

八、 德國聯邦內政部人口政策資料

(一) Demography Report



Demography Report



Federal Government Report on the Demographic
Situation and Future Development of Germany

Summary

Mission and Aims

Demographic change in Germany is marked by low birth rates and a declining population size. Increased life expectancy, the resulting ageing of the population and the growing proportion of the population with an immigrant background affect Germany more than other industrial countries. Demographic change impacts almost every area of life and will significantly influence our society and economy in the coming decades.

The Federal Government sees managing demographic change as one of its biggest future tasks. For this reason, in November 2009 the Federal Minister of the Interior was asked to produce the Federal Government Report on the Demographic Situation and Future Development of Germany by 2011 and present a proposal for a cross-ministerial demographic strategy for the Federal Government by spring 2012.

In this report, the Federal Government describes the demographic changes and impacts of demographic change on various areas of life and policy. The report presents the federal measures taken so far and points out future areas for action. In this way, the Federal Government hopes to contribute to a broad public discussion of demographic change.

Demographic Change: Facts and Trends

The population of Germany has been shrinking since 2003 and is now 81.7 million residents. The reason is that the number of people dying is higher and rising faster than the number of those being born. Since 2003, positive net migration (more people moving to Germany than moving away) has not made up the difference between the death rate and the birth rate. This trend will continue in the coming years. According to models of the Federal Statistical Office, Germany's population will decline to 65-70 million by 2060. That would be as much as 17 million fewer residents, or a decline of 15% to 21% within 50 years. This trend is also accompanied by a decline in the working-age population.

While the population is declining, the age structure is also shifting. Over the next two decades, the proportion of older persons in the total population will significantly expand. Today, the population group of children and young people under age 20 is roughly the same size as the group of persons aged 65 and older, and each group makes up about 20% of the total population. In 2030, the group of persons aged 65

and older will account for 29% of the total population; in 2060, every third person (34%) will be at least 65 years old.

There are two reasons for population ageing: Germany has had low birth rates for many years. After reaching a peak in the mid-1960s, known as the "baby boom", average birth rates have steadily declined. Since the mid-1970s, the birth rate in Germany has remained low at an average of 1.4 children per woman. This is well below the rate of 2.1 children needed to replace the parental generation. The low birth rate is due in part to a large proportion of women remaining childless, especially highly educated women; to childbearing at later ages; and to changing notions of the family.

In addition, average life expectancy in Germany, as in other industrial countries, has steadily risen over the past 150 years by about three months per year. This increased life expectancy initially arose from a decline in child mortality. For more than six decades, however, it has reflected an increase in life expectancy at the oldest ages. This trend will continue. According to the estimates of the Federal Statistical Office model, life expectancy for persons born in 2060 will rise by eight years for males, to 85, and by seven years for females, to 89.2. And the physical and mental health of an increasing number of people attaining very old age is also improving, while the number of years spent in good health is growing.

In past decades, Germany had very high net migration, which reduced the impact of population ageing and delayed the process of population decline. In 2008 and 2009, more people emigrated from Germany than migrated here (after statistical adjustment of the civil register), but in 2010, migrants to Germany again outnumbered those moving away by about 128,000 persons.

Rising birth rates or more migration can moderate the impact of changes in the age structure, though they cannot stop them, because ageing is already inherent in the current age structure of the population and is speeding up as the large age cohorts of the baby-boomer generation grow older.

As well as population ageing and decline, two more trends are significant for demographics: First, lifestyles and families in Germany have become more diverse. Second, the population has become more ethnically diverse. The proportion of residents with an immigrant background has grown to nearly one-fifth of the total population. This trend will continue.

Demographic change affects different regions to differing degrees. Some regions have lost population, while others have gained. Population ageing is taking place in all regions, at different rates. However, it appears that peripheral rural areas will be especially affected by demographic change. Many parts of eastern Germany have already seen significant population ageing and decline, magnified by internal migration. Rural and urban areas in western Germany are also increasingly affected by this trend.

Family and Society

Family is central to demographic change. It is the place where affection, responsibility, cohesion and solidarity play a special role. Lifestyles and birth rates have changed over the past decades. This has been accompanied by a different notion of what family is. Along with the classic nuclear family, unmarried couples and single-parent families have gained growing acceptance.

An important factor in the decision to have children is being able to balance family and work commitments. One thing has not changed: Women still take on most of the family-related tasks and have to reconcile these with paid employment.

A large number of government measures and benefits help families in various life situations and phases. In 2008, federal family benefits amounted to €114.8 billion, of which €24 billion were cash benefits for families. Federal support for families takes the form of maternity, parental and child allowances; the recognition by the statutory pension insurance of years spent raising children; and coverage in the statutory health insurance for spouses and children at no extra charge. Low-income families are eligible for child supplements and housing allowance.

Expanding the provision of child care is an important way to help balance family and work commitments. In addition to care for young children, more flexible care services are needed, such as all-day care for school-aged children. Nearly half of all families with school-aged children have a hard time finding a good balance between family and work commitments. The Federal Government supports in particular the expansion of early-childhood education and care, new alternatives for developing more family-friendly living and working conditions, and a family-centred human resources policy.

As life expectancy has risen and people are remaining healthier as they age, they are able to remain active to higher ages. Germany cannot do without the experience and engagement of its older residents. Longer life expectancy changes intergenerational relationships within families (grandparents – grandchildren) and offers new possibilities for further employment and volunteering after reaching the official retirement age. In regions especially affected by ageing and population decline, engagement by older people in particular can help maintain key infrastructures. The necessary framework conditions need to be improved to enable people to pursue their desire for civic engagement regardless of their age.

Migration and Integration

The number of people migrating to or emigrating from Germany is another factor in demographic change. Depending on the framework conditions, we can expect annual net migration of between 100,000 and 200,000 persons in the coming years. While the number of ethnic German resettlers and their families coming to Germany has been declining for years, some areas of labour migration have seen strong growth.

Germany will need greater immigration by skilled and highly qualified workers in order to mitigate the negative impact of shortages of skilled labour on productivity and growth. In order to make Germany more attractive to highly qualified and skilled workers, the Federal Government will reduce bureaucratic obstacles for eligible workers, improve the framework conditions for their temporary and permanent resident permits, and examine how foreign skilled and highly qualified workers can be recruited in a more targeted way to meet the needs of the German labour market, as well as how such recruitment can be organized in line with coherent and transparent criteria such as need, qualification and ability to integrate.

It is difficult to forecast how many workers in different occupations and with different skills will be needed in certain regions and industries of Germany, since this need also depends on the economic situation. A tool for determining current and future labour needs broken down by industries, regions and qualifications (job monitor) is being developed with the help of the research community in order to design targeted, needs-based measures.

The number of Germans emigrating to other countries has nearly tripled since the 1970s. In 2010, 141,000 Germans were registered as leaving the country. At the same time, 115,000 Germans moved to Germany, most of them returning home. The

permanent emigration of Germans is often seen as a loss. For this reason, the Federal Government is working to make it easier for German emigrants to return to Germany.

Integration policy is aimed at helping immigrants participate equally in social, economic and cultural life in Germany while strengthening social cohesion. The most important single federal measure of the nation-wide integration programme published in September 2010 is the integration course, a basic service for all new immigrants and those already living here.

Economy, Labour, Education and Research

In the coming decades, demographic change will alter the framework conditions for growth and prosperity. Economic potential and growth heavily depend on having enough productive, skilled and innovative workers.

But the level and structure of overall economic demand will change as a result of demographic changes.

The size of the working-age population began to decline already ten years ago. This decline has so far been compensated by an increase in the number of women and older workers and by a reduction in unemployment in recent years. The working-age population (20 to 64) in Germany is currently 49.8 million.

Starting in 2015, this group is expected to noticeably decline in size. This process will further accelerate starting in 2020, when the baby-boom generation begins to retire. In 2030, the working-age population will probably have 6.3 million fewer persons than in 2010. This is assuming annual net migration of 200,000 persons starting in 2020. If fewer people immigrate to Germany, then the working-age population will decline even more.

To deal with the growth-inhibiting impact of demographic change and to manage the threat of a shortage of skilled labour, we should take better advantage of existing labour and innovation potential and the potential of qualified immigrants. Labour potential can be mobilized in those groups which have so far been underutilized, such as women, older workers and persons with disabilities, as well as persons who have not yet succeeded in becoming permanently integrated in the labour market. In recent years, the Federal Government has further developed the set of tools for active la-

bour market policy on the basis of extensive research. In 2011, the Federal Government presented its strategy for ensuring the supply of skilled labour and describing its aims and measures.

A higher rate of female employment can be achieved above all with better and more flexible child-care services for preschool- and school-aged children, with family-friendly working conditions, and with human resources policy oriented on equality. This applies above all to single parents. Improved career opportunities and possibilities for career advancement provide additional incentives for greater labour market participation by women.

The most important approach to such incentives is targeted support for women when choosing a career, re-entering the labour market, starting a business and advancing to management positions.

The potential of older workers has long been underestimated. They have a wide range of skills, abilities and experience. As the proportion of older workers increases, it is more and more important that jobs and working conditions be adapted to their needs. Ensuring safe and healthy working conditions, promoting health in the workplace, and organizing work in a way that recognizes individual abilities and avoids repetitive tasks keeps workers motivated and productive in every phase of their working life. Continuing professional development in the sense of lifelong learning and a work environment that promotes good health also help maintain productivity and retain older workers.

With the right framework conditions and support, the great potential of workers with a disability can also be much better utilized. The Federal Government is supporting this with its "Inclusion Initiative", among other things.

Less-skilled workers continue to bear the brunt of unemployment. Young people who have not finished school and young adults without an occupational qualification have significantly worse chances in the labour market. This is why the aim is to improve educational and occupational training options, thereby enabling young people to gain a foothold in the labour market. This is all the more important when the future age cohorts are shrinking.

Increasing the educational levels of the population can have a major impact on growth. A high level of education increases work productivity and employment rates

and has a positive effect on production. The aim is to further raise the education level of the population, fight educational deficits and ensure equal educational opportunities.

Demographic change poses a variety of new challenges to public education in Germany. The individual educational sectors need to adapt to the birth rates and ageing process, for example, in early-childhood education, all-day schools, the transition to occupational training and in continuing professional development. In-service training and education also need improvement and should better cater for the needs of adults aged 30 and over, who may already have children. Despite the population decline caused by demographic change, investment in education will therefore remain at the same level and should even be increased in certain areas, in order to help people in all living and educational situations with appropriate educational measures.

In addition to education, research and innovation play a significant role in compensating for shrinking production and growth potential. Research and innovation policy therefore has two major tasks: First, training and recruiting more younger people to work in research and innovation; and second, increasing and adapting research and innovation activities. The Federal Government has set the goal of investing an additional 12 billion euros in the key fields of education and research in the period 2010 – 2013.

Population ageing and decline also have an impact on overall economic demand. On the one hand, changes in the rate of consumption and the ratio of consumption to savings can be expected. On the other hand, there will be significant shifts in the structure of consumption. Policy-makers can and will stay on top of these changes by raising awareness of the problem, pointing out possible solutions and improving framework conditions.

The Pension System

The pension system is designed to ensure adequate income after retirement from active working life. The system rests on three pillars: statutory pension insurance, the occupational pension scheme and private pension plans. The most important pillar by far is the statutory pension insurance. Other important schemes include the civil servants' pension scheme, retirement and surviving dependants' pension for public service employees, farmers' old-age security, artists' social insurance and pension funds of the free professions.

Demographic change creates challenges for the statutory pension insurance, which is a pay-as-you-go system. If the number of those paying into the system falls while the number of those drawing pension benefits rises, this would necessarily create financial pressure if counter-measures had not already been taken.

The aim is to ensure sustainable funding for the pension system while appropriately balancing the interests of young and old. Against the backdrop of demographic change, the Federal Government has undertaken a series of reforms over the past two decades, affecting not only the statutory pension insurance but all aspects of the pension system. One of the most important reforms with regard to statutory pension insurance, adopted in 2007, is the gradual raising of the official retirement age from 65 to 67 by 2029. This applies to persons in other pension schemes as well, such as federal civil servants.

Raising the retirement age is an important pension policy measure; at the same time, it sends a signal to society and the private sector to further promote new attitudes towards older workers and age-appropriate working conditions. In this way, it also helps counter the threat of skilled labour shortages.

Health and Long-Term Care

More and more people are living to old age with improving levels of mental and physical health. But the increase in life expectancy is not always accompanied by good health. With a growing proportion of older and very old people, the health-care system will have to deal with higher expenditures and shrinking revenues. The reason for higher health-care expenditures is the growing need for health care, especially for older people. Another factor is advancements in medical technology, which also drive up costs.

The shift in the age structure also affects the revenue side: The growing number of retirees resulting from population ageing tends to weaken the finances of the health-care system, which is now largely funded from wage- and salary-based contributions.

The aim of health-care policy is to continue to make sure everyone in Germany, regardless of income, age, health risks or place of residence, has access to the necessary medical care at a high level of quality and to medical progress.

This requires reforms to the health-care system. With the Statutory Health Insurance Financing Act, which entered into force on 1 January 2011, the Federal Government has already set the course for sustainable financing of the statutory health insurance. In addition, the draft Act on Care Structures in the Statutory Health Insurance, which the Federal Government adopted in August 2011, lays the groundwork for high-quality, local medical care in order to improve the concrete care situation of patients in economically disadvantaged regions and to counter the growing shortage of doctors in these regions. More staff will also be needed in other caring professions as well to meet the growing demand. To meet this demand while ensuring quality care, the Federal Government, together with the states and relevant organizations, introduced a campaign to promote training and qualification in eldercare occupations. The Federal Government is also preparing new legislation to consolidate occupational training in the health-care field.

As people in our society live longer, targeted prevention and health promotion at every age are more important than ever. Prevention and health promotion help prevent illnesses, help people stay healthy longer and contribute to quality of life. These aims will be further developed in a national prevention strategy.

Like the statutory health insurance, the long-term care insurance is also affected by demographic change. A system financed solely through income-based contributions will be subject to reduced funding in an ageing society. At the same time, the ageing population will require more care services. In 2010, about 2.42 million people required long-term care. According to current estimates, this number could rise to 2.9 million by 2020 and to 3.37 million by 2030. The growing number of older persons suffering from dementia constitutes a special problem.

The Federal Government's aim is for persons needing long-term care to continue to have access to affordable care and be treated with dignity. This also means that persons in need of care should be able to remain as independent as possible and participate in social life. To manage the growing number of persons needing long-term care, financing for the long-term care insurance must be put on a solid footing, and the framework conditions for care provision must be improved. With this in mind, the coalition agreement calls for additional capital funding, which must be mandatory, individually tailored and fair to both younger and older generations.

Out-patient care must be expanded so that care patients can be looked after at home as long as possible, in accordance with their wishes. Persons providing care for fam-

ily members also need support. To make it easier to reconcile work and the need to care for family members, the Federal Government has decided to introduce leave to care for family members.

Rural and Urban Regions, Infrastructure and Mobility

Demographic change has very different impacts on rural and urban areas, as processes of growth and decline often occur at the same time, sometimes not far from each other. In addition to population decline, factors for this development include internal migration and the regional and economic starting situation. The change in the age composition will also have a significant impact on life in urban and rural areas.

Especially in thinly populated rural areas, population decline will lead to reduced demand on infrastructure and increased resource use. Population ageing will change the demand for infrastructure services, which will be more oriented on the needs of older people, above all health care and long-term care services, medical care, appropriate housing options and age-specific social infrastructures. Providing such infrastructure locally is a challenge especially in rural areas. However, it is important not to sacrifice the goal of equivalence between rural and urban areas. Solutions tailored to local conditions which take into account regional and economic circumstances must be developed. In many cases, regional cooperation can ensure that tasks are carried out efficiently. The Federal Government is assisting the state governments among other things with grants and model projects, especially in the provision of vital services. And Federal Government programmes in the field of urban development assistance and housing policy are helping cities and rural communities remain attractive places for persons of every generation to live.

Participation in work and society requires a good transport infrastructure and transport options as well as modern communications technology. Overall, demographic change will not mean less, but different and regionally diverse traffic. For this reason, transport systems must be adjusted to meet actual needs while paying attention to safety and ease of use and developing innovative solutions, in particular for local public transport. It is also important to ensure that thinly populated rural areas have access to high-capacity broadband connections and networks.

Government and Public Administration

So that government will be able to function in future generations, a central aim is securing the long-term sustainability of public finances. To this end, an important prerequisite is effectively reducing public debt. The introduction of the limit on public borrowing anchored in the Basic Law the principle of long-term sustainability of the federal and state budgets.

