility because of failure to report), or fails to demonstrate his or her own efforts to find a job when requested by the Agency (ineligibility because of inadequate own efforts), or does not register as unemployed soon after an employment relationship is terminated (ineligibility because of tardy registration).

*Ineligibility periods were imposed in 639,222 cases*

A total of 639,222 ineligibility periods were imposed in 2006 (2006: 526,900). Of these, 170,654 (2006: 180,300) were for quitting a job or for conduct in violation of a contract, and 23,107 (2006: 33,500) were for refusing reasonable employment or training, or for interrupting participation in a programme. A further 185,284 (2006: 155,500) were for failure to report when required. Inadequate personal efforts caused ineligibility periods in 9,427 cases (2006: 6,600), and tardy registration caused 239,459 ineligibility periods (2006: 151,000). Unemployment benefits are not paid during ineligibility periods. Eligibility for benefits is reduced by the number of days of ineligibility imposed for quitting a job – by at least one-quarter in the event of a 12-week ineligibility period.

In a further 4,726 cases (2006: 2,100), benefits were forfeited because job seekers gave cause for ineligibility periods totalling at least 21 weeks.

## Combating abuse of benefits

*Employment Agencies investigated more than 173,000 cases in 2007; proceedings were initiated in more than 110,000*

Since 1 January 2007, the BA has been required primarily to pursue and penalise administrative offences under Book III of the Social Code. Since the beginning of the year, administrative offences under Book II have been prosecuted by the cooperative employment organisations and opting-in municipalities on their own authority (Section 64 (2) of Book II of the Social Code). The change in responsibilities led to significant reductions in the local Employment Agencies' staffing that was set up in 2005 to handle administrative offences, and has interfered with the prosecution and penalisation of offences, especially at the smaller agencies. The organisational changes and new administrative procedures currently undergoing a trial run are intended to make it possible to perform this mission more effectively and efficiently.

The local Employment Agencies addressed more than 173,000 cases of administrative offences in 2007. In more than 110,000 of these cases, the BA offices initiated proceedings themselves; 70,000 cases were passed on to the Customs authorities for prosecution. In 32,000 of these cases, the proceedings ended with administrative penalties and fines, which totalled EUR 11 million.

Cases involving suspected criminal acts have been primarily under the jurisdiction of the Customs administration since 2004. For that reason, once again in 2007 direct action by the BA led to an involvement of the public prosecutor or an official complaint of a criminal offence only in comparatively few cases.

## Protests and court actions <sup>1</sup>

The number of protests against decisions by offices of the BA declined in 2007 to about 340,000<sup>2</sup> (2005: 362,095), presumably because of the decline in unemployment.

*Number of protests and court actions down from previous year*

The number of actions lodged with the social courts increased approximately 20 percent to about 31,000<sup>2</sup> (2006: 38,566). Decisions on protests were not challenged in 90 percent of all cases.

The number of unresolved actions at year's end was about 47,000.<sup>2</sup>

The number of appeals lodged with the Higher Social Courts came to about 3,140<sup>2</sup> (2006: 3,538), and was down about 11 percent.

The total number of new proceedings involving the Bundesagentur für Arbeit pending before the Federal Social Court (appeals on matters of law only, summonses to the BA as an interested party, appeals against denial of authorisation to appeal) was almost unchanged, at 390 (vs. 398).

### Outcome of court actions (Social Court) and appeals on fact and law (Higher Social Court) to 30 September 2007, and appeals on law only or appeals against denial of authorisation to appeal (Federal Social Court) for 2007

	Social Court	Higher Social Court	Federal Social Court
Court finds for BA	5,156	703	209 (181)*
Court finds wholly or partly for claimant	1,435	178	28 (11)*
Proceedings terminated without decision, including:			
Cases in which the BA agreed to claimant's terms in full or in part	24,733	1,893	46 (25)*
	10,390	702	9 (0)*
Total cases completed plus summonses as an interested party	31,324 953	2,774 492	283 (218)* 51 (43)*

\* Numbers in brackets are the number of appeals against denial of authorisation to appeal included in the total

<sup>1</sup> Matters under the Social Courts Act (covered by Book III of the Social Code)

<sup>2</sup> Extrapolated from results up to 30 September 2007.

**Revenue and expenditure of the BA and funds from the Federation,  
the Federal States and other sources in the 2007 fiscal year**

Revenue/Expenditure	Budget plan figures 2007 fiscal year	Actual 2007 fiscal year	+ or - against budget in
	EUR	EUR	EUR
<b>I. BA revenue</b>	<b>39,409,070,000.00</b>	<b>42,838,386,253.69</b>	<b>3,429,316,253.69</b>
Contributions	30,941,000,000.00	32,263,683,050.50	1,322,683,050.50
Funding from the Federation	6,468,000,000.00	6,468,000,000.00	0.00
Reimbursement for administrative expenditures for service provided under Social Code II	0.00	2,195,665,292.70	2,195,665,292.70
Other income	2,000,070,000.00	1,911,037,910.49	- 89,032,089.51
Wintertime employment levy	260,000,000.00	296,771,166.00	36,771,166.00
Bankruptcy levy	1,000,000,000.00	673,531,499.36	- 326,468,500.64
European Social Fund (ESF)	58,000,000.00	0.00	- 58,000,000.00
Reimbursement for administrative expenditures	216,020,000.00	237,006,198.70	20,986,198.70
Funds from compensation levy	115,000,000.00	115,549,624.75	549,624.75
Income from reserves	150,000,000.00	342,300,631.06	192,300,631.06
Other administrative income	201,050,000.00	245,878,790.62	44,828,790.62
<b>less</b>			
Total expenditure (total IV)	43,677,900,000.00	36,195,896,601.70	- 7,482,003,398.30
Funding balance	- 4,268,830,000.00	6,642,489,651.99	10,911,319,651.99
The funding surplus was balanced by: Addition to reserves		- 6,642,489,651.99	
<b>II. Income from the Federal government, the federal states and other sources<sup>1</sup></b>		<b>34,777,611,345.01</b>	
1. Funds from the Federal government's budget <sup>1</sup>		34,742,649,077.74	
2. Funds from the Federal states' budgets		19,819,104.26	
3. Funds from other sources		15,143,163.01	
Total of expenditures from other budgets and entities		34,777,611,345.01	
Surplus (+)/deficit (-)		0.00	
<b>III. Total revenue (totals I and II)</b>		<b>77,615,997,598.70</b>	
<b>Total expenditure (total VI)<sup>1</sup></b>		<b>70,973,507,946.71</b>	
<b>Surplus (+)/deficit (-)</b>		<b>6,642,489,651.99</b>	

<sup>1</sup> Not including expenditures for child allowances if these were disbursed by Child Allowance Offices out of earmarked funds under Chapter 6001 Title 011 01 - Withholding tax. These expenditures came to EUR 289,901,340.109.23 in 2007.