To implement this borrowing limit, the Federal Government is pursuing a growth-oriented consolidation strategy, which includes comprehensive, long-term finance, economic, education, research, family and social policy. Giving priority to expenditures on education and research as well as child care is an important part of the growth orientation of this strategy. Reforms of the social insurance systems in recent years will significantly help reduce long-term financing risks.

To ensure that government can continue to function, it is also necessary for public administration to adjust its services to the changing demographic framework conditions. While this primarily affects state and local governments, the federal administration must also address this issue. Public administration of the future will rely even more on modern technology in providing its services, offering them online or over the telephone.

Government as employer will also have to manage the effects of demographic change, ensuring that it remains productive despite ageing staff, reduced budgets, further staff cuts and more complex processes. The foreseeable developments require the federal administration to pursue human resources policy which takes demographic change into account.

Outlook

This report makes clear that Germany, more than most other OECD member states, will have to be prepared for population ageing and decline in the coming decades. This trend will affect almost every area of life, society and public policy, giving rise to new challenges to social cohesion and economic prosperity in Germany over the long term. Better living conditions and good medical care have improved the chances of living a longer and healthy life. This offers opportunities for individuals and society. It is important to recognize these opportunities and use them in a positive way.

As the report describes in detail, the Federal Government has already responded to the coming changes in all relevant policy areas. In order to take advantage of the opportunities offered and challenges posed by demographic change, the Federal Government will coordinate all the demographic policy activities of the federal ministries in a demographic strategy to be presented in spring 2012. The Federal Government strategy will be based on intergenerational policy tailored to the different living situations which promotes development opportunities at an early stage and for people of every age by creating the necessary framework conditions. The Federal Government is organizing its tasks to achieve the following four goals:

1. Recognizing and taking advantage of opportunities offered by living longer

Increased life expectancy and the resulting extended years of health represent an enormous opportunity for each individual and for society as a whole. It is accompanied by a shift in the sequence and length of the classic life phases (education, work, retirement) and in some cases overlaps between them. Everyone should have a chance to develop his or her potential and abilities, to pursue dreams and contribute to society and economic life. Options for development should be organized at an early stage for people of every age and in every area of life, from family, education, employment and civic engagement to health.

2. Increasing growth and ensuring prosperity

The anticipated decline of the working-age population will outpace the decline of the overall population starting in about 2020. The resulting challenges for economic growth, in particular ensuring enough skilled labour and productivity growth, require managing this process. This demands above all training and exploiting the domestic labour potential, allowing more immigration of skilled workers and strengthening the research and innovation potential and growth-promoting framework conditions of the factor and product markets.

3. Maintaining and strengthening social justice and social cohesion

Population ageing and regional differences in population dynamics will require willingness to change and adjust. This applies to stable financing and generation-appropriate organization of the social insurance systems as well as to ensuring local provision of vital services in regions and communities. People in Germany should be

able to rely also in future on appropriate provision for their old age and on health and long-term care services.

4. Preserving government's ability to function

In order to preserve government's ability to function, the public budgets must remain sustainable. An important point of orientation is intergenerational equity. The social insurance systems and the palette of public services should be adjusted to changing conditions and needs.

Starting with these four goals, the Federal Government has come up with the following fields of action for its demographic strategy:

- Enabling young people to take part in education and training regardless of their background or gender, facilitating their transition to work and teaching them the basics of a healthy lifestyle from their earliest years.
- Supporting a child- and family-friendly society, including family-friendly housing conditions, and making it easier for couples to decide to have children.
- Improving the ability to combine work and family life, so that people can take responsibility for raising their children or looking after family members in need of care, achieve their occupational potential and maintain it during family-related periods of non-employment.
- Further improving the preconditions for a long and healthy working life; redefining images of ageing; and promoting continuing education and qualification.
- Ensuring the supply of skilled labour and strengthening entrepreneurial initiative by taking advantage of domestic potential – above all by increasing the labour market participation of women and older workers, and through greater immigration of skilled foreign workers.
- Increasing innovation and supporting growing economic productivity through infrastructure and growth-promoting framework conditions.
- Activating the potential of older people, encouraging their participation in society and strengthening their civic engagement.
- Encouraging healthy and independent living as long as possible through measures ranging from age-appropriate housing to family and social networks; ensuring quality and appropriate health and long-term care.
- Setting the framework for demographic change in rural and urban areas, while taking advantage of opportunities to conserve resources and preserve the environment; ensuring the provision of vital services and need-based mobility services; keeping an eye on the equivalence of living conditions; enabling social participation and improving local integration.

- Putting public finances, including those of the social insurance systems, on a solid footing for the long term; ensuring productive and efficient public administration for all.

The federal level does not have exclusive responsibility for managing the effects of demographic change in these fields of activity. State and local government, the private sector, social partners and other social actors are also called on to act in their areas of responsibility. Managing demographic change and taking advantage of the opportunities offered by a long and healthy life will succeed only if the different public- and private-sector levels work together and address demographic challenges actively and for the long term. Each individual must act responsibly: Without personal responsibility, we will not succeed in managing demographic change.

The Federal Government sees its demographic report and the demographic strategy based on it as helping to develop a cross-level demographic policy for Germany and to achieve overall sustainable development. Based on existing cooperation, in its demographic strategy the Federal Government will also make proposals on where and in what form additional cross-level coordination on measures in these fields of action will be needed.

Demographic change and managing its effects is a complex process. Demographic policy is therefore a long-term task. It can succeed only with public participation. This requires an exchange. With its demographic strategy, the Federal Government will therefore initiate a dialogue process in which demographic policy activities at the various government and non-governmental levels will be further coordinated.

(二) Every Age Counts



Every Age Counts



I.
Every age counts

Every Age Counts

The Federal Government's demographic strategy

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I. Every age counts

In the coming decades, demographic change will have a profound impact on Germany: Our population is shrinking, ageing and becoming more diverse. The question is not whether but how things will change and what we will make of it. What do these trends mean for each of us individually and for our country as a whole?

Longer life expectancy will affect individual biographies in new ways. Traditional life phases will become more fluid and diverse; periods of education, family formation, career and retirement will need to be more flexible. The most important thing: For most people, living longer will mean more years to enjoy a fulfilled life. The key is to recognize this and take advantage of the extra time. Relations between the generations will have to adjust to the new reality: many more older people, fewer younger people. Handing down experience, interaction between generations, care and nursing services will assume growing importance. At the same time, this process creates opportunities for new forms of mutual aid, cooperation and affirmation.

Our social security systems must continue to provide a safety net under the changing conditions, without losing sight of the fair distribution of burdens and opportunities between generations. Ensuring the long-term viability of government finances is urgent enough in view of the euro crisis; against the backdrop of demographic change, this task becomes even more pressing.

To ensure sustainable growth and preserve prosperity as the labour force ages and shrinks, we will have to organize our working lives and economy to make optimal use of our country's most valuable capital: our skills and knowledge. This means even greater emphasis on what every policy should focus on anyway: the talents and abilities of each individual, regardless of origin or social background.

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For this reason, the Federal Government's demographic strategy aims at offering all individuals opportunities appropriate to their age and life situation to develop their potential and abilities and achieve their goals in life. To do so, the Federal Government will shape conditions in all areas of life – from family, education, working life and volunteering to health – to meet the needs arising from demographic change. But every

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individual must also be willing to accept the coming changes and take responsibility for him- or herself and for others.

To ensure growth, innovation and prosperity in our country in the face of demographic change, it is crucial to develop individual potential and abilities. And helping people fulfil their dreams is the foundation for preserving social cohesion in our country– not only between young and old, but also between families and singles, healthy and ill persons, different ethnic groups, native Germans and immigrants, at home and at work in all of Germany's regions, cities and towns.

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With its demographic strategy, the Federal Government is defining the areas where it intends to create the conditions to help people develop their potential and abilities while reinforcing the foundations for growth, prosperity and social cohesion. In the process, it is focusing on the areas where the impact of demographic change will be felt most strongly: in families, at work, by older people and in the specific context of their rural or urban environment.

Family cohesion and solidarity will remain the foundation for a liveable and forward-looking society, even as the traditional notion of the family is changing and lifestyles are becoming more diverse. The Federal Government therefore wants to strengthen the family. Federal policy is aimed at increasing parents' options for balancing family and career, offering men and women equal chances to have a family and pursue a career as well as supporting and encouraging the decision to have children. Offering men and women equal opportunities helps ensure not only the future of the family as the nucleus of society, but also economic prosperity in our country. Well-educated women in particular should be able to make the most of their potential over their entire working lives, not only in the first few years of their careers.

The decreasing number of persons able to work, the rise in life expectancy and the need to finance the pension funds means that we will have to work longer in future. This is why the Federal Government raised the retirement age to 67. But raising the retirement age will help only if employers also create the necessary conditions for staying healthy and continuing to work productively longer. For this reason, the Federal Government will promote workplace health, training and continuing professional development, establish a framework for working longer and make sure that lifetime achievement is rewarded with an appropriate pension.

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Most people today remain healthy at advanced ages that their parents and grandparents rarely experienced. These additional years offer an opportunity for self-realization and to contribute skills and experience to society. How we use this extra time will have a decisive impact on demographic change. The Federal Government therefore wants to increase awareness of longer active lives and encourage a new culture of ageing.

At the same time, the number of the very old and persons in need of care who are dependent on others for assistance is growing. The Federal Government's demographic policy therefore encourages the ability of the elderly to participate in social and economic life and to live independently as long as possible, even if they require assistance or care. The Federal Government will take a number of measures and will invite participation in a broad-based dialogue on how to ensure the provision of high-quality care tailored to individual needs.

Demographic change is affecting Germany's regions to various degrees. The Federal Government is working to make sure that rural areas are prosperous and attractive areas to live. Every region must have an equal chance to develop. Wherever demographic change has led to a vicious circle of depopulation, decreasing attractiveness, reduction in vital services and opportunities to earn a living, the Federal Government will combine its support options to counter these trends. It will help cities, where immigration offers special opportunities while creating challenges for co-existence among people of different cultural backgrounds, develop integrative and attractive communities.

In addition, certain factors are decisive to ensure sustainable growth, prosperity and cohesion for the entire country: Germany's prosperity rests in particular on the creativity of its people, their drive to achieve and ability to innovate. In order to maintain our country's chances to grow even with fewer persons of working age, we must educate our population, activate unused potential in order to ensure above all a sufficient pool of skilled workers and entrepreneurs, and enable the immigration of skilled workers. At the same time, the Federal Government will make the German economy more innovative and competitive for the long term.

For the coming generations to have a good chance of a prosperous future and to secure social cohesion and domestic peace in our country, we must maintain effective government, thus ensuring sustainable, healthy public finances at every level of government and in the social insurance systems is a core component of the Federal Government's demographic strategy. We are also modernizing the federal public

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administration and ensuring the federal public service's efficiency and effectiveness for the long term.

In all of these areas, the Federal Government's demographic strategy includes initiatives to be implemented during the current legislative term and beyond.

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The Federal Government has already launched key projects in recent months to manage demographic change: the strategy of 22 June 2011 for ensuring the supply of skilled labour; the action plan of 5 October 2011, developed in consultation with the eastern German states, to ensure the continued provision of vital services; the research agenda of 30 November 2011 on the future of ageing; and the National Action Plan on Integration, adopted on 31 January 2012 at the 5th Integration Summit.

The Federal Government's demographic report of 26 October 2011 provides an overview of the relevant demographic data and contexts and the measures taken so far by the federal ministries to deal with demographic change. The report shows that new, interministerial approaches and action will be needed to manage the challenges associated with demographic change. Tasks such as making it easier to balance family and career; creating the conditions for longer, healthy and motivated work; supporting independent and socially engaged life in retirement; and ensuring equal development opportunities for all regions require the ministries to work together. An overarching policy approach is essential. Demographic policy must be more than the sum of measures taken by the individual federal ministries and requires intensive coordination within the Federal Government.

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The Federal Government is aware that managing demographic change will require all levels of government, social actors and local citizens to work together with the same goal. The demographic strategy therefore also describes the key areas in which the Federal Government will work with the state and local governments, social partners and other civil-society institutions to develop and implement coordinated responses. The federal levels in particular are called on to play an active role in line with their constitutional authority. With this in mind, the Federal Government will initiate a dialogue process with all partners. Wherever necessary and reasonable to promote equal opportunities for the people in our country, we will strengthen cooperation not only

I.
Every age counts

among federal ministries, but also between the federal, state and local governments, social partners and others.

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Measures and programmes are effective only if people are willing to accept change. In recent years, this process has already begun. Those at local level have already tested creative solutions. More and more young people are investing in their own education and skills and taking control of their lives. More and more people are retiring at higher ages and actively planning for life after retirement. Older people are contributing their life experience not only within the family but also to the benefit of the larger society. Communities are already trying out a variety of ways to ensure the provision of vital services. There are thousands of examples of how people are managing demographic change. Acceptance of responsibility for community at local level is demonstrated by active, often volunteer commitment by the public as well as participation in local decision-making processes.

The demographic strategy relies on this kind of initiative and public involvement. The strategy provides recommendations for making better use of the willingness to take responsibility for oneself and others in the specific policy fields.

II. Aims, strategic fields of action and measures

A. Strengthening the family

Aims:

- Giving parents a choice, making it easier to balance family and career
- Promoting equal chances for men and women in family and career
- Encouraging the decision to have children

Cohesion and solidarity are strongest in the family, where people accept lasting responsibility for each other's welfare. Families lay the groundwork for giving children and youth equal opportunities in life, demonstrate solidarity among the generations and make a major contribution to looking after persons in need of care. Families also provide support and protection far beyond what the state can offer.

This is why the family is the central focus of our demographic strategy. We want to help current and future parents when deciding whether to have children, when starting a family, with care for preschool-aged children and with education for school-aged children.

To achieve this, parents should have more freedom of choice when it comes to balancing family and career obligations: Women and men must have equal chances to reconcile family and career and must be able to decide for themselves how to share the tasks of childraising and breadwinning.

In line with the principle of solidarity, the Federal Government believes that no one knows better than families themselves how to manage the challenges of daily life. So we want to shape the public framework conditions so that families have the necessary flexibility to meet their diverse needs.

In recent years, government and employers have taken action on the issue of reconciling family and career, but more is needed. This will be a shared task for government, society and the private sector. Not only does family life need to be organized in a way that allows parents to pursue careers, but working life has to be organized in a family-friendly way. We want to slow down the "rush hour of life", that is, the period in which people have to juggle both family and career advancement concerns. We want to take advantage of longer life expectancy to better distribute time

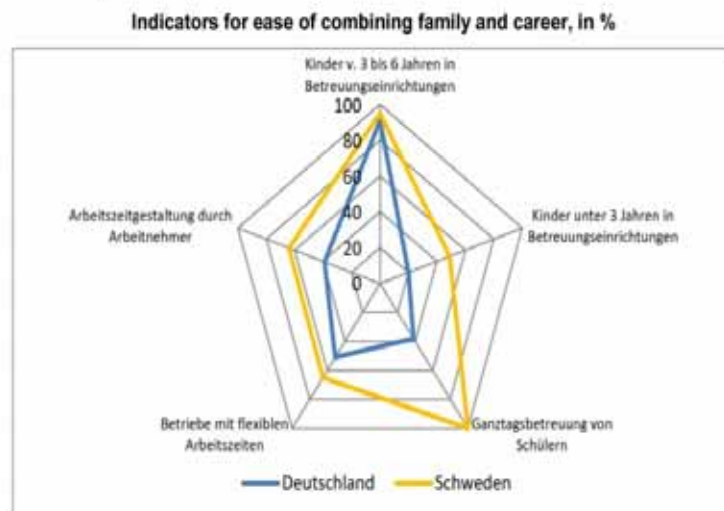
II. A.
Strengthening the family

spent on childraising, work and further education. If we succeed, it will also be possible to achieve two important objectives: making it easier to decide to have children and to combine family and career.

In this context, the Federal Government's priorities are more and better child-care provision, significantly more control of one's time, more effective help in claiming household-related services and equal career and advancement opportunities for men and women returning to work, both part- and full-time.

Box 1: Facts and figures (for the English translation, please see the Annex)

The ability to combine family and career has significantly improved in Germany. But comparison with international leaders such as Sweden shows that further progress is possible, for example with more family-friendly working schedules and day care for preschool- and school-aged children. The figure also shows that being able to combine family and career easily depends on a number of complementary factors.



Source: Own presentation; European Commission, OECD

Being able to balance family and career more easily would allow more women to take up employment or work more hours: About 1.2 million mothers who currently do not work outside the home would resume their careers if it were easier to combine family and work. This would also help increase the supply of skilled labour.

1. Supporting family-friendly work environments, increasing families' control over their time

In a society in which life expectancy is increasing and lifestyles are becoming more diverse, time will be a key resource for a policy of equal opportunities. Having more time later in life contrasts with a shortage of time and time conflicts in other life phases. How we balance the shortage and excess of time between young and old and women and men will be decisive in the coming years, both for individual freedom and for social cohesion. Time is also a resource we can use more than before to improve social cohesion.

It is important to note that the government cannot redistribute time. Rigid rules would be sure to fail. Instead, the Federal Government's policy is aimed at giving people and their families more control over their time. To do so, the necessary conditions must be created. One priority of the Federal Government's policy is working with employers and social partners to encourage more family-friendly work schedules.

- The Federal Government will examine existing rules on parental leave with a view to giving families more control over their time. Current law must continue to be amended in line with changing lifestyles. The focus is revising parental leave in a targeted way, for example by expanding leave for grandparents and other more flexible arrangements. Amendments on parental leave legislation are to be voted on during the current legislative term.
- In the initiative on family-centred work schedules, the Federal Government, industry associations and labour unions support introducing more flexible working time models. Extended part-time models can help men and women combine family responsibilities with careers and executive positions.
- The Federal Government supports an initiative of the European Academy for Women in Politics and Business (EAF) which is forging regional alliances between private companies and public enterprises of various sizes and in various industries with the aim of developing measures and activities to increase the number of women in leadership positions.
- Society will become more family-friendly only if everyone takes responsibility for this process. The Federal Government therefore supports and is coordinating the development of community time strategies in the context of local alliances for family; these strategies are intended to better synchronize time demands made by family, education, career and leisure at local level.

II. A. Strengthening the family

- Returning to work after family-related leave is a special priority, one that the Federal Government is pursuing with the second phase of its employment policy model programme *Perspektive Wiedereinstieg* (Re-entry prospects) with support from the European Social Fund. The programme is intended to help parents find the time to return to work by addressing the partners in the re-entry process and encouraging them to make use of household-related services.
- With the Act on Family Caregiver Leave, which entered into force in early 2012, government subsidies are available to increase the remuneration of persons working part-time in order to look after family members in need of care. Now this option needs to be put into practice; industry associations and labour unions can play an important role in this regard.

2. Balancing family and studies

About the time they are ready to embark on a professional career, young people are at the age when they would like to start a family, but the two often come into conflict, especially for those who have invested a great deal of time and effort in university-level studies and expect to pursue a career commensurate with their education. So our aim is to re-balance family and working phases so that it is easier to start a family at younger ages, for example when studying at university.

- The academic landscape is undergoing major transformation. Demographic change is accompanied by young parents' growing expectations to be able to balance the demands of family and studies, so greater family orientation is increasingly important as a way for universities to stand out from the competition. The federal and state governments have significantly improved legislation on educational grants to make it easier for students with children to pay for their studies. In talks with the state governments about future cooperation on higher education, the Federal Government will also explore options to make university-level education more family-oriented.
- Together with the Robert Bosch Foundation, the Federal Government will support testing and sharing new models and best practices for family-friendly universities and technical universities.
- A website (*eFFektiv! Für mehr Familienfreundlichkeit an deutschen Hochschulen* (Effective! For more family-friendly German universities)) will be set up to inform young families about ways to balance university-level education and childraising. Procedures for applying for and assigning childcare places near parents' place of study will be simplified.

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- The Federal Government is helping balance education and family by supporting the non-profit organization *berufundfamilie gGmbH*, which conducts audits to determine how family-friendly institutions of higher education are (*familiengerechte hochschule*). More than 120 institutions have demonstrated their family orientation, benefiting more than 1.2 million students and more than 167,000 university staff.

3. More and better childcare for children under age three

Along with family-friendly work hours, expanding the supply of high-quality childcare is crucial in helping families have more control over their time and balance family and career obligations. In many cases, both parents would not be able to work without adequate childcare, which thus also helps ensure an adequate family income. By helping their skilled workers better manage the demands of family and occupation, private-sector employers can offer their staff more opportunity for career advancement. The largest potential pool of skilled workers and the easiest to activate quickly is women. So it is important that men and women are able to work the schedules they need.

For this reason, the supply of various forms of public and publicly funded childcare has expanded significantly in recent years. The Federal Government will continue to pay special attention to this area, and the federal, state and local governments share responsibility. Effective 1 August 2013, every child has a legal right to a place in day care from his or her first birthday. Expanding the supply and improving the quality of childcare goes hand in hand.

- The Federal Government will continue to make its full contribution so that the provision of childcare can be expanded as planned. Even after 2013, the Federal Government will fulfil its responsibility by continuing to provide significant annual subsidies for childcare facilities. The Federal Government is engaged in a close and constructive dialogue with state and local governments to ensure that the supply increases with the necessary speed and expansion targets are achieved.
- Good education and care in early childhood up to school age are also necessary. This is the responsibility of the states. In order to help companies ensure a good supply of local childcare, the Federal Government is engaged in a dialogue with the private sector in the framework of various initiatives.

II. A. Strengthening the family

- With its action plan on child day care, the Federal Government is helping recruit and train day-care staff. With the aim of improving working conditions for day-care staff, the Federal Government and the Federal Employment Agency are preparing a model project to test the employment of day-care staff by the youth welfare offices or independent institutions. In addition, they support basic training courses, a certificate of quality for course providers and in-service training to become a certified childcare worker or caregiver.
- The Federal Government supports the recruitment and training of additional skilled staff for child day-care centres. It supports the campaign organized by the labour unions, professional organizations and voluntary welfare organizations to improve the social status of this occupation (*Profis für Kitas*, Professionals for day-care centres). The campaign is aimed at various target groups with and without an immigrant background, such as school pupils investigating their career choices and adults seeking a career change.
- Our initiative *Mehr Männer in Kitas* (More men for day-care centres) is intended to help increase the number of skilled male day-care workers in the coming years.
- The Federal Government welcomes the states' proposed legislation to recognize pedagogical training acquired abroad and will continue the talks on further qualifications for childcare workers. Federal measures such as the further training initiative for early-childhood specialists (WIFF) supplement the states' activities and are a focus of the research agenda on the future of ageing (*Alter hat Zukunft*).

4. Household-related services to help families

Expanding family-support and household-related services is an important way to give families more options and more control over their time. Wanting more time is the main reason today such services are in demand. Another reason is the growing number of older persons using household-related services.

Comparative international analyses of family-support and household-related services show that they are mainly used to help mothers and thus contribute to greater gender equality in the division of household chores. Flexible, transparent and affordable family-support services can play an important role particularly in the phase of career re-entry, but also with the decision to have more than one child. Not all household-related services today are provided legally. Expanding transparent and affordable services therefore also helps reduce illegal and precarious forms of employment in private households. In addition, widespread use of household-related services requires greater

II. A. Strengthening the family

public acceptance of such services. This requires a change in attitudes which is to be initiated by an information campaign on the use of household-related services.

- The Federal Government wants to improve family-support and household-related services. To do so, it will start by developing a concept paper this year concentrating in particular on examining the following approaches to improve support:
 - how simpler and more effective use of household-related services can help working parents or caregiving family members, especially those with low or medium incomes. The number of children or other family members needing care should also be considered when deciding on the extent of relief;
 - whether and how to encourage employers to help their employees with the costs of household-related services; all relevant measures should be considered, including those related to income tax and social insurance law;
 - how to improve access to high-quality household-related services by making market structures more transparent, providing more targeted information and improving the image of such services;
 - whether and how regional tasks in the market for household-related services could be transferred to a nationwide service point, improving service for all in a cost-neutral way while using existing administrative structures;
 - how household-related services could be professionalized and thus their quality improved, for example by developing a curriculum for certifying household-related services in private households in cooperation with the associations of domestic science and the Federal Employment Agency.

5. Helping childless couples realize their desire to have children

In order to help couples realize their desire to have children, a demography-oriented policy must look at the different biographies and life situations of men and women. The taboo surrounding involuntary childlessness and the stigmatization of affected couples also need to be overcome. In view of demographic trends, the Federal Government is particularly concerned that couples who want children should be able to have them, and that couples who are childless not by choice receive support.

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- The Act on Care Structures in the Statutory Health Insurance, which entered into force on 1 January 2012, allows health insurance funds to provide optional benefits for artificial insemination in addition to those guaranteed by law.
- On 1 April 2012, the guidelines of the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth on granting aid to promote measures of medically assisted reproduction entered into force. They allow the federal and state governments to provide financial assistance to childless couples seeking fertility treatment. The guidelines are part of an overall strategy for improvements in the area of psychological counselling, review of conditions for adoption and measures to inform about the causes and effects of childlessness.
- The Federal Government wants to improve the conditions for adoption. It wants to improve advising for adoptive parents before and after adoption, review the recommended age difference for persons wishing to adopt and examine ways to better integrate diplomatic missions abroad.
- The Federal Government will promote targeted information campaigns on family planning and fertility which offer clarity about the risks of and reasons for involuntary childlessness. Many people today are unable to have children after waiting too long or due to health conditions. And information about existing counselling services is to be made more accessible.

Priority measures:

- Working with industry associations and unions to encourage more employers to allow family-friendly work schedules
- Ensuring the expansion of childcare in line with the aims of the Child Day-Care Promotion Act
- Recruiting and training staff for child day-care centres
- Testing approaches to better promote household-related services
- Providing more support for couples who are involuntarily childless

B. Keeping workers motivated, skilled and healthy

Aims:

- **Maintaining and encouraging good health at work, avoiding or minimizing risks**
- **Enhancing skills and increasing training throughout one's entire career**
- **Creating the framework conditions for longer working lives**
- **Promoting a culture of longer working lives, changing attitudes and increasing cooperation**
- **Rewarding lifetime achievement and honouring individual contributions to retirement**

The relation between life expectancy and retirement age has never been as favourable as it is today. When statutory pension insurance was introduced in 1891, the retirement age was 70, or higher than the life expectancy of 65-year-olds at the time. By contrast, 65-year-old men today can expect to live more than 17 more years, while 65-year-old women can expect to live to 85.5. At the same time, the number of people of working age is falling while the proportion of older people is growing.

Against this backdrop, the Federal Government has decided to gradually raise the retirement age to 67 by 2029, thereby setting binding conditions for society and the economy to rely more heavily on the potential of older workers. However, this plan will succeed only if employers also further improve the conditions for workers to remain healthy, productive and skilled, in order to maintain their ability to work and increase employability. The Federal Government believes a major change in attitudes is needed, along with changes in company practice. The aim is not simply to work longer, but to enable a satisfying working life in line with individual capacity especially after age 60.

Employers are called on to offer attractive working conditions to an ageing workforce. The Federal Government intends to help by improving the framework conditions in order to promote health in the workplace more effectively. In addition, it will work to make sure that further training becomes firmly anchored for every age group of employees.

And the organization of work must be rapidly adapted to the needs of older workers. Productivity is not a question of age, but rather of intelligent interaction at work and of exploring the different skills and abilities of workers of different ages. Employers and parties to collective bargaining agreements are called on to develop a new culture of

II. B. Keeping workers motivated, skilled and healthy

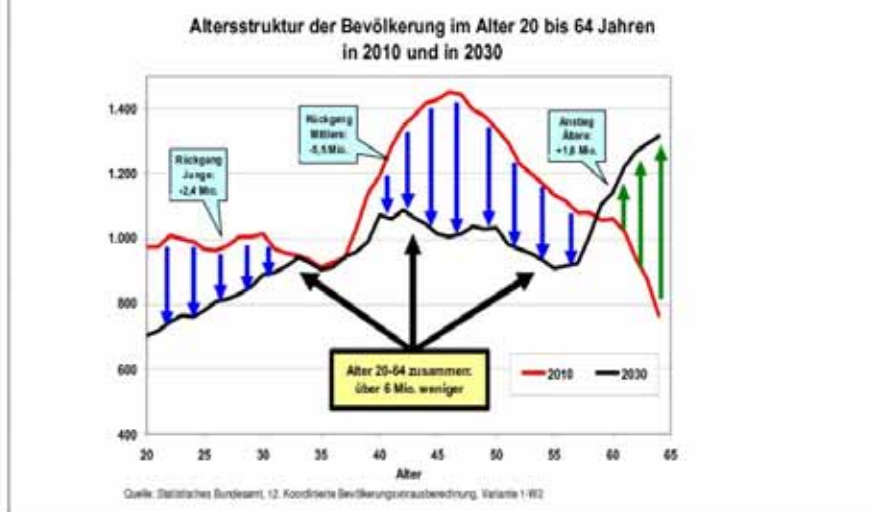
longer working lives. This will affect smaller and medium-sized enterprises differently than large ones. Specific measures will also have to take this into account.

Next to paid work, further training and family obligations play a greater role. The strategic response is to expand the options for better distributing periods of paid work and ensuring a secure income across the entire lifespan. This requires further developing company, collective bargaining and government framework conditions and finding better ways to combine pensions and employment flexibly. These points – health, training, work organization and distribution of periods of paid work – are decisive not only for workers' willingness to change, but also for the future competitiveness of German employers.

Box 2: Facts and figures (for the English translation, please see the Annex)

The working age population will not only be much smaller by 2030, it will also be significantly older. Today, the largest age group is that of 45- to 50-year-olds; in 2030, it will be 60- to 64-year-olds.

So employers will have to adapt to workforces that are significantly older on average. This should be viewed as an opportunity: New studies show that a higher proportion of older employees is associated with higher productivity on average. This higher productivity of older workers could be increased even further if employers invest in age-appropriate working conditions. This potential must be further exploited. Particularly in small enterprises, further training, special equipment and other measures designed for older workers are the exception rather than the rule.



II. B. Keeping workers motivated, skilled and healthy

Significant progress has been made in the labour force participation of older workers. Whereas in 2000, 38% of 55- to 64-year-olds were in paid employment, in 2010 this figure had risen to nearly 58%. The most growth was seen among 60- to 64-year-olds, whose employment rates more than doubled from 20% to nearly 41% during the same period. This puts Germany in second place in Europe, behind Sweden. However, comparison with Sweden also shows that more is still possible. According to an analysis by the Federal Employment Agency, raising the retirement age to 67 will increase the number of persons available to work by nearly a million to 2025. If the employment rates of persons aged over 55 increased from about 56% today to 70% as in Sweden, this would add more than a million full-time positions.

1. Maintaining and encouraging good health at work, avoiding or minimizing risks

Good health is essential to well-being, independence, productivity and willingness to work. It is the basis for productive and fulfilled lives and for greater quality of life. In an ageing society, we need every individual and every employer to take responsibility as well as support from policy-makers.

The Federal Government will therefore take additional measures to help employers and employees promote good health, well-being and productivity, prevent work-related physical and mental illness, preserve the ability to work and improve employability. It will also help re-integrate people with illnesses and disabilities into daily working life. It is especially important to improve prevention efforts.

- In 2012, the Federal Government will present its health prevention strategy with a focus on promoting good health at work. This strategy will review the legal framework with the aim of increasing the proportion of employers committed to promoting good health at work. Health insurance funds will be encouraged to work with employers to develop health projects.
- The Federal Government will work to make sure the instruments of workplace health promotion and disability management are used more widely and to greater effect.
- The Federal Government is working to increase transparency of costs and benefits in medical rehabilitation, because knowing how effective a measure is can make rehabilitation more efficient and effective. The content and quality of medical rehabilitation measures should be described as clearly and be as comparable as possible for all those who provide and pay for the services. To this end, the Federal Government is in intensive discussions with the relevant institutions and organizations concerning the forecast of greater demand for medical rehab services in view of demographic change and longer working careers.

II. B. Keeping workers motivated, skilled and healthy

- At the request of the Federal Government and in view of the importance of nutrition for good health and well-being, the German Nutrition Society has drafted standards for workplace canteens.
- The partners in the Joint German Health and Safety Initiative, the federal and state governments and accident insurance funds, will improve occupational health and safety for employers and staff. Protecting and improving health in case of work-related mental disorders is especially important. Together with the social partners and other cooperating partners, in particular the health insurance funds, the partners in the health and safety initiative will plan objectives for the next five-year period with this focus in mind. This includes the necessary training courses, advising and assistance for employers, guidelines and information as well as an intensive exchange with researchers, physicians and psychologists.

2. Enhancing skills and increasing training

The employability of workers, their opportunities for career advancement and their earning potential largely depend on their occupational skills and their ongoing adaptation to changing needs. The skill levels of workers also have a major influence on the economic success of their employers. High-quality, long-term basic and advanced training is needed to ensure the supply of skilled workers. Ongoing vocational education and training over the entire career is crucial to keeping workers satisfied and productive longer.

So it is important to instil the attitude that continuing training is an integral part of one's working life. This will succeed only if attitudes change accordingly among employers, workers and the social partners. Less-skilled workers in particular need special attention, as they are the least willing to engage in ongoing training. And training institutions must face the challenge of developing flexible and individual options for lifelong learning in line with changing needs in the workplace and labour market. In many cases, by offering new services they can also take advantage of new possibilities for funding.