**Revenue and expenditure of the BA and funds from the Federation,  
the Federal States and other sources in the 2007 fiscal year**

Revenue/Expenditure	Budget plan figures 2007 fiscal year	Actual 2007 fiscal year	+ or - against budget in
	EUR	EUR	EUR
<b>IV. Expenditure of BA</b>	<b>43,677,900,000.00</b>	<b>36,195,896,601.70</b>	<b>- 7,482,003,398.30</b>
1. Budget item for integration measures under section 71b Book IV Social Code	3,300,000,000.00	2,507,110,307.67	- 792,889,692.33
Budget allocated to generate a direct impact		2,167,722,285.38	
Instruments to promote integration		1,423,473,013.47	
Expenditure for continuing training measures		492,624,035.48	
Measures to determine aptitude/training		125,765,766.92	
Integration subsidies		409,274,925.35	
Personnel service agencies (PSA)		18,001,339.04	
Placement services outsourced to third parties		24,692,382.94	
Other instruments to promote integration		353,114,563.74	
Support for guidance/placement services		79,366,314.23	
Outsourced integration programmes		18,039,729.10	
Social plans (remaining cases)		- 194,839.49	
Hiring subsidies for start-ups		32,256,980.40	
Hiring subsidies for substitutes		2,961,553.30	
Wage subsidy for further learning		4,740,384.72	
Mobility subsidies		128,029,274.90	
Intensive vocational orientation		3,993,425.13	
Integration programmes accompanying employment		- 57.60	
Counselling by social workers		1,381,193.36	
Training for basic qualifications		6,143,649.69	
Residential homes for young people		0.00	
Assistance provided at the discretion of the Empl. Agency. §10 Sec. 33 Social Code III		76,396,956.00	
Substitute labour market		83,348,783.13	
Job-creation schemes (ABM)		55,536,139.58	
Infrastructure improvements		1,249,885.64	
Staff reorganisation subsidies (SAM)		26,562,757.91	
Support of disadvantaged individuals		660,900,488.78	
Maintenance payments (remaining cases)		13,588,667.73	
"Improvement of training opportunities"		63,658,939.56	
Integration progress programme for customers requiring management		200,741,414.95	
Special programme "WeGebAU 2006" (remaining cases)		20,799,709.68	
Special programme "WeGebAU 2007"		40,599,290.37	
2. Further services of active employment promotion	9,674,300,000.00	7,916,407,055.20	- 1,757,892,944.80
Vocational training grants	963,700,000.00	845,149,204.28	- 118,550,795.72
Vocational training subsidy	575,000,000.00	496,544,139.70	- 78,455,860.30
Vocational preparation courses	388,700,000.00	348,605,064.58	- 40,094,935.42

**Revenue and expenditure of the BA and funds from the Federation,  
the Federal States and other sources in the 2007 fiscal year**

Revenue/Expenditure	Budget plan figures 2007 fiscal year	Actual 2007 fiscal year	+ or - against budget in
	EUR	EUR	EUR
Participation of persons with disabilities in working life	2,677,500,000.00	2,291,475,926.34	- 386,024,073.66
Mandatory levy to promote participation in working life	2,445,900,000.00	2,115,722,530.25	- 330,177,469.75
Voluntary contributions to promote participation in working life	86,800,000.00	58,969,841.49	- 27,830,158.51
Services to persons with disabilities	144,800,000.00	116,783,554.60	- 28,016,445.40
Promotion of self-employment	2,658,300,000.00	1,818,191,710.23	- 840,108,289.77
Bridging allowances (Überbrückungsgeld)	170,000,000.00	93,395,439.76	- 76,604,560.24
Start-up grants (Existenzgründungszuschüsse)	600,000,000.00	501,002,623.94	- 98,997,376.06
Start-up grants	1,888,300,000.00	1,223,793,646.53	- 664,506,353.47
Unemployment benefits while taking further vocational training	700,000,000.00	747,576,497.08	47,576,497.08
Services of active employment promotion	2,674,800,000.00	2,214,013,717.27	- 460,786,282.73
Short time work allowance incl. for seasonal workers	490,000,000.00	238,566,471.30	- 251,433,528.70
Reimbursement of soc. sec. contributions for seasonal workers on short hours	131,000,000.00	110,929,608.23	- 20,070,391.77
Transitional short-schedule working allowances	217,000,000.00	183,705,311.43	- 33,294,688.57
Promotion of winter construction (funding from employer levies)	110,700,000.00	141,800,656.43	31,100,656.43
Promotion of winter construction (funding from contributions)	3,000,000.00	37,290.18	- 2,962,709.82
European Social Fund (ESF)	90,000,000.00	46,081,073.38	- 43,918,926.62
Wage guarantees for older employees	38,100,000.00	46,341,546.61	8,241,546.61
Support of transfers	15,000,000.00	11,095,897.52	- 3,904,102.48
Part-time work for older employees	1,500,000,000.00	1,378,621,569.91	- 121,378,430.09
Engaging third parties to place jobseekers (mandatory)	500,000.00	179,755.39	- 320,244.61
Placement vouchers	70,000,000.00	54,679,777.65	- 15,320,222.35
Support of institutions	4,800,000.00	1,609,943.52	- 3,190,056.48
Other expenditure	4,700,000.00	364,815.72	- 4,335,184.28
3. Benefits to replace earnings in event of unemployment or employer insolvency, and refunds to pension and long-term care including "Slippage penalty" for these "Slippage penalty"	26,883,600,000.00	19,765,017,822.92	- 7,118,582,177.08
"Slippage penalty"	4,000,000,000.00	1,944,688,885.92	- 2,055,311,114.08
Refunds to pension and long-term care insurance system	204,000,000.00	189,681,786.31	- 14,318,213.69
Unemployment benefits/refunds to foreign insurance funds	21,779,600,000.00	16,934,061,766.26	- 4,845,538,233.74
Benefits in case of employer insolvency	900,000,000.00	696,585,384.43	- 203,414,615.57
4. Other expenditures to perform the BA's duties, including administrative expenses of these	3,820,000,000.00	6,007,361,415.91	2,187,361,415.91
Remuneration to social-security collection offices	500,000,000.00	481,230,414.67	- 18,769,585.33
BA administrative expenses for Book III Social Code	3,320,000,000.00	3,414,514,002.71	94,514,002.71
Personnel expenses	2,291,000,000.00	2,649,615,059.59	358,615,059.59
Construction investments	60,470,000.00	43,300,947.20	- 17,169,052.80