The Federal Government aims to tap into previously untouched reserves for the labour market through basic and advanced training and reduced barriers to entry. As agreed in the Federal Government's strategy for ensuring the supply of skilled labour, these efforts will concentrate on women and single parents in order to accommodate their desire to work more hours.

II. B. Keeping workers motivated, skilled and healthy

The Federal Government will also launch other initiatives to promote and supplement training activities in the private sector and by the social partners:

- The information campaign *Berufliche Bildung – praktisch unschlagbar* (Occupational training: Practically unbeatable) launched in autumn 2011 is intended to make occupational training more attractive. This campaign is part of the training pact extended and reoriented in 2010 which has a greater focus on both disadvantaged youth and young high achievers. The campaign also promotes continuing training and provides information about courses and funding options. A series of workshops on funding for continuing training started in March 2012.
- Many more workers are to be given access to continuing training. To this end, the Federal Government will launch regional alliances for continuing training together with the states, social partners and other partners. Models are to be developed for creating local networks of actors, in order to achieve better, more targeted and transparent continuing training courses and effectively integrate basic and continuing training. In the process, experience with local education management gained from the programme *Lernen vor Ort* (Local learning) will be used, as will the competence of the nearly 600 offices responsible for advising on grants for continuing education. The Federal Government will initiate a dialogue with the state governments, the social partners and others.
- To support individual continuing training for employed persons, especially those who would not be able to afford training courses on their own, the Federal Government will fund a second phase of the continuing education grants starting in 2012.
- Because continuing training is increasingly important, research into continuing training, including workplace-integrated skills development, work organization and lifelong learning, is being promoted.
- To reduce the number of functional illiterates in Germany over the long term, in 2011 the Federal Government and the state governments launched a joint national strategy for basic adult education. Part of this strategy is a public information campaign in 2012.

3. Creating the framework for longer working lives, rewarding lifetime achievement and honouring individual retirement contributions

The Federal Government will improve the framework conditions for longer working lives, in the process expanding options to spread out periods of work over one's lifespan and to make it easier to transition to retirement in line with individual preferences. Flexibility in terms of working life is increasingly important for employers and workers.

II. B. Keeping workers motivated, skilled and healthy

The Federal Government is creating new ways to combine retirement and paid work, enabling people to find individual solutions for their transition to retirement. In the context of population ageing, the Federal Government will also make sure that pensions are fair compensation for lifetime achievement and will carry out the reforms necessary to do so.

The Federal Government believes that raising the retirement age to 67 is the right thing to do: It is necessary due to rising life expectancy and to avoid a shortage of skilled labour. Working to higher ages will guarantee national prosperity, put the statutory pension insurance on a sound financial footing, increase fairness between generations by avoiding excessive burdens on younger workers, and raise incomes of future pensioners. This measure will help the pension insurance system withstand the challenges of the future and demographic change.

Following a dialogue with representatives of the pension insurance fund, charitable organizations, unions, employers, other institutions and actors as well as policy experts that was initiated in 2011, the Federal Government will introduce a pension package including targeted measures.

- We are planning a supplementary pension for those who have worked all their lives at low-paying jobs and those who have taken time off to raise children and care for family members. In this way, we are paying attention to women's biographies and ensuring them the necessary security in old age. We are also encouraging additional provision for retirement, whether through occupational pension schemes or through private pension contributions subsidized by the government. It is not fair when people who have worked their whole lives, raised a family and set money aside for the future end up no better off than those who never worked or never bothered to provide for their retirement. Those who qualify for a supplementary pension will continue to receive the full amount of any additional pension payments to which they are entitled; these will not be counted or reduced. Because we count on and honour private pension savings, it is necessary to remedy existing shortcomings in the system of subsidized private pension contributions (*Riester-Rente*). So the Federal Government will make this system more transparent and easier to use.
- We are also improving protection in case of reduced earning capacity and are creating an option to pay additional contributions to the statutory pension fund to cover this eventuality, among others. The reckonable time for pensions on account of reduced earning capacity is gradually being raised from 60 to 62 years. Over the long term, persons receiving such pensions will then be treated as though they had worked two more years at their previous

II. B. Keeping workers motivated, skilled and healthy

income. This adjustment parallels the rise in the legal retirement age. And the evaluation of the reckonable time is also to be improved.

- In order to encourage longer working lives, the Federal Government will improve options for flexibly combining retirement and paid employment. With the 'flexi-pension' (*Kombirente*), persons taking early retirement will be able to keep earnings that, together with their retirement pension, add up to their previous gross income. Pensioners will then be able to earn more than the current €400 in addition to their early retirement pension. If they exceed their individual earnings limit, the amount of their pension benefit will be adjusted accordingly. This will increase the incentive to continue working.
- Changes in the nature of work in recent years have led to more fluctuation between employment and self-employment. The number of self-employed persons has also grown significantly (2010: 4.3 million self-employed persons, including 2.4 million one-person businesses), and about 3 million of them are not required by law to contribute to a statutory pension fund. The Federal Government will therefore introduce reforms to ensure that self-employed persons also put away enough to have a sufficient pension above the basic income support in old age and in case of reduced earning capacity according to the Social Code, Book XII. This is a major step to prevent poverty in old age.
- The Federal Government will examine how the conditions for spreading out working time over the entire lifespan can be improved, making it easier to meet individual needs and accumulate working time in long-term time accounts to be used to meet family obligations, for further training or to combine retirement and paid work. We know that the potential of long-term working time accounts has only begun to be utilized to allow more flexibility in working lives. So far, only 40,000 workplaces (2%) in Germany have real long-term working time accounts which employees can use to save up time with the aim of taking longer periods of time off later. The proportion of participating workplaces employing 500 or more persons is 13%, significantly above the average. The Federal Government is therefore counting above all on the social partners to encourage the spread of such accounts, which offer advantages to both employers and staff in times of heavy workloads and scarcity of skilled workers. Long-term working time accounts are already widespread in the chemical industry, where roughly half of the 300,000 workers have such an account.
- The Federal Government will use the research agenda on the future of ageing (*Das Alter hat Zukunft*) to learn more about older people's specific potential for innovation; improve age-specific living, learning and working conditions; and develop specific strategies for recruitment, workplace organization, modern working time models and age-appropriate jobs

II. B. Keeping workers motivated, skilled and healthy

in cooperation with employers. The research agenda's focus on taking advantage of older people's skills and experience to benefit society, business and industry is devoted to these issues. In this context, a new priority for research funding on tools to help persons over 60 continue working is being established in 2012.

4. Promoting a culture of longer working lives and increasing cooperation

The world of work must adapt further to the needs of older employees. The potential of older people must be recognized and utilized more systematically. This will succeed only if individual employers, parties to collective bargaining agreements and the social partners make this issue a priority. All have responsibility for ensuring that employees of the future are healthy, motivated and productive at every age.

The Federal Government will help by setting interministerial priorities. It will also promote measures designed to increase all employers' awareness of the needs of older workers.

- The Federal Government will launch an interministerial initiative to promote healthy and productive workplaces in Germany. In this context, it will coordinate the federal ministries' measures, in particular those concerning health promotion, occupational health and safety, continuing training and the organization of work in an overarching strategy. It will enter a dialogue with the social partners, agree on a system for monitoring healthy and productive work based on existing strategies and studies, and will support its broad application in practice.
- In order to remain innovative and competitive, companies are called on to offer their employees an attractive, motivating and healthy working environment. This is the only way to retain workers, maintain their ability to work and improve employability. The initiative *Neue Qualität der Arbeit* (New quality of work) helps employers establish a modern corporate culture that puts employees first. As part of a holistic strategy, assistance and further development in the areas of human resources management, equal opportunity and diversity, health, knowledge and skills is intended among other things
 - to help companies learn from each other and share experience (e.g. *Das Demographie Netzwerk – ddn* (The demography network));
 - to develop guidelines for maintaining mental health (PSYGA), among other things;
 - to ensure that self-assessment tools for companies (INQA company assessment *Guter Mittelstand: Erfolg ist kein Zufall* (Good SMEs: Success is no coincidence)) are used in practice;

II. B. Keeping workers motivated, skilled and healthy

- - to create and disseminate a voluntary audit for small and medium-sized enterprises (SMEs) (*Arbeitgeber der Zukunft* (Employers of the future));
 - - to initiate benchmark offerings; and
 - - in the framework of a European Social Fund programme, to support advising services for SMEs on ensuring employability and the capacity to work.
- The Federal Government supports the social partners' efforts to organize work to be able to withstand demographic change. In the Federal Government's view, family-friendly working conditions and greater use of long-term working time accounts which employees can draw on during times of greater family obligations or for further training are an important part of such efforts. One successful example is the demographic collective bargaining agreement in the chemical industry, whose implementation is supported by the initiative *Neue Qualität der Arbeit*. The Federal Government will continue this dialogue and will offer targeted support in order to encourage forward-looking collective bargaining agreements in other industries to manage the impact of demographic change.
 - The Federal Government produces annual progress reports on the development of age-appropriate working conditions, best practices, new insights and progress. Based on ongoing monitoring and assessment as well as regular meetings and agreements with the social partners, the Federal Government will formulate the need for more action in greater detail and, in cooperation with employers and unions, will improve the conditions to enable longer working lives.

Priority measures:

- Launching a health prevention strategy with a focus on promoting good health at work
- Developing alliances for continuing training with the state governments and social partners in the regions
- Honouring lifetime achievement – years of low-paid work, childraising and care – better in retirement and increasing incentives to encourage additional provision for retirement; creating options for combining retirement and paid work flexibly
- Making it easier to distribute periods of work over the entire lifespan, encouraging the combination of work, childraising, care, further training and retirement, for example
- Launching an interministerial initiative to promote healthy and productive workplaces
- Promoting the development of age-appropriate work and creating age-appropriate jobs

II. B. Keeping workers motivated, skilled and healthy

- Continuing and intensifying the dialogue on organizing work to withstand the impact of demographic change with the aim of initiating additional forward-looking collective bargaining agreements to manage the impact of demographic change

C. Living independently in old age

Aims:

- **Promoting activity and the ability to live independently in old age; establishing the model of a caring society**
- **Enabling older people to remain a part of society and activating all generations' potential for involvement**
- **Supporting healthy ageing; ensuring high-quality, targeted care**

More than half of the children born today will live into the next century, achieving a life expectancy unknown to earlier generations. After retiring from work, most people enjoy many more years of physical and mental health. More and more older people now view this time as an opportunity to contribute their knowledge and experience to society. When this time is used actively and independently, then these years indeed benefit the individual and society. The Federal Government's demographic policy therefore promotes the participation of the elderly in social and economic life and their ability to live independently as long as possible, even if they require assistance or care.

The Federal Government is committed to a society in which the skills and experience of older generations are valued, a society which offers them new ways to participate and be involved. Wherever possible, this should take the form of intergenerational interaction.

In addition to options for social participation and the resulting social integration, older people's quality of life depends above all on their own well-being, physical and mental mobility and the expectation to spend their post-working lives in their own home and familiar surroundings as long as possible, even if they need care. This is the greatest wish of most older people. Age-appropriate homes and mobility, nearby provision of daily needs and vital services are basic prerequisites for being able to live independently as long as possible. Everyone is anxious to avoid or postpone the need for care and assistance. Finding ways to help people remain independent in old age also reduces the costs for society and the burden on social insurance systems.

For this reason, the Federal Government will combine into an overall strategy the various approaches to help older people remain active, socially integrated, healthy and independent. The relevant measures extend from health prevention to the use of the latest technology to provide innovative services. Experience at local level will be

II. C. Living independently in old age

assessed and analysed to initiate and accompany a process of knowledge and experience transfer between local communities and counties.

For demographic reasons, however, the number of the very old and persons in need of care who are dependent on others for assistance will nonetheless grow significantly, so the issues of ageing with dignity, of humane and high-quality care in case of typical age-related conditions such as dementia, will remain the focus of attention. The provision of care will have to adapt accordingly. Families will also have a major role, which the Federal Government plans to strengthen.

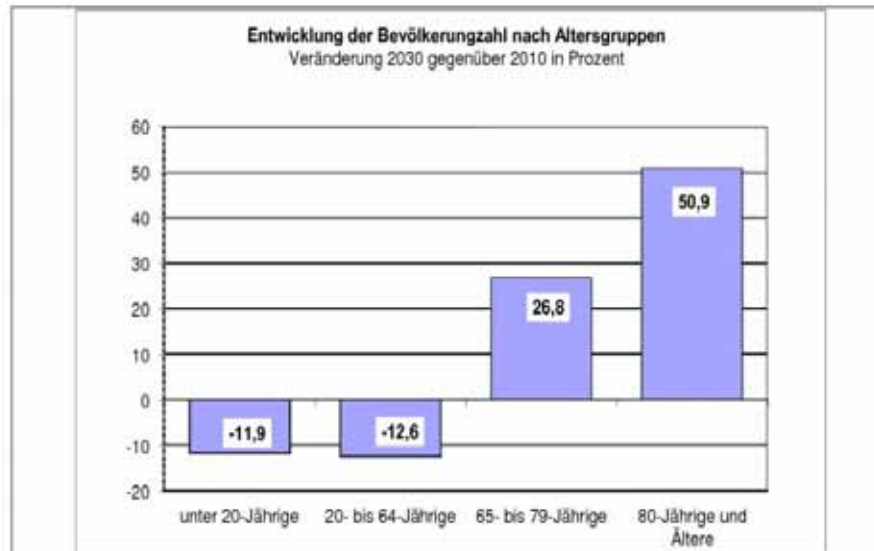
However, since more and more people live alone or for other reasons cannot or do not want to rely on family members for help, new forms of outpatient care, including social networks and neighbourhood aid, are on the rise. In order to provide long-term care at home, communities must offer a variety of outpatient services which are intelligently combined with other services. In view of demographic trends, it is crucial to organize the social environment in line with needs and on the model of a local "caring community" based on civil society.

The Federal Government plans to create the necessary conditions to develop the potential of a society focused on people. Government and non-government actors at local level will play a crucial role here. Creative provision of care and services to meet local demand will take priority over centralized, one-size-fits-all solutions.

Box 3: Facts and figures (for the English translation, please see the Annex)

By 2030, the size of the different age groups will have changed in very different ways. The number of those at younger and middle ages will decline by more than 10%, while the number of those aged 65 to 79 will grow by more than one-quarter and of those aged 80 or over by more than half.

II. C. Living independently in old age



Source: Federal Statistical Office, 12th coordinated population projection, variant 1-W2

In 2010, 65-year-old women could expect to live 21 more years and 65-year-old men 17 more years. The good news is that people are not only living longer, but that they are also remaining healthier to higher ages. According to the Federal Statistical Office, in 2009 of those aged 65 to 69 only about 17% felt their health was impaired; of those aged 70 to 74 this figure was 21% and of those aged 75 and over this figure was 29%.

However, as the number of very old people rises, so will the need for care. According to the federal and state statistical offices, the number of persons in need of care is estimated to grow from the current 2.4 million to about 2.9 million by 2020 (an increase of 20%) and to 3.4 million by 2030 (an increase of 40%). These estimates are based on the rate of care remaining constant. However, if it is possible to postpone the need for care to higher average ages as life expectancies rise, then the number of those in need of care will grow much more slowly.

1. Promoting activity and the ability to live independently in old age

We know from both experience and gerontology: Physical, mental and emotional health can be influenced for the better even late in life. Setting goals and tasks, learning new things, having an active social life, volunteering – these are all important ways to continue growing. With the help of new forms of living, mobility, local provision of services, mutual help within and outside the family, and new structures for involvement, government and civil society can create the necessary conditions to make it easier to remain active and independent late in life. Physical exercise also helps keep people

II. C. Living independently in old age

healthy, enabling them to age with dignity and in control of their lives. Sport clubs and volunteering therefore deserve support. It is also necessary to convey appropriate images of ageing, which includes more clearly expressing the enormous potential of older people in our society, in the media, churches, sport and culture. Our society will benefit from the additional social prosperity created in this way.

The Federal Government regards creating framework conditions for independent living and activity in old age as a priority for demographic policy. It plans to address the interest of older people in particular in social responsibility, improve the framework conditions for independence and active life in old age and help disseminate more realistic and nuanced images of ageing.

- This year, the Federal Government will develop the key elements of a long-term, strategic policy for remaining independent in old age. With this policy, the Federal Government will coordinate among all the federal ministries its options for providing support, from health prevention, age-appropriate living arrangements including group homes for those with limited ability to manage everyday tasks, to greater use of assisted living technologies and the further development of structures for involvement.

The Federal Government will enter an intensive dialogue with local governments, the housing industry, property developers, social organizations, local service providers and other local actors on the model of "caring communities" to explore how conditions for living independently in old age, including care at home, can be improved. With this in mind, it is important to expand and upgrade the necessary local infrastructure and range of in-home services with the help of volunteers and integrate these intelligently with other services. In addition to its support options in the context of its strategic policy for remaining independent in old age, the Federal Government will help by providing information and encouraging the sharing of experience. In this way, it hopes to help disseminate best practices and pay greater attention to the concerns of regional actors in designing support.

- Targeted offerings are needed which accompany the entire biography as a learning process in order to promote the curiosity and mobility of older people after they retire. The Federal Government is encouraging this through the programme *Lernen vor Ort* (Local learning). The experience gained from this programme will be shared with all interested communities starting in 2013.
- By continuing its programme *Soziales Wohnen im Alter* (Social living in old age), the Federal Government is helping people live independently at home as they age and require initial care. A programme of the Development Loan Corporation (KfW) helps home-owners and

II. C. Living independently in old age

renters remove barriers in existing housing for older persons and those with limited mobility, drawing on the results of research and model projects to advise and raise awareness among housing market actors. The Federal Government will continue to support these measures. As part of the reform of long-term care, a temporary initiative to promote sheltered housing is planned.

- With an initiative to promote the development of assisted living technologies, the Federal Government is helping older people manage everyday tasks and promoting the use of such technologies.

A traffic safety programme introduced in late 2011 includes a focus on safe mobility for older persons.

- Another important prerequisite for living independently is for older people to feel safe at home, in public and on the Internet. Wherever needed to protect older people against violence, fraud and other property crime, the Federal Government will devote special attention to this aspect in its crime prevention efforts and will increase its public information measures.
- The research agenda on the future of ageing will accompany these strategic goals with research on remaining healthy in old age, participating in society, remaining mobile and in touch, and living safely and independently. A new research focus was established in 2011 on remaining mobile into old age and overcoming barriers to mobility. In addition, individual ministries are conducting research on specific issues, such as appropriate housing and home building for the elderly, mobility for the elderly, traffic safety and transport infrastructure. In this way, the Federal Government is reinforcing the contribution of research and education.

2. Enabling older people to remain a part of society and activating all generations' potential for involvement

The Federal Government sees volunteering as an important way to enable older people to remain part of society and activate potential for involvement, from individual civic engagement to a wide variety of clubs and organizations, at the local level. This also increases interaction between generations. In the medium term, the aim is to develop a differentiated, nationwide structure to promote engagement, especially of older persons, self-organization and neighbourhood assistance.

- Further improving the conditions for involvement, especially at local level, under the national strategy for involvement is intended to increase participation and involvement of all, but

II. C. Living independently in old age

especially of older people. Cooperatives and time banks, as organized forms of neighbourhood assistance, already play an important role in various communities. In 2012, the Federal Government will examine whether and how to help see that these forms of assistance are more firmly rooted and more widely used. In this context, cooperatives and time banks are local organizations for the exchange of voluntary services primarily on the basis of reciprocity rather than cash.

- With the introduction of the Federal Voluntary Service, the Federal Government opened volunteering to people of every age. This is a good way to tap into the great potential and skills of older people as a valuable resource in a time of demographic change.
- Launched in early 2012, the second action programme for multi-generational housing aims to turn 450 homes into hubs of volunteer engagement and intergenerational activity and ensure their long-term future with the cooperation of state and local governments. To facilitate social contacts and support mobility in everyday life, existing structures are to be used to create points of contact for older people which are closely integrated within local neighbourhoods. Services of existing institutions such as multi-generational homes are to be expanded as necessary, for example with regard to information, low-threshold assistance and advising for older people.
- To promote civic engagement, there are plans to issue a quality seal for balancing career and family together with representatives of employer associations, unions, state governments, local authorities national associations, churches, charities, the German Olympic Sports Confederation, foundations, chambers of trade, industry and commerce.
- Volunteering as the basis of civic protection also needs to be strengthened and encouraged for the long term. In order to ensure the long-term readiness of the Federal Agency for Technical Relief (THW), volunteer fire brigades and relief organizations, the Federal Government wants to develop a comprehensive strategy based on current projects and campaigns to recruit and retain volunteers.
- Another important goal of the Federal Government is to apply the variety of experience and insight gained during the European Year of Volunteering in 2011 to the European Year for Active Ageing and Solidarity between Generations in 2012. This is why Germany chose to focus on the potential of older people to contribute to civil society (social engagement and participation of older people) and fund various related projects in carrying out the European Year 2012 in Germany.

3. Supporting healthy ageing

Demographic change in Germany will pose enormous challenges to our health-care system. To make sure that older people remain healthy as they live longer, avoiding or postponing the need for care, the Federal Government in cooperation with other actors from the health and care sector has already developed numerous activities and is planning to initiate additional priority measures.

- In 2012, the Federal Government will present a health prevention strategy specifically addressing the target group of older people in order to help them remain as healthy as possible as they live longer, avoiding or postponing the need for care.
- The goal of staying healthy as one ages was drawn up in the framework of the initiative *gesundheitsziele.de* (Health goals) and presented on 29 March 2012. It offers specific approaches to the challenges associated with demographic change. It lists sub-goals and measures on health promotion and prevention, health and long-term care and particular aspects for the target group of those over 65, such as the topic of dementia. From 2009, a working group comprising more than 30 representatives from the federal and state governments, self-government, civil society and the research community worked in the alliance *gesundheitsziele.de* "to draw up this health goal. This working group will also monitor the implementation of the measures.
- Healthy eating habits and an active lifestyle can help everyone stay healthy as they age. The interministerial national action plan IN FORM, Germany's initiative for healthy eating and more physical activity, will run until 2020 and includes a variety of measures to improve eating habits and exercise among the target group of older people. Among other things, quality standards for balanced nutrition for the target group of older people were developed. Using the new standards, providers and facilities can be certified to document their contribution to healthy ageing.
- The Federal Government will develop an action plan for research on prevention and nutrition to improve research in these two areas and achieve synergies. Concerns of older people will also be addressed.
- Demographic change will increase the need for medical services. With the Act on Care Structures in the Statutory Health Insurance, which entered into force on 1 January 2012, the Federal Government therefore created the necessary prerequisite to ensure the provision of local medical services as needed.

II. C. Living independently in old age

- Because the demand for doctors specialized in treating the elderly (geriatrics) and researchers on ageing and the elderly (gerontologists), the Federal Government intends to provide funding to support the creation of additional university chairs with a concentration on geriatrics and gerontology. In parallel, younger groups and outstanding, interdisciplinary young researchers are to receive targeted support.

4. Ensuring high-quality, targeted care

Also in the future, persons who need care must be able to count on receiving the necessary medical, psychological and social care services. This applies in particular to persons suffering from dementia. Good care can noticeably improve their quality of life and delay the progress of their disease. The cohesion of our society is determined by how we treat our weakest members.

Government alone is not able to ensure all the high-quality care that is needed. In the Federal Government's view, it is therefore necessary to reorient the long-term care insurance, increase the provision of skilled workers and reinforce support services supplied within the family, in social networks and by volunteers.

The Federal Government will reorient the long-term care insurance scheme. Private savings are an important component of personal provision for the future. Tax incentives to encourage voluntary private savings to pay for care services later are to go into effect on 1 January 2013.

- The heart of care reform is the further development of insurance law and the services offered. At the same time, the financial basis for care is to be adjusted and tax incentives to encourage voluntary private insurance as an additional element to help pay for care are to be added. The reform of the long-term care insurance system is intended to provide for improved services in particular for those with limited ability to manage everyday tasks, for more flexible access, for care in sheltered homes, better advising and relief of caregiving relatives. In addition to families and professional services, volunteering plays an important role in expanding care structures.
- We need a new definition of the need for long-term care. A new concept of the need for long-term care is to be developed which will be less performance-based and more oriented on individuals' ability to look after themselves, above all benefiting those with dementia. The preliminary work provides an important basis. Unresolved issues of implementation will be addressed by an expert council which will complete its work by the end of this legislative

II. C. Living independently in old age

term. Persons with dementia are therefore to receive more comprehensive and better services until a new definition of the need for long-term care is introduced.

- The Federal Government sees a need for action above all in view of the living situation of persons with dementia and their family members. This is why it will create a national alliance for people with dementia. Dementia requires interdisciplinary action. The Federal Government will coordinate and systematically develop its activities at national level with the wide range of initiatives by committed actors from the research and care communities, the health-care sector, representatives of those concerned, unions, the private sector, state and local governments. In addition to improving services under the long-term care reform, it will contribute to the implementation of insights from the future workshop on dementia and the support for research and models in the field of dementia syndrome. In a further step, the national alliance supports the creation of regional help networks (local alliances). This is intended to achieve general understanding in society for dementia and how to deal with it, create willingness to assume responsibility and strengthen the autonomy of those affected.
- The Federal Government will ensure the supply of trained carers and support forward-looking provision of care. A campaign by the federal and state governments and associations is intended to strengthen basic, advanced and continuing training in geriatric care and make this occupation more attractive.
- The various training courses (paediatric nursing, nursing, geriatric nursing) will be addressed in a new law intended to ensure professional care for people of every age, delivered in a variety of forms, and to enhance the attractiveness of this occupational field.
- Making better use of aids and assisted living technologies can also help people continue to live independently without a legal caregiver. The Federal Government will investigate existing obstacles and possible improvements to strengthen the work of the local care authorities, so that other aids and assisted living technologies can be identified and communicated.
- Since January 2012, the Federal Government has funded a project intended to make it easier to plan the necessary care and help persons in need of care remain in their homes as long as possible.
- In its research agenda on the future of ageing, the Federal Government will give priority to the question as to how good care can lead to better quality of life. In 2012, the new research focus on technical assistance and networks between patients, family members and nursing staff will begin receiving funding.

II. C. Living independently in old age

Priority measures:

- Developing key elements of a long-term strategic plan for remaining independent in old age, including mobility and remaining autonomous in one's own home
- Guided by the model of "caring communities", leading a dialogue on forward-looking forms of participation and shared responsibility as well as model local and regional structures for remaining independent in old age, including care
- Improving conditions for engagement, especially at local level, through broader anchoring and securing of integrated points of contact and multi-generational homes; testing cooperative and time-bank-based models and ways of supporting them
- Reorienting the long-term care insurance and developing a new definition of need for long-term care
- Launching a national alliance for persons with dementia; supporting the creation of regional aid networks
- Developing nursing occupations in line with future needs; initiating new legislation on nursing occupations

D. Promoting rural quality of life and integrative urban policy

Aims:

- **Better coordinating support for regions facing special demographic challenges**
- **Keeping rural areas attractive – ensuring the provision of vital services, mobility and communication in rural areas**
- **Making cities attractive in a time of demographic change and creating integrative urban communities**

Germany thrives on diversity. Encouraging regional strengths and social cohesion is thus a key task for the future. Our country is made up of all different kinds of regions: rural, urban, industrial, agricultural, scenic. Identification with one's home region becomes more important in an increasingly global world.

The various regions are affected by in- and out-migration to very different degrees. Poorer, peripheral rural areas and cities are losing population, especially young people, and are therefore seeing disproportionate rates of population decline and ageing. This not only has impacts on the community, vacancy rates and property prices, it also makes it more difficult to provide vital services locally and worsens prospects for employment and income. By contrast, more prosperous regions and urban centres benefit from migration from other parts of Germany and abroad. The resulting cultural diversity is characteristic for many urban regions, where it influences quality of life and makes these regions more attractive in the international competition for the best minds. In these regions, in-migration leads to housing shortages and growing burdens on public infrastructure as well as special challenges, in particular when it comes to people of different cultural backgrounds getting along with each other.

Germany will remain an attractive place to live only if it ensures continuing solidarity among the regions and if every region has equal opportunity to develop and receive support. For this reason, the Federal Government strongly supports the goal of equivalent living standards and opportunities for all in every region of Germany.

But when it comes to specifically influencing living conditions in the regions, the responses of the past decades are not enough. New responses to improve local quality of life will have to be found, especially in view of the challenges in rural areas. For the

II. D. Promoting integrative urban policy and quality of life in rural areas

Federal Government, a special priority is therefore support for those regions in which demographic change could lead to a spiral of declining population due to low birth rates and emigration, declining attractiveness for residents and businesses, and worsening provision of services and transport infrastructure. In these cases, targeted measures and investment in infrastructure and regional economies are needed to save jobs and training places and create new ones. In poor rural regions, small and medium-sized population centres require help to serve as anchors for stability and employment in the region. Where there is lower density of population and infrastructure, innovative ways of providing local services and mobility must be developed. Modern communications and flexible mobility strategies will be used to ensure availability, participation and access to the necessary services. The Federal Government will coordinate the possibilities for regional support better.

With its urban development policy and support, the Federal Government is helping the regions manage the various challenges to ensure and improve their attractiveness and quality of life.

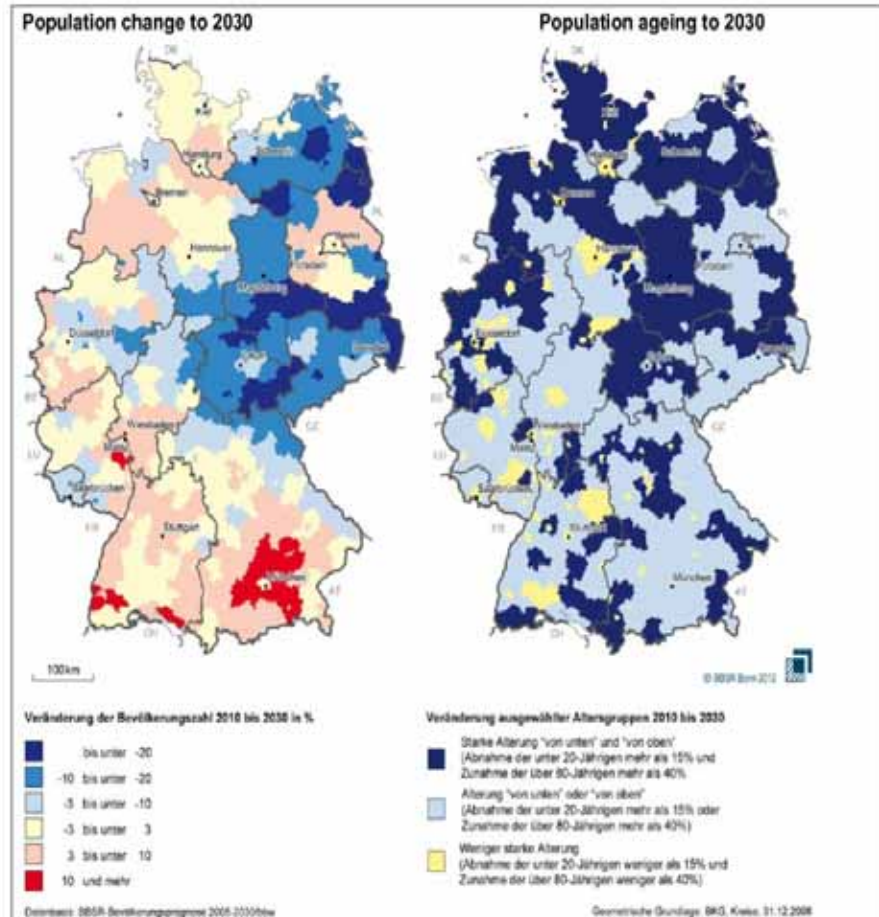
Integrating persons of immigrant background is a key task for the Federal Government. With its National Action Plan on Integration, the Federal Government has laid the groundwork for its integration policy in the coming years. The measures agreed will help improve immigrants' opportunities to participate in education, training and the labour market.

Box 4: Facts and figures (for the English translation, please see the Annex)

At regional level, population trends to 2030 will vary widely from the national average. Population in many regions will decline, but some regions will see population growth. The changes range from declines of more than 20% in some regions of eastern Germany to growth of more than 10% in some regions of southern Germany.

Although the average age of the population will rise, there will be significant regional differences in ageing as well: The average age of the population will rise most in those areas with large declines in the number of younger people (ageing "from below") and large growth in the number of the very old (ageing "from above"). Such regions are located all over Germany. However, a number of larger metropolitan areas and university towns in western Germany will see relatively moderate rises in the average age.

II. D. Promoting integrative urban policy and quality of life in rural areas



1. Better coordinating support for regions facing special demographic challenges

Demographic change is adding to the policy challenge of creating equivalent regional living standards. Specifically, the key is support for regionally balanced income and employment, infrastructure needed for the provision of vital services all the way to high-capacity communications and mobility. These challenges can be overcome only through an interministerial and cross-level approach by the federal, state and local governments. In accordance with the constitutional distribution of responsibilities, the federal level is allowed to initiate processes, but many tasks are the responsibility of the state and local governments.