**Revenue and expenditure of the BA and funds from the Federation, the Federal States and other sources in the 2007 fiscal year**

Revenue/Expenditure	Budget plan figures 2007 fiscal year	Actual 2007 fiscal year	+ or - against budget in
	EUR	EUR	EUR
IT	285,300,000.00	264,661,909.00	- 20,638,091.00
Other administration expenses	510,824,000.00	456,936,086.92	- 53,887,913.08
Administrative expenses for Family Benefit Office (only theoretical value)	172,406,000.00	0.00	- 172,406,000.00
BA administrative expenses for Book II Social Code:		2,111,616,998.53	2,111,616,998.53
Expenditure for non-local services		76,085,388.80	76,085,388.80

**Revenue and expenditure of the BA and funds from the Federation, the Federal States and other sources in the 2007 fiscal year**

Revenue/Expenditure	Actual 2007 fiscal year
	EUR

**V. Expenditures of state budgets from the Federation, Federal States and other entities<sup>2</sup>**

	<b>34,777,611,345.01</b>
1. Funds from the Federal government's budget <sup>2</sup>	<u>34,742,649,077.74</u>
a) Cost of implementing Job Security Act (Arbeitssicherstellungsgesetz) European Globalization Fund (Chapter 1102 Title 636 01, 686 21)	1,053,877.00
b) Benefits under Books II and III Social Code and similar benefits (Chapter 1112)	34,268,075,741.00
of these	
Basic Benefits for Job Seekers (partial group 01)	27,536,065,579.29
c) Temporary protection of former military personnel against economic impact of unemployment (Chapter 1403 Title 433 71)	18,133,067.88
d) Child allowance (not including allowances under the tax laws) <sup>2</sup> (Chapter 636 11, 681 13, 681 18, 681 19)	223,575,446.88
e) Reimbursements of administrative expenses for family benefits adjustment under Income Tax Act (Chapter 0803 Title 636 01)	212,645,000.00
f) Benefits under the Developmental Assistance Act (Entwicklungshelfer-Gesetz) for recipients of unemployment benefits during unemployment (Chapter 2302 Title 681 02, 685 01, 685 08, 686 13)	18,931,341.37
g) Other (Chapter 0633 Title 684 02, Chapter 0902 Title 681 11, Chapter 1101 Title 541 01)	234,603.61
2. State budget funds	19,819,104.26
3. Funds from other sources	15,143,163.01

**VI. Total expenditures (Total IV and V)<sup>2,3</sup>**

**70,973,507,946.71**

<sup>2</sup> Not including expenditures for Kindergeld child allowances if these were disbursed by Child Allowance Offices out of earmarked funds under Chapter 6001 Title 011 01 – Withholding tax. These expenditures came to EUR 289,901,340.109.23 in 2007.

<sup>3</sup> The BA expended EUR 13,364,982,073.50 for costs of housing and heating under municipal sponsorship (Sec. 6 (1) Sentence 1 No. 2 Book II Social Code); these amounts are also not included under VI.

Thus total expenditures, including housing and heating, were thus EUR 84,338,490,030.21 (including expenditures of 113,239,830,129.44 EUR for child allowances under the tax laws)

## Key labour market data

(in thousands)

	2005	2006	2007
Labour force <sup>1</sup>	38,749	39,006	39,659
Persons employed in jobs subject to soc. sec <sup>2</sup>	26,178	26,354	26,855
Reported vacancies <sup>3</sup>	413	564	621
Persons unemployed <sup>3</sup>	4,861	4,487	3,776
Unemployment rate <sup>3</sup> (referred to entire civil-sector workforce)	11.7	10.8	9.0

<sup>1</sup> Labour force domiciled in Germany (national concept); preliminary results; Source: Federal Statistics Office