II. D. Promoting integrative urban policy and quality of life in rural areas

- The Federal Government believes that federal, state and EU support for urban and rural areas most affected by demographic change need to be better coordinated. With this in mind, it is striving to develop a national coordination framework to ensure the provision of vital services and strengthen regional economies. The Federal Government will present its plan for such a coordination framework this year. Based on this plan, it will present to the states proposals
 - to identify urban and rural areas most affected by demographic change,
 - to set joint strategic goals for adapting infrastructure and promoting regional economies,
 - regarding the funding instruments to be included and – where possible and useful – to coordinate and further develop them, in particular in view of demographic factors,
 - regarding the necessary interministerial and cross-level coordination procedures.

Regions most affected by demographic change are to be identified according to nationally uniform criteria. Existing structures are to be used to avoid duplicate coordination procedures. In drawing up its plan, the Federal Government will thoroughly consider appropriate ways for it to provide support. It would welcome the states doing the same.

- In the upcoming European negotiations on the distribution of EU funding starting in 2014, the Federal Government will work to secure appropriate support for German regions. It will make sure that the funding conditions are flexible enough and allow the necessary discretion required by state aid legislation, and it will examine how to apply the European Commission's recommendations on promoting local and regional development strategies.
- The Federal Government will examine how funding from the joint projects to improve regional economic structures (GRW) and to improve the agricultural sector and coastal protection (GAK) can be increased to help strengthen the economies and development of infrastructure in poorer regions most affected by demographic change.

2. Keeping rural areas attractive – ensuring the provision of vital services, mobility and communication in rural areas

The Federal Government supports strong and attractive rural areas. Ensuring the long-term viability of the provision of vital services, especially in thinly populated rural areas, is a major challenge. In rural areas, being mobile and able to get to work or school or to do one's shopping is essential to quality of life and is also important for economic development. Cost-effective and targeted transport, maintenance of the necessary transport infrastructure and accessibility of vital services is an increasingly important

II. D. Promoting integrative urban policy and quality of life in rural areas

task. The Federal Government will actively support rural regions as far as allowed by law, especially in the areas of rural infrastructure, health-care services, broadband and mobility.

Strengthening small and medium-sized communities as anchors for the provision of vital services in rural areas and collaboration between communities has strategic significance. Local citizens must become more involved in organizing the provision of vital services in the individual regions. Their ideas and commitment can lead to creative, practical and efficient local solutions, greatly helping to keep rural areas attractive places to live.

- In order to help small and medium-sized population centres and their coverage areas, the Federal Government will work with the states to continue to support the development assistance programme *Kleinere Städte und Gemeinden – überörtliche Zusammenarbeit und Netzwerke* (Smaller cities and communities: Interregional cooperation and networks) and will implement the action programme on regional provision of vital services. Integrated, multi-community strategies play a very important role.
- Together with the states, the Federal Government will further develop the model of regional development for the provision of vital services. This will also involve adapting the system of central locations to fit regional and state needs.
- The Federal Government believes that nationwide broadband coverage is a very important factor for the attractiveness of thinly populated rural regions. Basic broadband coverage is already available in 99% of German households; by 2014, 75% of households are to have access to bandwidth of at least 50 Mbit/s. By 2018, we want to achieve nationwide access to this bandwidth.
- In a dialogue with the state and local governments and the telecommunications industry, the Federal Government will monitor progress towards these goals as well as the effectiveness and efficiency of the measures and funding structures to achieve this progress.
- With the Act on Care Structures in the Statutory Health Insurance, which entered into force on 1 January 2012, the Federal Government has significantly helped ensure the widespread provision of medical services as needed. A bundle of measures will improve patient care by creating new options for local provision, including income incentives for doctors to practice in poorer areas; the expansion of telemedicine and mobile care; and measures to improve the balance between family and career for those in the medical profession. Local stakeholders now have more ways to take regional circumstances and needs into account. The new

II. D. Promoting integrative urban policy and quality of life in rural areas

measures are intended to help close gaps in the provision of out-patient care, thereby optimizing the use of more cost-intensive care, such as emergency and rescue services. It is now up to the partners of self-government to ensure broad coverage with the necessary medical care. The Federal Government will monitor the implementation process and evaluate the Act on Care Structures in the Statutory Health Insurance accordingly. In the process, it will be in close contact with the actors responsible for implementation from the joint self-government and the states.

- The Federal Government is working to make sure that targeted and user-friendly public transport is organized and provided in all regions. This will increasingly require maintaining the necessary transport infrastructure and ensuring the accessibility of vital services. This is primarily the responsibility of the states. The Federal Government hopes to reach an agreement soon with the states on compensation payments under the legislation separating shared tasks and financial assistance; previously, these payments were ring-fenced for investments in local public transport. And the obligations arising from the Local Public Transport (Regionalization) Act will be met. Further, the Federal Government supports knowledge transfer for innovative, forward-looking public transport incorporating experience from different model projects and studies.
- To strengthen regional decision-making and volunteering, the Federal Government supports communities and individuals with new instruments to manage demographic challenges and modernize their infrastructure. The model project *LandZukunft* (Rural future) in particular explores new ways to promote rural development. To this end, as a first step the federal, state and local governments are agreeing on specific goals based on a three-way contract. Regional partnerships will then decide which projects will be funded from a regional budget to achieve the goals in the region. The action programme on regional provision of vital services (*Regionale Daseinsvorsorge*), the contest to maintain the provision of infrastructure in rural areas and the regional development programme LEADER, which is based on a participatory, bottom-up approach, all support these goals. In accordance with the common Strategic Framework proposed by the European Commission, these programmes are to be coordinated jointly by different ministries and funded for the funding period 2014 to 2020.
- To ensure that German society remains democratic and tolerant in the future, we need people who stand up for values such as freedom, equality, justice and human dignity. Young people in particular need to be committed to these values, because without them our democracy will not survive. The Federal Government will therefore continue its federal programmes aimed at strengthening democracy and tolerance. This is important for many

II. D. Promoting integrative urban policy and quality of life in rural areas

poor and rural areas, because the emigration of young, skilled and educated persons has resulted in special challenges to local interaction.

3. Making cities attractive in a time of demographic change and creating integrative urban communities

Future urban development policy will focus not only on cities and communities as a whole, but also on their interconnection with the surrounding region. All aspects will be considered equally, such as prosperous and poor neighbourhoods, those with shrinking and ageing populations, and those having a large proportion of residents with an immigrant background. The needs of older persons will have to be reconciled with those of families, children and young people.

A more integrative approach will therefore be important in developing attractive cities and communities. Cultural diversity associated with immigration offers great potential for regional and economic development in cities and metropolitan areas, but it also creates challenges for social cohesion. Such diversity requires willingness on the part of individuals and the community to shape the future together.

In this way, neighbourhoods become an important factor for the process and success of integration. Whether integration and participation in the sense of an integrative community succeed is decided in neighbourhoods. Neighbourhoods that are centres of social tension in particular face the challenge of multifaceted problems and must confront social and ethnic polarization. Implementing integrated approaches is therefore an important element of federal integration policy.

Within the framework of the National Action Plan on Integration and on the model of integrative urban communities, the Federal Government will help cities and communities: Regardless of their social and ethnic background, all individuals should have equal opportunities, from education to occupation and independence in old age. But individuals should also be responsible for making the most of their opportunities.

Processes and effects of demographic change are most apparent in people's immediate surroundings. This is why the Federal Government is promoting urban development in conjunction with processes of adaptation to demographic change in cities and communities. Public participation in urban planning encourages identification with one's

II. D. Promoting integrative urban policy and quality of life in rural areas

living environment, creates trust and acceptance of necessary changes and improves networks among all residents.

- With the National Action Plan on Integration adopted in January 2012, the federal, state and local governments, social partners and civil society organizations are working together to further develop their integration policy strategies and measures. The Plan addresses eleven areas decisive for integration, from integration in one's immediate living environment, language, education and training, the labour market, employment of immigrants in the public service to health and care.
- The strategic integration of city-wide or neighbourhood measures and programmes is especially significant at local level. The Federal Government will support the strategic orientation of local integration policy as part of implementing the National Action Plan through support for model regions, through experimental housing and urban construction, through support for knowledge transfer among local governments on best practices and through accompanying research.
- The Federal Government will advance the promotion of urban development through a greater orientation on new tasks related to demographic change and the promotion of integration. To do so, it will work with the states and national associations of local authorities to produce a strategic evaluation and profile of urban development.
- The programmes of urban restructuring in eastern and western Germany are to continue with the aim of upgrading the inner cities, demolishing housing that is no longer needed, adapting and qualifying public space and the urban structure. The programme for active urban and neighbourhood centres promotes inner urban development by preserving and developing central areas of service provision as locations for economic and cultural activity as well as places to live, work and play.
- The urban development assistance programme *Soziale Stadt – Investitionen im Quartier* (Social city – neighbourhood investment) was further developed in 2012 and now focuses on promoting family-friendly and age-appropriate infrastructure with intergenerational services in disadvantaged neighbourhoods. The Federal Government will increase its support for resident participation in design and decision-making processes and its commitment to the neighbourhood with all urban development programmes.
- With the neighbourhood-based programme *Bildung, Wirtschaft, Arbeit im Quartier (BIWAQ)* (Education, business, work in the neighbourhood), financed by the European Social Fund,

II. D. Promoting integrative urban policy and quality of life in rural areas

the Federal Government supports low-threshold services for the long-term unemployed and disadvantaged youth in the immediate surroundings.

- To strengthen inner urban development, the Federal Government wants the second part of the amendment of regional planning to make it easier for communities to plan higher-density construction, fill in inner-urban gap sites more quickly, strengthen the preservation and development of central areas of service provision and reduce sprawl.
- With the action programme on multi-generational housing, the Federal Government is helping state and local governments improve quality of life with places where different generations come together and offer needs-based, low-threshold support services, make it easier for people of all ages to balance work and family commitments, and create new opportunities for participation for people of all generations and backgrounds.

Priority measures:

- Developing a national framework for coordinating support options for regions most affected by demographic change
- Securing appropriate support for poor and rural regions during the EU funding period starting in 2014
- Testing new ways to promote rural development
- Strengthening small and medium-sized centres as anchors for the provision of vital services
- Implementing measures introduced by the Act on Care Structures in the Statutory Health Insurance to ensure the provision of medical care
- Working with stakeholders to implement and advance the Federal Government's broadband strategy in a targeted way
- Maintaining public transport infrastructure in rural areas
- Implementing the National Action Plan on Integration and supporting local integration policy
- Advancing urban development policy through a greater orientation on new tasks related to demographic change and the promotion of integration

E. Securing the basis for sustainable growth and prosperity

Aims:

- **Developing and using the potential of education**
- **Securing a sufficient pool of skilled workers and entrepreneurs**
- **Strengthening innovation and competitiveness, increasing productivity**

Germany's prosperity is rooted in the creativity of its people, their drive to achieve and ability to innovate. Our economic strength rests on the quality of our work, a high-level supply of capital and high-capacity infrastructure.

In the coming decades, demographic change in Germany will significantly alter the framework conditions for growth and prosperity. The primary challenge will be the decline in the working-age population, which will greatly influence the extent and structure of future work as well as the potential of entrepreneurs. While the overall population will shrink relatively gradually, the working-age population will decline much more rapidly. To maintain and expand our prosperity, we therefore want to take greater advantage of the potential of education and the economically active population to increase labour productivity.

To secure a sufficient pool of skilled labour and entrepreneurial initiative, business, social partners and policy-makers must all work together to utilize our country's full potential in these areas. In the Federal Government's view, the most important factors are good educational opportunities for all from the very start; basic and advanced training; greater participation of women and older workers in the labour market; a targeted exchange of knowledge between young and old; re-integration of the unemployed in the labour market; better work/life balance; integration and managed immigration. In addition, entrepreneurial commitment needs to be activated starting in school and succession in business needs to be ensured.

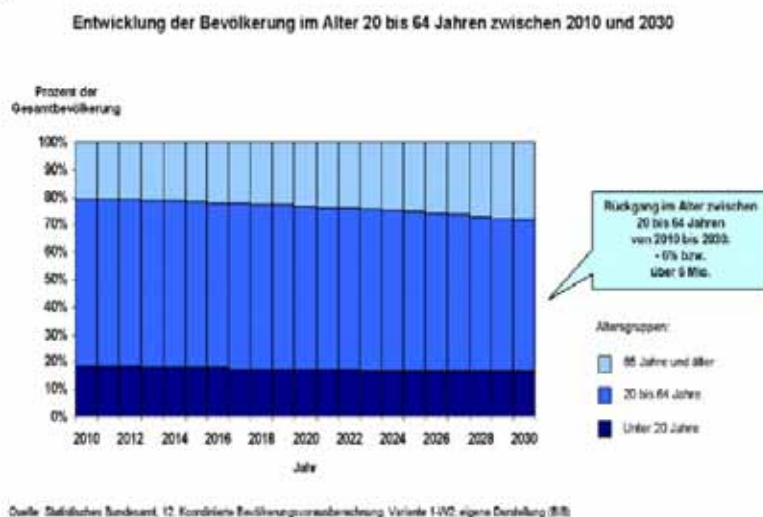
In the 21st century, prosperity is not guaranteed by the size of a nation's population but by the quality of its minds. For this reason, every policy of growth and competitiveness must start with education and training. Leaving no one behind, giving all a chance to develop their talents and skills over their entire lives – this is one of the greatest challenges Germany faces. Without a broad base of skilled workers and entrepreneurs, it is not possible to increase labour productivity.

II. E. Preserving the foundations of growth and prosperity

Other conditions for productivity growth, in particular investment in research and development as well as public and private real capital, must be secured in partnership with business. The Federal Government will help above all by increasing and targeting investment in research, innovation and the performance of public infrastructure. The sustainability strategy is aimed at combining business performance, social responsibility and the preservation of natural resources to ensure viable decisions.

Box 5: Facts and figures (for the English translation, please see the Annex)

The decline in the working-age population represents a key demographic challenge to growth and prosperity. The working-age population can be expected to shrink by more than 6 million by 2030.



To improve prospects for long-term growth in this context, it is necessary to ensure a sufficient supply of skilled workers and of persons willing to take responsibility for running businesses.

The Federal Employment Agency has quantified available potential in seven areas of action to 2025:

	Potential 2025 in millions of persons full-time equivalents
→ fewer school drop-outs	0.05 to 0.3
→ fewer who fail to complete vocational training	0.1 to 0.3
→ fewer who fail to graduate university	0.1 to 0.6

II. E. Preserving the foundations of growth and prosperity

→ Workers over age 55 (increase labour force participation, extend working life)	0.5 to 1.2
→ Women (increase labour force participation, increase working hours of part-time workers)	0.7 to 2.1
→ Manage immigration of skilled workers	0.4 to 0.8
→ Increase working hours of full-time workers	0.4 to 0.7

Source: Federal Employment Agency *Perspektive 2025: Fachkräfte für Deutschland* (Perspective 2025: Skilled workers for Germany), p. 14f.

1. Strengthening and utilizing the potential of education

Education enables everyone to participate in today's knowledge society. Education also provides the foundation for young people in vocational training and thus skilled workers. Education levels of the population have a major impact on national productivity and innovation.

The Federal Government plans to promote the potential of education at every age, especially through early-childhood education, reading and language programmes, additional formal and informal educational opportunities for young people as well as improved vocational training and higher education.

- Early-childhood education lays the groundwork for subsequent learning. Promoting language acquisition and reading skills helps children get a good start in school. The Federal Government has launched various measures in this field. The campaign *Frühe Chancen* (Early opportunities) starts in early childhood; it is addressed to day-care centres that also cater for children under three and concentrates on those with an above-average number of children with special language needs. The federal campaign will help 4,000 day-care centres develop a special focus on language skills. The Federal Government is working with the states to draw up a joint initiative on language teaching, diagnostic testing and reading skills. When it comes to families with low levels of education, it is very important to get parents involved. The federal programme *Elternchance ist Kinderchance* (Opportunities for parents mean opportunities for children) aims to do just that by providing 4,000 specialists to help with family-oriented education. To help children from families with low levels of education improve their language and reading skills, the Federal Government supports the initiative *Lesestart – Drei Meilensteine für das Lesen* (Start reading: three milestones for reading). This programme, which will run to 2018, is intended to encourage parents to read to their children from age one, thereby improving their language skills.