<sup>2</sup> Always for end of June; data after 2005 are preliminary

<sup>3</sup> Annual average

## BA budget – Revenue and expenditure in EUR

	2005	2006	2007
<b>Revenue</b>	<b>52,691,860,964.65</b>	<b>55,383,585,972.29</b>	<b>42,838,386,253.69</b>
of these Contributions for employment promotion	46,988,620,083.27	51,176,403,044.88	32,263,683,050.50
Funding from the Federation towards expenditure for employment promotion			6,468,000,000.00
Reimbursements of administrative expenses Book II Social Code	3,400,658,500.92	2,166,039,052.80	2,195,665,292.70
Levies and other revenues	2,302,582,380.46	2,041,143,874.61	1,911,037,910.49
<b>Expenditure</b>	<b>53,088,540,879.94</b>	<b>44,168,828,382.46</b>	<b>36,195,896,601.70</b>
of these Budget item for integration measures	3,560,673,383.58	2,482,814,843.13	2,507,110,307.67
Further services of active employment promotion	10,015,639,152.65	8,637,788,116.60	7,916,407,055.20
of these Grants for vocational training		870,920,220.36	845,149,204.28
Promotion of participation in working life of persons with disabilities	2,850,142,930.05	2,439,783,133.06	2,291,475,926.34
Promotion of self-employment	3,200,220,690.02	2,580,529,801.18	1,818,191,710.23
Unemployment benefits while taking further vocational training	763,120,000.22	713,907,597.51	747,576,497.08
Others (Benefits for seniors on part-time work, short time work allowance, promotion wintertime employment etc.)	2,247,049,110.70	2,032,647,364.49	2,214,013,717.27
Benefits to replace earnings in event of unemployment or employer insolvency	32,977,104,973.24	27,217,612,428.47	19,765,017,822.92
of these „Slippage penalty“	4,555,540,860.80	3,282,156,252.00	1,944,688,885.92
Refunds to pension and long-term care insurance system	193,322,854.89	200,419,912.16	189,681,786.31
Unemployment compensation/Refunds to foreign insurers	27,018,553,454.09	22,899,203,859.95	16,934,061,766.26
Benefits in case of employer insolvency	1,209,687,803.46	835,832,404.36	696,585,384.43
Cost for administration and collection of contributions (Books II and III Soc. Code)	6,535,123,370.47	5,830,612,994.26	6,007,361,415.91
of these Remuneration to social-security collection offices	553,692,297.27	488,751,709.12	481,230,414.67
Personnel expenses	3,775,977,761.57	4,202,835,310.55	4,429,338,812.25
Construction investments	86,498,357.60	45,852,464.87	47,232,411.82
IT	383,131,189.23	349,808,219.92	274,327,257.47
Other administrative expenses	1,735,823,764.80	743,365,289.80	775,232,519.70
<b>Grant from the Federal budget</b>	<b>396,679,915.29</b>		
<b>Addition to reserves</b>		<b>11,214,757,589.83</b>	<b>6,642,489,651.99</b>

### Major labour market policy instruments – number of persons in the annual average

(in thousands)\*

	2005	2006	2007
<b>Training</b>			
Continued vocational training	114	119	123
Aptitude tests and training courses	69	70	65
<b>Benefits during employment</b>			
Integration subsidies	60	82	104
Start-up grants	-	8	91
Bridging allowances (Überbrückungsgeld)	83	63	3
Start-up grants	234	210	121
<b>Employment creation programmes</b>			
Occasional work	201	293	280
Job-creation schemes	48	44	39
Staff reorganisation subsidies	13	6	2
<b>Vocational training grants</b>			
Vocational training of disadv. persons	121	112	114
Pre-vocational training courses	108	100	100
<b>of these</b>			
Occupational rehabilitation			
Initial vocational integration of persons with disabilities	108	108	98
Vocational reintegration of persons with disabilities	38	29	24
<b>Workers on short schedules<sup>1</sup></b>	126	67	-

\* Data for 2007 are preliminary. The statistics on support payments after 2006 were taken from the BA's IT processes and from the data supplied by accepted municipal entities and assessed as plausible.

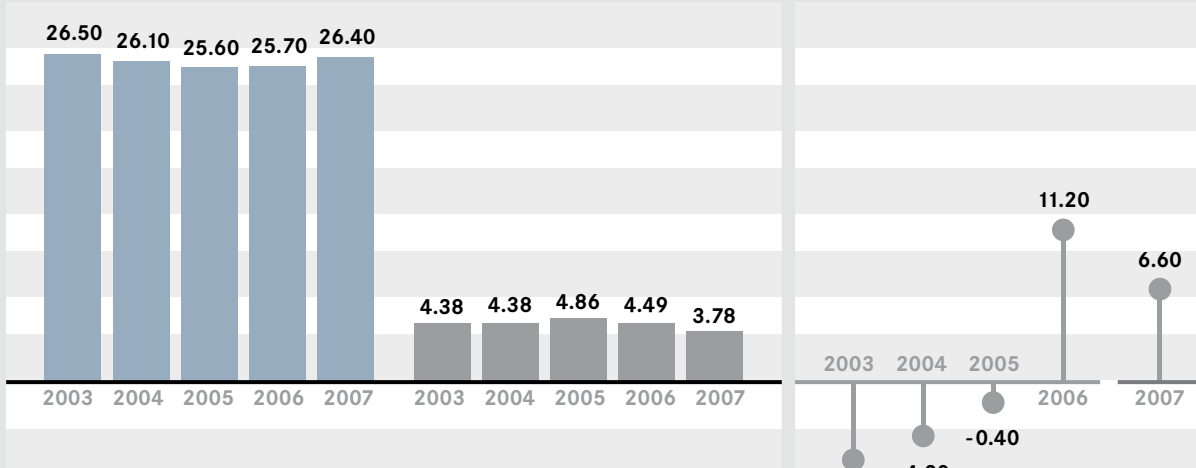
<sup>1</sup> No annual average for 2007 can be provided, because the figures are only available for the months January to September.

### BA continues on the road to success in 2007

**Contributors** (millions)

**Persons unemployed** (millions)

**Net funding surplus (deficit)** (billion EUR)



**Increasing number of contributors**

Average stocks  
No. of contributors in millions  
Germany 2003 ... 2007

**Progress is made in reducing unemployment**

Average stocks  
Persons unemployed in millions  
Germany 2003 ... 2007

**2007 budget surplus limited by the lowering the contribution rate by more than one third**

Net funding surplus (deficit) in the BA budget 2003 ... 2007

## Unemployment and active employment promotion: Percentages of women

Characteristic	Germany			West Germany			East Germany			
	Absolut 2007	Perc. of women <sup>1</sup> 2006	Perc. of women <sup>1</sup> 2007	Absolut 2007	Perc. of women <sup>1</sup> 2006	Perc. of women <sup>1</sup> 2007	Absolut 2007	Perc. of women <sup>1</sup> 2006	Perc. of women <sup>1</sup> 2007	
<b>Persons unemployed</b>										
Inflow <sup>*</sup>	AT	3,470,797	43.8	44.9	2,386,172	44.1	45.2	1,084,625	43.2	44.4
- Stocks	AV	1,873,396	47.9	49.6	1,238,849	47.9	49.8	634,547	47.9	49.2
of these long-term unemployed <sup>*</sup>	AV	732,180	50.3	52.8	468,313	49.1	51.9	263,867	52.8	54.4
of these returning to the labour market <sup>*</sup>	AV	137,473	98.7	98.7	82,377	98.7	98.7	55,096	98.7	98.7
Outflow <sup>*</sup>	AT	3,744,157	42.9	45.4	2,585,285	43.1	45.6	1,158,872	42.3	45.0
of these to employment positions <sup>*</sup> (without training)	AT	1,241,831	35.9	38.7	815,765	35.8	38.6	426,066	36.0	39.0
<b>Unemployment rate</b>	%									
referred to entire civil-sector workforce <sup>1</sup>	AV		11.0	9.6		9.3	8.0		17.5	15.6
<b>Further services of active employment promotion (stocks and appropriations)</b>										
<b>Continued vocational training<sup>3</sup></b>	AV	59,396	48.5	48.4	40,967	49.1	48.9	18,429	47.3	47.3
<b>Job creation programmes:<sup>3</sup></b>										
Occasional work under section 16(3) Book II Social Code	AV	114,824	40.5	41.0	58,507	35.5	37.3	56,317	46.0	45.8
Job-creation schemes	AV	16,212	40.2	41.8	3,172	34.1	35.7	13,040	41.9	43.7
<b>Support of legal employment direct grants:<sup>3</sup></b>										
Integration grant	AV	37,189	33.9	35.8	20,261	30.1	32.4	16,929	39.1	41.1
Hiring grant for start-up companies	AV	2,442	38.1	41.5	1,307	36.6	38.3	1,135	40.1	45.9
Hiring grants for substitutes	AV	191	55.2	55.5	82	50.8	48.8	109	58.2	61.8
Wage subsidy	AV	1,087	59.2	37.8	690	48.6	31.4	397	73.2	58.6
Bridging allowances when becoming self-employed	V	1,156	28.8	36.7	843	27.8	35.7	312	32.2	39.6
<b>Indirect grants:<sup>3</sup></b>										
Training measures	AV	31,437	46.5	48.2	22,061	46.1	47.9	9,376	47.5	48.9
Supporting guidance and placement (appropriations)	AT	1,193,809	49.8	52.3	667,891	49.8	52.3	525,918	49.7	52.2
Mobility subsidies (appropriations)	AT	115,396	33.6	36.2	42,799	35.2	36.2	72,597	32.8	36.2
<b>Applicants for vocational training places</b>										
Registered during the year under report (inflow) <sup>2</sup>		734,276	46.2	46.1	547,542	46.9	47.0	186,546	44.2	44.2
Not yet placed at the end of the reporting year <sup>2</sup>		29,102	45.1	48.1	20,546	46.0	48.8	8,551	43.3	

\* After 2005 complementary evaluations of the BA's special IT process.

The unemployment statistics were taken from the BA's IT processes and from the data supplied by accepted municipal entities and assessed as plausible, if the data supplied did not seem plausible they were completed by BA estimates based on BA statistics. Complementary evaluations of the BA's special IT process do not include any data from accepted municipal entities.

<sup>1</sup> Persons unemployed as % of total civil-sector workforce (dependently employed, self-employed and family helpers)

<sup>2</sup> Reporting year: 1 October to 30 September of the following year. After July 2005 the geographical characteristic for data collection on advice seekers 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.

<sup>3</sup> The statistics on support payments after 2006 were taken from the BA's IT processes and from the data supplied by accepted municipal entities and assessed as plausible.

AV = Annual average

AT = Annual total

<sup>1</sup> Percentages of women

## 2007 contributions to insurance funds: health, old age pension, long-term care and accident

(Status: 31 December 2007)

For the types of benefits listed below EUR 6,414.4 million were paid as contributions to the beneficiaries' social security funds in addition to the expenditure for earnings replacement benefits.

Benefits <sup>1</sup>	Benefit (excl. col. 3, 5 and 7)	Health insurance contrib.		Pension insurance contrib.		Long-term care insurance contrib.		Col. 3, 5, and 7	Col. 4, 6, and 8
		In million EUR	Percentage of benefit	In million EUR	Percentage of benefit	In million EUR	Percentage of benefit		
1	2	3	4	5	6	7	8	9	10
Unemployment benefit <sup>1</sup>	13,325.0	3,700.0	27.8	5,213.7	39.1	439.2	3.3	9,352.9	70.2
Compensation for loss of earnings due to bankruptcy <sup>2</sup>	546.7							431,6	<sup>2</sup>
Maintenance payments <sup>3</sup>	54.9	17.1	31.1	23.5	42.8	2.0	3.6	42,6	77.5
Maintenance allowance	103.1	25.9	25.1	26.2	25.4	3.1	3.0	55,2	53.5

<sup>1</sup> Only the major types of benefits are listed, unemployment assistance for former military personnel or development aid workers etc. are excluded.

<sup>2</sup> EUR 152.6 million of the gross EUR 23,912.0 million (col. 2 + col. 9) (incl. contributions to health, old age pension, and long-term care insurances) were reimbursed.

<sup>3</sup> Maintenance payments of all kinds, partial, follow-up, for disabled persons under section 6(1) Rehabilitation Act.

In addition BA transfers EUR 11.9 million in contributions to the accident insurance fund of the Federation for accident insurance coverage of the beneficiaries (including administrative expenses).