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- In addition to promoting children's learning, family centres work closely with families and agencies that can help families with their children's development. The Federal Government would like to accompany this process over the long term and is therefore examining the possibility of developing a module within the *Frühe Chancen* campaign primarily for disadvantaged neighbourhoods, to be introduced in cooperation with state and local governments starting in 2014.
- For young people, the Federal Government will create additional educational opportunities using a coordinated package of measures, including measures to improve the future prospects of needy children and young people by providing access to formal and informal possibilities for education, to be carried out by the state and local governments with help from the Federal Government.
- Starting in 2013, civil society alliances for education at local level will offer support for children and young people from disadvantaged backgrounds. These alliances will offer extracurricular education, especially cultural education. Financed in part by the European Social Fund, programmes to reduce the drop-out rate and reintegrate those who have left school will continue within the initiative *JUGEND STÄRKEN* (Strengthening youth) until 2013. In addition, federally funded youth migration services help young people of immigrant background with integration at school, at work and in society.
- We also want to give young people from disadvantaged and immigrant backgrounds better opportunities to volunteer, helping them gain important occupational skills and orientation outside of formal schooling.
- It is important for the transition from school to training and work to be successful. For this reason, the priorities set by the Federal Government to reduce truancy and improve the transition from school to occupational training will be continued. These include in particular an initiative supporting a thousand full-time mentors to accompany pupils' transition into vocational training, in addition to support in the transition from school to work under the Employment Promotion Act. Further, about a thousand senior experts will be assigned to mentor during vocational training and to prevent trainees from dropping out before completing their training.
- In view of changing trends in the training market, the National Pact for Training and Young Skilled Workers, extended to 2014, has been updated with the aim of better utilizing the potential of repeat applicants, disadvantaged young people and those with learning disabilities or of immigrant background.

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- The Act to Improve Opportunities for Integration in the Labour Market restructures active benefits to promote employment of young people, making them more flexible and clearly structured. The Act makes support in the transition from school to work, which was successful during the model phase, a standard benefit when co-financed by third parties.
- In order to encourage women to enter careers in math, science and technology, the Federal Government supports the National Pact for Women in MINT Careers (MINT = mathematics, informatics, natural sciences and technology).
- In a knowledge society, academic qualifications will be increasingly important in the labour market. Many young people are already pursuing university studies. With the Higher Education Pact 2020, the federal and state governments are working together to help higher education institutions manage these challenges. Federal funding for additional students entering university from 2011 to 2015 amounts to at least €4.7 billion. Another €2 billion will go towards improving learning conditions under the Quality Pact for Teaching. Financial aid has been significantly expanded under the new Federal Training Assistance Act (BAföG) and with the Germany Scholarship programme, funded in equal part by the Federal Government and private donors. This shows that the federal and state governments together are structuring funding for research and higher education in a forward-looking way.
- To support the development, testing and implementation of practical, research-based continuing professional education at universities and the integration of working adults and those who have completed occupational training in higher education, the Federal Government will sponsor the contest *Aufstieg durch Bildung – offene Hochschulen* (Advancement through education – open universities).

2. Ensuring the basic supply of skilled labour

In the context of demographic change, in June 2011 the Federal Government adopted a strategy for ensuring the supply of skilled labour and listing its goals and measures.

- The strategy defines five paths for ensuring the basic supply of skilled labour. The Federal Government will assess the defined aims every year and adjust strategies and measures as needed. The first update will follow the first development report in the fourth quarter of 2012.
- The innovation office *Fachkräfte für die Region* (Skilled workers for the region) was set up in March 2011 and will provide support for regional networks, projects and initiatives nationwide. The innovation office offers expertise and best practices on various strategies for ensuring the supply of skilled labour.

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- A competence centre for securing the supply of skilled labour was founded in May 2011. Its aim is to help businesses be more successful using human resources strategy. To do so, it offers recommendations and practical examples, especially for small and medium-sized enterprises (SMEs).
- A federally funded research project (*Barometer Fachkräftesicherung*) is intended to help identify the need for enterprises to take action in the fields of staff recruitment, development and retention and thus help the Federal Government update its strategy for ensuring the supply of skilled labour.
- A set of tools to determine current and future labour supply and demand is being developed with scientific assistance. The Federal Government will present the results, with a time horizon to 2030, in the first quarter of 2013 and use them as the basis for measures and strategies to ensure the supply of skilled labour.

3. Improving the immigration of skilled foreign workers and developing a more welcoming culture

Targeted migration policy can help manage labour shortages. The Federal Government wants to make Germany more attractive for well-educated and highly skilled immigrants. Implementing the EU Directive on Highly Qualified Workers by introducing the Blue Card will help. Bureaucratic obstacles are being reduced. Residence law for skilled workers is being oriented on transparent and systematic criteria. Suitable regulations will prevent abuse of the social insurance systems.

- In December 2011, the Federal Government launched draft legislation to implement the EU Directive on Highly Qualified Workers which takes advantage of the options allowed by the Directive and designs an attractive new residence title, the EU Blue Card. In particular, the legislative proposal, which is currently being discussed in parliament, provides for the following:

University graduates with a job offer in Germany paying a gross salary of at least €44,800 will be issued the EU Blue Card. Lower gross salaries will be allowed in occupations experiencing labour shortages, such as MINT and IT occupations and for physicians, as long as the employment conditions are the equivalent of those for native Germans. After two years of employment subject to compulsory social insurance, the holder of an EU Blue Card will be eligible for a permanent settlement permit.

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In addition, the new legislation will improve residence conditions for foreign graduates of German universities. If they find a job commensurate to their education, they will receive a residence permit without having to get approval from the Federal Employment Agency. They will be eligible for a permanent settlement permit after two years of employment subject to compulsory social insurance rather than five years as is currently the case. While they are looking for employment commensurate to their education, foreign graduates of German universities will be allowed to take up any employment to earn a living.

Those who completed vocational training in Germany will be allowed to remain in Germany to take up employment in their field of training; they will not have to undergo a labour market test to receive approval from the Federal Employment Agency.

Additional improvements for students at German universities, graduates of occupational training and foreigners seeking employment or self-employment in Germany are being discussed in parliament.

- Further, the Federal Government hopes to develop a more welcoming culture, take greater advantage of the European labour market and improve the conditions for recognizing foreign occupational qualifications. The Federal Government believes that a more welcoming culture can be developed in particular by offering targeted language training; expanding information portals, job exchanges and guides to government offices; and by simplifying administrative procedures. For example, the Federal Government will set up a website to attract skilled workers from abroad. It supports programmes of the German Academic Exchange Service (DAAD), the Alexander von Humboldt Foundation and universities to bring the best minds to Germany. The immigration and integration of skilled workers must go hand in hand.
- To help immigrating workers, their spouses and children with integration in the labour market, at school or kindergarten and in civil society, the Federal Government supports the promotion of local and private initiatives.
- A cross-level expert group is to make recommendations for improving initial orientation and integration and draw up a comprehensive guide to information and integration services for immigrants as a first point of contact. The results of the model project on integration agreements will be taken into account.
- In addition, as part of the National Action Plan on Integration, a strategy to increase intercultural openness at universities is being drafted with the aim of encouraging foreign graduates to take up employment in Germany.

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- The Federal Government will assist the European Commission in upgrading the European Job Mobility Portal EURES, including setting up matching processes at the EURES website; creating targeted mobility programmes at Union level to fill open positions and help particular groups, such as young workers; and opening the EURES network to improve cooperation between public and private job search services. The Federal Employment Agency has already responded to the new challenges of recruiting skilled workers from across Europe. The International Placement Services of the Federal Employment Agency will expand placement activities within the EURES network. With this in mind, four teams have been created to recruit skilled workers from elsewhere in the European Union and significantly more staff resources have been made available for these activities.
- With the Act to Improve the Assessment and Recognition of Foreign Professional Qualifications, the Federal Government has created the conditions for the systematic recognition of foreign professional qualifications. The next step is to establish implementation standards and advising structures and develop a system for monitoring administrative praxis. The programme *Integration durch Qualifizierung* (Integration through training, IQ) offers initial points of contact in every state that does not already have one to provide initial information about recognition procedures and suitable jobs as well as refer users to local services for further assistance. The website www.anerkennung-in-deutschland.de offers information for foreigners seeking recognition for their qualifications and for advisers on procedures and responsible agencies, among other things. In addition, the Federal Office for Migration and Refugees operates a central telephone hotline offering initial information and advising.
- The Internet platform BQ-Portal helps employers and agencies responsible for recognizing foreign qualifications by providing comprehensive information about occupations and countries (www.bq-portal.de).

4. Promoting entrepreneurship and SMEs

Small and medium-sized enterprises (SMEs) are the foundation for our prosperity. The expected decline in the size of the working-age population will impact not only the pool of skilled workers, but also the potential number of persons willing to run their own businesses. The Federal Government is working hard to further improve conditions for entrepreneurship and SMEs so that Germany will continue to have a broad base of competitive and innovative small businesses.

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- With its initiative *Gründerland Deutschland* (Entrepreneurial Germany), the Federal Government is strengthening entrepreneurial culture by encouraging young people to start their own businesses and by promoting a positive image of entrepreneurs. In view of demographic change, it is becoming more and more important to encourage under-represented groups such as women, older workers and persons of immigrant background to start their own businesses.
- In many regions, finding a buyer for one's business is becoming more difficult. The Federal Government is helping with its website www.nexxt-change.org, which it plans to expand.
- To firmly establish entrepreneurial skills in society, it is necessary to start with young people and thus in schools. The Federal Government is supporting this, among other things through the initiative on entrepreneurial spirit at school and a new funding programme on school and business, aimed at advising and training instructors and carrying out school projects.
- To activate entrepreneurial potential, the Federal Government will also improve the conditions and funding for start-ups and small businesses, in particular with regard to financing, advising, angel investors, coaching, bureaucracy reduction, EU aspects and second chances.
- As the population ages, preferences change and so do markets for goods and services. The Federal Government will revise its initiative *Wirtschaftsfaktor Alter* (Age as an economic factor) to take advantage of demographic change as a source of innovation in entering new markets. This applies in particular to the health-care industry and related industries. The Federal Government will monitor the structural change in the health-care industry and help promote its growth, among other things by advancing telemedicine and introducing its widespread application to enable older people in particular to continue living independently, by introducing ambient assisted-living (AAL) products, and developing age-appropriate housing.
- With its initiative on cultural and creative industries, the Federal Government has launched a campaign to promote entrepreneurial skills in an especially dynamic, innovative sector which will play an important role in future development and has a high proportion of self-employed persons.

5. Strengthening research and development

Research and innovation can help develop solutions for the challenges associated with an ageing society. The aim is to set the course for the future in order to maintain

II. E. Preserving the foundations of growth and prosperity

prosperity and social cohesion in a society in which people are living longer. Making sure that the public remains open to innovations, new technologies and dynamic market developments is very important in view of demographic challenges. For this reason, the Federal Government will continue to give priority to promoting research and innovation.

- The High-Tech Strategy 2020 consolidates the Federal Government's research and innovation activities across ministerial boundaries to address global challenges in the fields of climate and energy, health and nutrition, mobility, security and communication. On this basis, ten future projects were developed which focus on especially significant fields of innovation. The key feature of each project is the close cooperation among all relevant actors to achieve a concrete goal. In this way, each project makes it possible to find systemic solutions within a particular field of innovation, thereby securing Germany's top ranking in key future markets. Examples include better health through targeted prevention and nutrition, and research and innovation to enable older people to remain independent.
- The interministerial research agenda for demographic change, *Das Alter hat Zukunft* (The future of ageing), brings together the federal ministries' research programmes and is consistently oriented on the challenges and opportunities associated with an ageing society. The research agenda is intended to promote the development of new solutions, products and services to improve the social participation and quality of life of older people, thereby benefiting people of all ages, while taking advantage of important markets and strengthening innovation and competitiveness.
- Germany also played a major role in launching the European joint programming initiative "More Years, Better Lives – The Potential and Challenges of Demographic Change". The initiative, in which 13 EU member states are currently participating, seeks to enhance coordination and collaboration between European and national research programmes related to demographic change.
- Horizon 2020, the future EU Framework Programme for Research and Innovation, will also make an important contribution to innovation and growth in Europe and Germany. It will fund excellent international research and innovation projects to overcome major social challenges and will strengthen key technologies.
- We also want to improve framework conditions to encourage research and innovation. A central measure to this end is the Academic Freedom Act, which creates competitive conditions for non-university research facilities in the areas of budgets, human resources, investments and construction projects. The Federal Government also seeks to expand the possibilities for cooperation between the federal and state governments in the area of

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science and research. With this in mind, an amendment to Article 91b of the Basic Law has been proposed which would allow the federal and state governments to work together not only on projects, but also on the institutional funding of science and research facilities at universities having more than regional significance. This would enable Germany to keep up with the growing international competition in the field of academic research, which requires permanent structures with a national profile.

6. Conserving natural resources and building strong infrastructure networks for the future

Federal Government policy is based on the principle of sustainability. What we do today should not rob our children and grandchildren of the chance to live in prosperity and an intact environment – not today and not in 20 or a hundred years. This is why we must strengthen economic performance, social cohesion and the protection of natural resources all at the same time. Doing so is also crucial for managing demographic change.

Sustainable growth and prosperity require high-performance infrastructure networks in line with the needs of changing population structures and settlement patterns. Innovation and new technologies play a key role here.

- The Federal Government's sustainability strategy provides a framework for orientation in the search for long-term solutions for sustainable development. In its 2012 progress report, the Federal Government has developed its sustainability strategy with the following priorities: the green economy, climate and energy, and sustainable water resources management policy.
- One of the Federal Government's key economic and energy policy projects is expanding the power grid. Here, the most important thing is for the various actors – private companies and the federal, state and local governments – to work in unison.
- Further, to help plan investment in the various modes of transport, the Federal Government is drafting an updated forecast and basic outline for the 2015 Federal Transport Infrastructure Plan taking into account the foreseeable economic and demographic developments and possible structural disruptions that might arise after the forecast period.
- Broadband networks are the arteries of the knowledge society. They enable the rapid exchange of information and knowledge, contribute to the development of new business models and services and are essential to the shift to renewable energy sources and cutting-edge health care. The Federal Government therefore supports the expansion of high-speed

II. E. Preserving the foundations of growth and prosperity

networks with competition among a variety of providers. The amended Telecommunications Act will help encourage the market development of broadband.

- The Federal Government will upgrade the communications infrastructures of the public administration as needed, especially in view of growing security threats, i.e. these infrastructures must be secure and capable of performing at high capacity. In this way, they will make sure that public administration can continue to carry out its tasks everywhere and at all times even as these tasks change in future.

Priority measures:

- Drafting a joint initiative on language teaching, diagnostic testing and reading skills
- Focusing educational funding on disadvantaged youth in order to take full advantage of the educational potential of all young people
- Higher Education Pact 2020 to increase capacity and better utilize possibilities for cooperation in higher education
- Annual evaluation and update of the Federal Government's strategy for ensuring the supply of skilled labour
- Making it easier for skilled foreign workers to immigrate by implementing the EU Directive on Highly Qualified Workers
- Creating a welcoming culture to make Germany a more attractive destination for highly educated and skilled workers; improving recruitment to take better advantage of the European labour market to secure the supply of skilled labour
- Strengthening entrepreneurial culture and systematically encouraging, beginning with school and university, business start-ups.
- Expanding infrastructure networks for future needs, thereby supporting sustainable growth

F. Keeping government effective

Aims:

- **Ensuring the sustainability of public finances**
- **Modernizing the federal administration**
- **Keeping the federal public service productive**

Successfully overcoming the challenges of demographic change demands a great deal of effort on the part of policy-makers. Effective government and a stable society are essential.

Effective government requires sound public finances, which are crucial for growth and confidence in the future. Without healthy public finances, it would not be possible to make the necessary investments in the future nor keep up the social insurance systems people must be able to rely on in a time of demographic change. Only public finances which distribute the burden fairly among the different generations will preserve long-term willingness to address the coming challenges together.

Government deficits in the euro area underscore the enormous significance of maintaining sustainable public finances. Germany's economic growth since overcoming the financial and economic crisis shows that a credible policy of budget consolidation helps strengthen the basis for domestic growth and enables a rapid return to sound public finances. To ensure long-term fiscal sustainability, however, further efforts are still necessary.

Effective government also requires efficient administration and a capable public service. The Federal Government is paying particular attention to modernizing administrative structures so that they remain effective, reliable and flexible nationwide even under the conditions of demographic change.