## **Members of the Executive Board of the Bundesagentur für Arbeit**

### **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: 7 November 2007

### **Annelie Buntenbach**

Chair

### **Peter Clever**

Vice-Chair

### ■ ■ Employee group

#### **Members**

### **Annelie Buntenbach**

Member of the Executive Board of the German Federation of Trade Unions

### **Dr. Wilhelm Adamy**

National Executive of the German Federation of Trade Unions  
Dipl.-Volkswirt, Head of the Labour Market Policy Department

### **Isolde Kunkel-Weber**

United Services Union ver.di  
Member of the National Executive Board  
Department Head

### **Kirsten Rölke**

IG Metall  
Member of the Executive Management Board

### **Wilfried Woller**

IG Bergbau, Chemie, Energie  
Member of the Central Executive Board

### **Dietmar Schäfers**

IG Bauen-Agrar-Umwelt  
Deputy Federal Chair

### **Michaela Rosenberger**

Gewerkschaft Nahrung-Genuss-Gaststätten  
Deputy Chair and Member of the National Executive Board

## **Deputy members**

### **Peter Deutschland**

German Federation of Trade Unions Northern District  
Chairman

### **Dr. Stephanie Odenwald**

Gewerkschaft Erziehung und Wissenschaft  
Member of the Central Executive Board  
Head of the Executive Area of Initial and Continuing Vocational Training

### **Stefan Körzell**

German Fed. of Trade Unions district of Hesse-Thuringia  
Chairman

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### **Members**

#### **Bertram Brossardt**

Association of Bavarian Industry Inc.,  
Executive Manager

#### **Peter Clever**

Confederation of German Employers' Associations  
Member of the Executive Management

#### **Günther Goth**

Siemens AG  
Head of Corporate Personnel Department

#### **Gerhard Handke**

Fed. Assoc. of German Wholesale and Export Trade Inc.,  
Lawyer, Member of the Central Management Board

#### **Knuth Henneke**

Metropolregion Rhein-Neckar GmbH (MRN)  
Dipl.-Volkswirt, Head of the HR Division at MRN

#### **Ilka Houben**

Confederation of German Employers' Associations  
Deputy Head of the Labour Market Unit

#### **Holger Schwannecke**

Regional Board of the Association of German Crafts and Trades  
Lawyer, Executive Manager



## Deputy members

### **Wolfgang Bartel**

Gen. Assoc./Employers Association of the Metalworking Industry,  
Dipl.-Volkswirt, Member of the Management  
Head of the Macroeconomics Department

### **Dr. Lutz Mackebrandt**

CMS Societät für Unternehmensberatung AG  
Management Consultant

### **Dr. Jürgen Wuttke**

Confederation of German Employers' Associations  
Lawyer, Head of the Labour Market Department

## ■ Public bodies group

### Members

#### **Bernd Buchheit**

Federal Ministry of Labour and Social Affairs  
Ministerialdirektor  
Head of Department II – Labour Market Policy,  
Employment of Foreigners, Unemployment Insurance,  
Basic Social Security for Jobseekers

#### **Andreas Schneider**

Federal Ministry of Finance  
Ministerialdirigent  
Head of Subdirectorate II C – Parts of the Federal Budget

#### **Eva Maria Welskop-Deffaa**

Federal Ministry of Families, Senior Citizens, Women and Youth  
Dipl.-Volksw. (Univ.), Ministerialdirektorin,  
Head of Equal Opportunity Department

**Dr. Joachim Schuster**

State Counsellor at the Senate for Labour, Women, Health, Youth and Social Affairs  
Special Field of Labour Market Policy, Youth, and Social Affairs

**Dieter Hillebrand**, Member of the State Parliament

Ministry of Labour and Social Affairs of Baden-Württemberg  
State Secretary

State Government's Commissioner for the Concerns of Persons with Disabilities

**Prof. Dr. rer. nat. Christian C. Juckenack**

Ministry of Economics, Technology and Labour of Thuringia  
State Secretary

**Dr. Rosemarie Wilcken**

Deputy Member of the Executive Board of the Conference  
of German Municipal Authorities  
Mayor of the Hanse City of Wismar

**Deputy members**

**Christiane Voß-Gundlach**

Federal Ministry of Labour and Social Affairs  
Ministerialdirigentin

Head of Department IIa – Labour Market Policy, Employment of Foreigners

**Margret Schlüter**

Formerly with the Ministry of Labour, Social Affairs,  
Health and Women of Brandenburg  
Former State Secretary.

**Eberhard Trumpp**

Conference of District Parliaments Baden-Württemberg  
Executive Manager

## Key annual data of the labour statistics for West Germany

(in thousands)		2002	2003	2004	2005	2006	2007
Characteristic							
<b>Population</b> <sup>1</sup>	i	65,527	65,619	65,680	65,698	65,667	
	M	32,025	32,074	32,111	32,129	32,128	
	F	33,502	33,545	33,569	33,569	33,539	
<b>Persons employed in jobs subject to soc. sec.</b> <sup>2</sup>	i	22,183	21,730	21,412	21,206	21,340	21,737
	M	12,460	12,145	11,973	11,807	11,905	12,185
	F	9,722	9,586	9,438	9,399	9,435	9,553
of these foreign nationals	i	1,856	1,773	1,706	1,659	1,689	1,737
<b>Total persons unemployed</b>	AV i	2,498	2,753	2,783	3,247	3,007	2,486
	AV M	1,426	1,594	1,608	1,749	1,567	1,245
	AV F	1,073	1,159	1,175	1,497	1,440	1,239
of these foreign nationals	AV i	429	468	469	582	555	477
under age 20	AV i	64	55	48	86	76	58
Disabled persons <sup>3</sup>	AV i	117	125	129	135	134	123
Unemployed persons looking for part-time work <sup>4</sup>	AV i	317	337	334	430	451	399
<b>Total unemployment rate</b> <sup>3</sup>	AV i	8.5	9.3	9.4	11.0	10.2	8.4
	AV M	9.1	10.2	10.3	11.3	10.1	8.1
	AV F	7.8	8.3	8.4	10.7	10.2	8.7
of these foreign nationals	AV i	17.4	18.8	18.9	23.5	22.1	18.7
incl. under age 20	AV i	4.4	3.8	3.5	6.5	6.0	4.6
<b>Job seekers</b> <sup>5</sup>	AV i	3,065	3,429	3,757	4,268	4,164	3,702
	AV M	1,730	1,962	2,145	2,286	2,162	1,868
	AV F	1,335	1,467	1,612	1,981	2,002	1,835
<b>Total vacancies notified</b>	AV i	378	292	239	325	436	489
of these for part-time work	AV i	66	50	41	79	118	131
<b>Inflow of job seekers</b> <sup>6</sup>	AT i	4,903	5,344	4,974	4,944	4,578	4,599
<b>Inflow of unemployed persons</b> <sup>6</sup>	AT i	4,837	5,173	5,577	5,373	5,118	5,604
<b>Inflow of notified vacancies</b>	AT i	2,058	1,830	1,658	2,021	2,167	2,169
<b>Workers on short schedules</b> <sup>8</sup>	AV i	162	160	122	101	54	-
<b>Employees in job creation measures</b> <sup>5</sup>	AV i	35	24	21	12	9	9
<b>Clients of vocational guidance services</b> <sup>4</sup>	AT i	1,566	1,550	1,488	1,436	1,537	-
	AT M	797	792	762	738	794	-
	AT F	769	758	726	698	742	-
<b>Notified apprenticeship opening</b> <sup>4</sup>	AT i	465	427	407	371	360	396
of these remained unfilled <sup>4</sup>	YE i	17	14	13	12	14	16
<b>Registered applicants for vocational training places</b> <sup>4</sup>	AT i	491	502	523	538	559	548
of these: not placed <sup>4</sup>	YE i	13	22	29	30	33	21
<b>Employees in continued vocational training</b> <sup>5</sup>	AV i	198	161	121	76	81	84
<b>Integration subsidies</b> <sup>5</sup>	AV i	49	56	40	28	47	63
<b>Recipients of unemployment benefit II</b> <sup>6</sup>		-	-	-	3,186	3,462	3,393
<b>Recipients of welfare benefit</b> <sup>6</sup>		-	-	-	1,255	1,399	1,401
<b>Recipients of unemployment benefits</b> <sup>7</sup>	AV i	1,242	1,326	1,288	1,208	1,023	768

Note on the territory includes former Fed. Republic of Germany without Berlin

<sup>1</sup> After 2005 complementary evaluations of the BA's special IT process.

The unemployment statistics were taken from the BA's IT processes and from the data supplied by accepted municipal entities and assessed as plausible, if the data supplied did not seem plausible they were completed by BA estimates based on BA statistics. Complementary evaluations of the BA's special IT process do not include any data from accepted municipal entities. Complete data on unemployed persons after 2007, if required complemented by estimates.

AV = Annual average

AT = Annual total

YE = Year end

<sup>1</sup> Source: Federal Statistics Office; Break-off date December 31

<sup>2</sup> Always for end of June; Data after 2005 are preliminary - according to the principle of place of work

<sup>3</sup> Persons unemployed as % of dependently employed civil-sector workforce (employed subject to soc. sec. contributions and minor employment, civil servants and unemployed persons)

<sup>4</sup> 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.

<sup>5</sup> Data for 2007 are preliminary. The statistics on support payments after 2006 were taken from the BA's IT processes and from the data supplied by accepted municipal entities and assessed as plausible.

<sup>6</sup> Data with 3 months waiting period from January 2005 up to and including August 2007; the data for the period September to December 2007 were provisionally extrapolated for the purpose of calculating the annual figures for.

<sup>7</sup> The annual average for 2007 includes estimates for the November and December figures.

<sup>8</sup> No annual average for 2007 can be provided, because the figures are only available for the months January to September.

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

(in thousands)

Characteristic		2002	2003	2004	2005	2006	2007
<b>Population</b> <sup>1</sup>	i	82,537	82,532	82,501	82,438	82,315	
	M	40,345	40,356	40,354	40,340	40,301	
	F	42,192	42,176	42,147	42,098	42,014	
<b>Persons employed in jobs subject to soc. sec.</b> <sup>2</sup>	i	27,571	26,955	26,524	26,178	26,354	26,855
	M	15,179	14,773	14,541	14,286	14,424	14,770
	F	12,392	12,181	11,983	11,892	11,931	12,085
of these foreign nationals	i	1,960	1,874	1,805	1,755	1,790	1,844
<b>Total persons unemployed</b>	AV i	4,061	4,377	4,381	4,861	4,487	3,776
	AV M	2,240	2,446	2,449	2,606	2,338	1,900
	AV F	1,821	1,931	1,933	2,255	2,149	1,873
of these foreign nationals	AV i	499	543	545	673	644	559
under age 20	AV i	100	84	75	124	108	83
Disabled persons <sup>*</sup>	AV i	157	168	174	180	182	171
Unemployed persons looking for part-time work <sup>*</sup>	AV i	371	394	391	491	517	466
<b>Total unemployment rate</b> <sup>3</sup>	AV i	10.8	11.6	11.7	13.0	12.0	10.1
	AV M	11.3	12.4	12.5	13.4	12.0	9.8
	AV F	10.3	10.8	10.8	12.7	12.0	10.4
of these foreign nationals	AV i	18.8	20.2	20.3	25.2	23.6	20.2
incl. under age 20	AV i	5.4	4.5	4.2	7.4	6.8	5.3
<b>Job seekers</b> <sup>*</sup>	AV i	5,021	5,434	5,849	6,368	6,212	5,627
	AV M	2,744	3,018	3,254	3,400	3,227	2,849
	AV F	2,277	2,416	2,594	2,969	2,985	2,779
<b>Total vacancies notified</b>	AV i	452	355	286	413	564	621
of these for part-time work	AV i	84	66	54	130	183	193
<b>Inflow of job seekers</b> <sup>*</sup>	AT i	6,878	7,455	6,900	6,840	6,431	6,430
<b>Inflow of unemployed persons</b> <sup>*</sup>	AT i	7,255	7,629	8,235	7,754	7,556	8,233
<b>Inflow of notified vacancies</b>	AT i	2,796	2,467	2,136	2,731	2,932	2,898
<b>Workers on short schedules</b> <sup>8</sup>	AV i	207	195	151	126	67	-
<b>Employees in job creation measures</b> <sup>5</sup>	AV i	134	97	86	48	44	39
<b>Clients of vocational guidance services</b> <sup>4</sup>	AT i	2,178	2,133	2,048	1,949	2,059	-
	AT M	1,110	1,091	1,051	1,006	1,072	-
	AT F	1,068	1,041	997	944	987	-
<b>Notified apprenticeship opening</b> <sup>4</sup>	AT i	586	547	520	471	459	516
of these remained unfilled <sup>4</sup>	YE i	18	15	13	13	15	18
<b>Registered applicants for vocational training places</b> <sup>4</sup>	AT i	711	720	736	741	763	734
of these: not placed <sup>4</sup>	YE i	23	35	44	41	49	29
<b>Employees in continued vocational training</b> <sup>5</sup>	AV i	340	260	184	114	119	123
<b>Integration subsidies</b> <sup>5</sup>	AV i	136	153	110	60	82	104
<b>Recipients of unemployment benefit II</b> <sup>6</sup>		-	-	-	4,982	5,392	5,278
<b>Recipients of welfare benefit</b> <sup>6</sup>		-	-	-	1,774	1,955	1,967
<b>Recipients of unemployment benefits</b> <sup>7</sup>	AV i	1,899	1,919	1,845	1,728	1,445	1,077

<sup>\*</sup> After 2005 complementary evaluations of the BA's special IT process.

The unemployment statistics were taken from the BA's IT processes and from the data supplied by accepted municipal entities and assessed as plausible, if the data supplied did not seem plausible they were completed by BA estimates based on BA statistics. Complementary evaluations of the BA's special IT process do not include any data from accepted municipal entities. Complete data on unemployed persons after 2007, if required complemented by estimates.

AV = Annual average

AT = Annual total

YE = Year end

<sup>1</sup> Source: Federal Statistics Office; Break-off date December 31

<sup>2</sup> Always for end of June; Data after 2005 are preliminary - according to the principle of place of work

<sup>3</sup> Persons unemployed as % of dependently employed civil-sector workforce (employed subject to soc. sec. contributions and minor employment, civil servants and unemployed persons)

<sup>4</sup> 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.

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<sup>8</sup> No annual average for 2007 can be provided, because the figures are only available for the months January to September.

## Key annual data of the labour statistics for East Germany

(in thousands)

Characteristic		2002	2003	2004	2005	2006	2007
<b>Population</b> <sup>1</sup>	i	17,009	16,913	16,821	16,740	16,648	
	M	8,320	8,282	8,243	8,211	8,173	
	F	8,689	8,631	8,578	8,529	8,475	
<b>Persons employed in jobs subject to soc. sec.</b> <sup>2</sup>	i	5,389	5,224	5,112	4,972	5,014	5,117
	M	2,719	2,629	2,567	2,479	2,519	2,585
	F	2,670	2,596	2,545	2,493	2,496	2,532
of these foreign nationals	i	104	101	99	96	101	107
<b>Total persons unemployed</b>	AV i	1,563	1,624	1,599	1,614	1,480	1,291
	AV M	814	852	841	856	771	655
	AV F	749	772	758	758	710	635
of these foreign nationals	AV i	71	75	76	91	89	82
under age 20	AV i	36	29	27	38	33	26
Disabled persons <sup>*</sup>	AV i	40	43	44	45	48	49
Unemployed persons looking for part-time work <sup>*</sup>	AV i	54	57	57	62	66	67
<b>Total unemployment rate</b> <sup>3</sup>	AV i	19.2	20.1	20.1	20.6	19.2	16.8
	AV M	19.5	20.6	20.6	21.3	19.5	16.7
	AV F	18.9	19.6	19.5	19.7	18.8	16.8
of these foreign nationals	AV i	37.4	38.8	38.8	45.2	42.4	37.7
of these under age	AV i	8.9	7.0	6.9	10.8	9.9	8.4
<b>job seekers</b> <sup>*</sup>	AV i	1,956	2,005	2,092	2,101	2,048	1,925
	AV M	1,014	1,056	1,109	1,113	1,065	981
	AV F	942	949	982	987	983	944
<b>Job openings reported</b>	AV i	74	63	47	88	129	133
of these for part-time work	AV i	18	16	13	51	66	62
<b>Inflow of job seekers</b> <sup>*</sup>	AT i	1,975	2,112	1,926	1,895	1,853	1,831
<b>Inflow of unemployed persons</b> <sup>*</sup>	AT i	2,418	2,456	2,658	2,381	2,438	2,629
<b>Inflow of notified vacancies</b>	AT i	738	637	478	710	765	729
<b>Workers on short schedules</b> <sup>8</sup>	AV i	45	35	29	25	13	-
<b>Employees in job creation measures</b> <sup>5</sup>	AV i	99	73	65	36	34	30
<b>Clients of vocational guidance services</b> <sup>4</sup>	AT i	612	583	555	511	520	-
	AT M	314	300	287	267	277	-
	AT F	299	283	268	244	244	-
<b>Notified apprenticeship opening</b> <sup>4</sup>	AT i	121	119	113	100	99	120
of these remained unfilled <sup>4</sup>	YE i	1	1	1	1	2	2
<b>Registered applicants for vocational training places</b> <sup>4</sup>	AT i	220	218	213	202	204	187
of these: not placed <sup>4</sup>	YE i	10	1	15	11	16	9
<b>Employees in continued vocational training</b> <sup>5</sup>	AV i	142	99	63	38	37	39
<b>Integration subsidies</b> <sup>5</sup>	AV i	86	97	70	32	35	41
<b>Recipients of unemployment benefit II</b> <sup>6</sup>		-	-	-	1,796	1,930	1,885
<b>Recipients of welfare benefit</b> <sup>6</sup>		-	-	-	519	556	562
<b>Recipients of unemployment benefits</b> <sup>7</sup>	AV i	657	593	557	520	423	310

Note on the territory includes former GDR and Berlin

<sup>\*</sup> After 2005 complementary evaluations of the BA's special IT process.

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