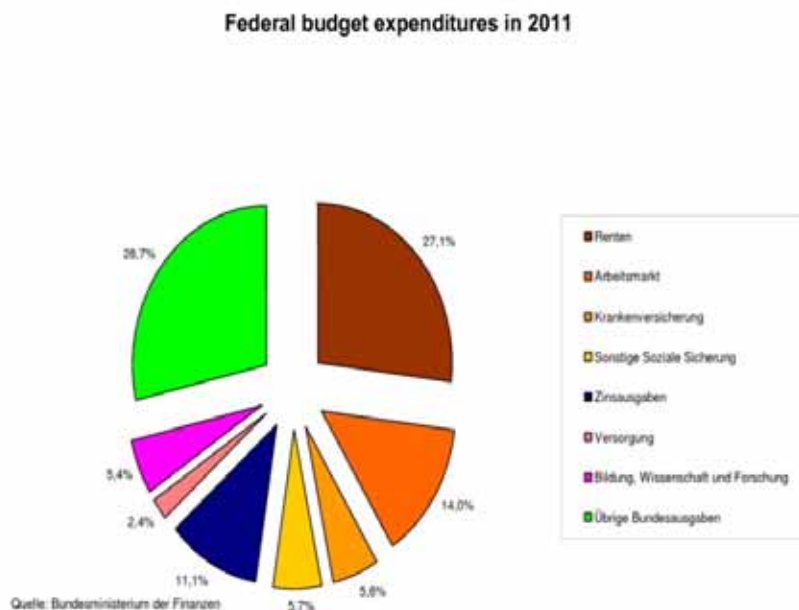
The Federal Government's goal is to maintain a wide range of high-quality services offered by the public administration, also with changed employment structures. Administrative structures will be adapted to meet new needs of society, business and industry as a result of demographic change. This includes recruiting more persons of immigrant background to work in the public service. There are special challenges in areas of greater competition with the private sector for the best minds. Here, the only

II. F. Keeping government effective

answer is for the public service to become more attractive as pioneering family-friendly, healthy workplaces whose workers remain productive longer.

Box 6: Facts and figures (for the English translation, please see the Annex)

A large part of government revenues and expenditures depends on the age structure of the population. A look at the federal budget shows that age-related expenditures already play an important role. For example, in 2011, pension expenditures accounted for 27.1% of the budget.



The long-term projection of the impact of demographic change on public finances commissioned by the EU's Economic and Financial Affairs Council (Ecofin) and produced by the European Commission concludes that demography-related government expenditure will continue to grow relative to the GDP of most of the other EU member states as well.

Despite a strong increase in the age coefficient, Germany is among the countries where the rising fiscal burden of pension payments is limited, mainly thanks to reforms.

According to the projection, expenditure on education as a proportion of GDP will not change very much to 2030 despite growing per-capita spending on education, due to the shrinking number of younger people. In addition, labour market expenditures are expected to fall.

1. Ensuring the sustainability of public finances

Demographic change will have a noticeable impact on economic growth and the development of public finances. In the medium to long term, problems will arise for public finances less because of the shrinking population and more because of changes in the age structure. Under otherwise unchanged conditions, pressure on public budgets will tend to increase. To control the impact of this development while providing for future generations, we must take the proper targeted measures today, above all reducing the public debt.

Measures to fight the debt crisis in the euro area, ensure a strict course of budget consolidation and anchor the principle of sustainability in public budgets and social insurance systems are a cornerstone of the Federal Government's demographic strategy.

- Already in 2009, Germany amended its Basic Law to introduce a balanced-budget requirement, thereby anchoring the aim of sound public finances in the constitution and ensuring that the federal and state governments continue their course of budget consolidation. At European level, Germany has committed itself to a nearly balanced government budget under the Stability and Growth Pact and the new Treaty on Stability, Coordination and Governance in the Economic and Monetary Union.

Even assuming only moderate growth, lasting compliance with the balanced-budget rule will ensure the long-term reduction of debt in relation to GDP while reducing the relative burden of interest payments. This will significantly help ensure that government will remain effective in the future and able to master the challenges of demographic change.

- To ensure lasting compliance with these rules, the Federal Government is pursuing a growth-oriented consolidation course. To achieve the quantitative goals of consolidation, the quality of public finances is also to be steadily improved. Important elements of this course are limiting government consumption, reducing subsidies, increasing performance incentives and encouraging growth through targeted investments in education, training, research, development and infrastructure.
- Since 2011, the federal budget and financial plan have been drafted in a top-down procedure, enabling budget and financial planning to pay greater attention to policy priorities at an earlier stage in the process. Each ministry is allocated a certain amount of available budgetary funds. All projects of this strategy with a financial impact must fit within the framework set by the federal budget and financial plan to 2016.

II. F. Keeping government effective

- Sustainability analyses which examine the long-term development of public finances and identify existing gaps can help point out areas where action is needed to respond to the challenges of demographic change while ensuring sound public finances for the long term.
- This is helpful not only for planning the federal budget, but also to make clear how important it is to fund the social insurance systems sustainably to cope with demographic change. With its past reforms, the Federal Government has already done a great deal to achieve long-term sustainability in this area. Preserving intergenerational equity in the social insurance systems is a task which extends far beyond the current legislative term, however. It will remain an ongoing challenge for policy-makers, the private sector and society as a whole for decades to come.
- The national consolidation course must be accompanied by a new European culture of stability. The rules of the Economic and Monetary Union were made stricter and the Stability and Growth Pact was tightened in order to renew the foundations for lasting prosperity and sustainable public finances in the European Union. As a result, the euro area now gives greater priority to balanced budgets, and the careful reduction of excessive debt ratios is subject to binding rules. A graduated set of sanctions has been introduced to enforce the new rules, and it will be easier to make decisions, for example on imposing fines. Now we must apply these new rules rigorously. And the new European Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (TSCG) must be transposed into national law in those countries that do not yet have an equivalent, for example by introducing national balanced-budget legislation, and the different economic policies in the euro countries must be more closely coordinated.

2. Modernizing the federal administration

Demographic change requires the federal administration to be increasingly flexible. To meet these needs, administrative services are constantly optimized and reoriented.

However, the federal administration cannot implement these services on its own: Only through intensive collaboration at federal, state and local level can these measures be carried out in the near term. In the key area of IT organization, the IT Planning Council coordinates the efforts of the various stakeholders and is working to provide an efficient, jointly administered range of basic, multi-purpose technical infrastructures.

- Mobile administrative services for the public, and options for more comprehensive telephone information services are being tested in a federal model project in the states of Mecklenburg-

II. F. Keeping government effective

Western Pomerania and Saxony. After the testing phase is completed, these services are to be offered nationwide.

- Existing administrative services are being improved and synergies utilized, for example by introducing a platform for all areas of public administration where information about administrative processes can be compiled and shared (National Process Library). In addition, tasks are to be consolidated in central shared services centres. Comprehensive quality management will optimize available administrative services.
- The Federal Government will promote the expansion and improvement of information, communication and transactions via digital information and communications technology (e-government) among public institutions and between them and the public in order to increase efficiency and create public IT services which significantly add value. The E-Government Act which is currently being drafted will reduce barriers in federal law and create incentives for further electronic administrative services. Projects and research such as open government are to be expanded.
- The single government service telephone number 115 will be expanded to all channels of access to public administration. The information in the 115 network is to be made accessible via mobile devices, including public terminals and mobile public service offices. Another option is drawing up and coordinating a plan for using the 115 service number for emergency calls.
- In addition to the cross-level open government portal planned for 2013, the Federal Government hopes to enable widespread access as well as easy and transparent use of geodata and geodata services via Internet technologies by building and running a central platform such as geoportal.de in cooperation with the state and local governments.

3. Keeping the federal public service productive

Effective government also requires a productive, competitive public service able to manage the challenges of demographic change which offers its employees a flexible, family-oriented and healthy place to work.

- The tasks of the public service are subject to an ongoing review which also takes demographic needs into account. Based on this review, staffing numbers and structures are constantly adjusted. Over the long term, the Federal Government will base the overall number of federal public service staff on population trends while paying attention to the recruitment of skilled and younger workers.

II. F. Keeping government effective

- The Federal Government enables staff to work more flexible hours in line with service requirements, helping them balance work and family obligations and creating a more family-friendly workplace. Civil servants too will be allowed to take leave to care for family members, teleworking and mobile working are being further expanded, and new approaches are being developed to help reduce the special burdens of long-term shift work. Basic and advanced training will also be made more family-friendly, for example by offering part-time courses.
- To promote motivated and healthy working and to encourage staff to continue working after the legal retirement age, the Federal Government will improve the conditions for flexible transition to retirement.

In a model project, civil servants will be able to compensate to a greater extent for reductions in their pension benefits by working additional years. At the same time, in order to preserve institutional knowledge, federal employers will have the option of awarding bonuses to civil servants who keep working. In the long run, this will help slow the "rush hour of life" and leave more time for career. The Federal Government will also examine the possibility of introducing long-term working time accounts to provide greater flexibility over the length of one's working life.

These measures will be accompanied by human resources policy in the sense of a "culture of longer working lives" and by rigorous occupational health and safety.

- To increase the productivity of the federal administration and enhance its attractiveness as an employer, as part of its government programme "Transparent and Network-Based Administration" the Federal Government will provide recommendations for developing human resources policy oriented on life phases.
- All the federal ministries will work together to position the public service more strongly as an attractive employer. An interministerial analysis of staffing needs will determine whether the federal administration needs more skilled workers and if so, what additional incentives can be created to recruit them. These include more training courses designed for working adults and greater emphasis on a culture of ongoing training for older staff. In addition, the Federal Government hopes to increase staff mobility between ministries and make it easier for staff to return to work after taking family-related leave. The Federal Government will develop suitable human resources policy to recruit and retain young and skilled workers to the public service.

Priority measures:

- Reducing the ratio of debt to GDP by balancing public budgets as part of a policy of growth-oriented consolidation
- Preserving intergenerational equity by ensuring that the social insurance systems are sustainably financed and able to withstand demographic change
- Developing a new European culture of stability to accompany the national course of consolidation
- Keeping public administration productive despite changing staff structures; making the public service a more attractive employer while paying attention to the recruitment of skilled and younger workers
- Developing federal human resources policy oriented on life phases and promoting motivated, healthy and longer working lives by making the transition to retirement more flexible

III. Outlook

1. Cross-level dialogue

We will be able to manage demographic change successfully only if all levels of government, the private sector, social partners and civil society work together and with the involvement of local citizens. The Federal Government will therefore initiate a comprehensive and ongoing dialogue with these partners aimed at reconciling the different perspectives and approaches to demographic change.

To do so, the Federal Government plans to invite these partners to demography summits occurring on a regular basis. To prepare for these meetings, the Federal Government proposes creating working groups in fields where existing cooperation needs to be expanded in view of the long-term challenges of demographic change; duplicating existing structures is to be avoided. Each working group should be chaired by a federal ministry; the co-chair should be a relevant partner from state or local government, the private sector, the unions, associations, research community or civil society.

The Federal Government recommends that these working groups should go into action at a first demography summit in autumn 2012 and summarize their results the following year. By autumn 2012, the Federal Government will approach the partners to coordinate aims, topics, structures and ways of working, and will welcome their suggestions.

The Federal Government believes that it makes sense to focus on the following areas of the demographic strategy and develop them in greater detail:

A. Strengthening the family

Focus: Giving families time for responsibility and care; enabling families to manage their time flexibly with workplaces that are more family-friendly, time-policy initiatives in the world of work and at local level and household-related services that are helpful for families.

(Chair: Federal Ministry for Family Affairs, Senior Citizens, Women and Youth)

B. Keeping workers motivated, skilled and healthy

Focus: An overall strategy for promoting healthy and productive working lives, among other things with health promotion, occupational safety, continuing education with an emphasis on continuing-education alliances, ideas for limited

reductions in working time and flexible organization of working time through time accounts

(Chair: Federal Ministry of Labour and Social Affairs)

C. Living independently in old age

Focus 1: Developing a strategy for living independently, to include independent housing in familiar surroundings and mobility for older persons; guided by the ideal of "caring communities", engaging in a dialogue on innovative local and regional structures and services for living independently in old age, including care and assistance for those who need it; developing and integrating model forms of shared responsibility and participation

Promoting social participation and engagement by older people, among other things by making the transition to retirement more flexible; promoting education for older people; publicizing models for social engagement by people of all ages but especially older people; nationwide expansion of intergenerational community centres (Chair: Federal Ministry for Family Affairs, Senior Citizens, Women and Youth)

Focus 2: Building a national alliance for people with dementia; supporting regional aid networks

(Chair: Federal Ministry for Family Affairs, Senior Citizens, Women and Youth)

D. Rural quality of life and integrative urban policy

Focus: Developing a national coordination framework to ensure the provision of vital services and strengthen regional economies and offer people living in rural and urban areas especially affected by demographic change equal opportunities for development and equivalent living conditions

(Chair: Federal Ministry of Transport, Building and Urban Development; Federal Ministry of Food, Agriculture and Consumer Protection)

E. Securing the basis for sustainable growth and prosperity

Focus 1: Mobilizing all potential to ensure the supply of skilled workers

III. Outlook

In parallel to promoting longer working lives, mobilizing all potential to ensure the supply of skilled workers, in particular skilled female workers, by increasing the provision of day care for children under age 3, increasing the number of all-day schools, improving educational opportunities especially for children of immigrant background, providing comprehensive advising for young people in the transition from school to work, recognizing occupational qualifications acquired abroad and encouraging the immigration of skilled workers
(Chair: Federal Ministry of Labour and Social Affairs)

Focus 2: Tapping the potential of foreign workers, creating a welcoming culture: fleshing out the framework created by the EU Directive on Highly Qualified Workers and the planned Blue Card, among other things by developing targeted language training in Germany and abroad; expanding information portals, job exchanges and guides to government offices; simplifying administrative procedures; increasing intercultural acceptance at universities; establishing a round table on being a host society; strengthening local integration policy; and upgrading the European Job Mobility Portal EURES
(Chair: Federal Ministry of Economics and Technology)

Focus 3: Promoting educational careers
Tapping the potential of all through education by encouraging learning at every age, from early-childhood reading and language promotion, quality assurance in teacher training, improved transition from school to work, measures to reduce school drop-out rates, extracurricular literacy and basic education for adults, better higher education and lifelong learning
(Chair: Federal Ministry of Education and Research)

F. Keeping government effective

Focus: Enhancing the attractiveness of public service employment, among other things by recruiting skilled and younger workers based on analyses of staffing needs taking demographic change into account; helping workers balance work and family obligations, in particular by making working hours even more flexible; developing human resources policy oriented on life phases; and promoting a culture of longer working lives
(Chair: Federal Ministry of the Interior)

Working groups focusing on other issues may be set up as needed during the summit process. The Federal Minister of the Interior is responsible for the overall coordination of this process. The working groups will present their results at regularly occurring summit events. Having regular meetings will also provide scrutiny for the process, ensuring that it is monitored by society as a whole without creating additional bureaucratic procedures. The Federal Government will also provide for assessing the demographic strategy as needed to guide the policy.

2. Communication

The public often expresses concern about the impacts of demographic change. The Federal Government is certain, however, that our country will maintain and increase its prosperity, self-confidence and domestic peace in the coming decades if it sets the right course now. For this reason, its demographic strategy will be accompanied by a broad-based communications strategy intended to show the public other ways of viewing demographic change and initiating a dialogue in society. The Federal Government's demographic strategy, "Every Age Counts", will play a central role in cross-ministerial communications.

The Federal Government will communicate all aspects of this strategy under a single brand, which will apply to information published by individual ministries and to all interministerial measures. The members of the Federal Government will also give special priority to the topics included in the demographic strategy in their press and public information efforts.

Further, the Federal Government will invite the state governments to join in building an interministerial and cross-level demography portal which all those active in demographic policy can use. The portal will provide information on demography-related issues, present best practices and encourage a broad and intensive discussion.

Annex

Box 1

Kinder von 3 bis 6 Jahren in Betreuungseinrichtungen	Children aged 3–6 in day care
Arbeitszeitgestaltung durch Arbeitnehmer	Employees able to set own working hours
Betriebe mit flexiblen Arbeitszeiten	Workplaces with flexible working hours
Deutschland	Germany
Schweden	Sweden
Ganztagsbetreuung von Schülern	All-day schools
Kinder unter 3 Jahren in Betreuungseinrichtungen	Children under three in day care

Box 2

Altersstruktur der Bevölkerung im Alter von 20 bis 64 Jahren 2010 und 2030 (in 1.000)	Age structure of the population aged 20–64 in 2010 and 2030 (in 1,000)
Rückgang Junge: -2.4 Mio.	2.4 million fewer young people
Rückgang Mittlere: -5.5 Mio.	5.5 million fewer middle-aged people
Anstieg Ältere: +1.6 Mio.	1.6 million more older people
Alter 20-64 zusammen: über 6 Mio. weniger	Overall, 6 million fewer people aged 20–64
Quelle: Statistisches Bundesamt, 12. Koordinierte Bevölkerungsvorausberechnung, Variante 1-W2	Source: Federal Statistical Office, 12th coordinated population projection, variant 1-W2

Box 3

Entwicklung der Bevölkerungszahl nach Altersgruppen	Population change by age group
Veränderung 2030 gegenüber 2010 in Prozent	Change from 2010 to 2030 in %
unter 20-Jährige	under age 20
20- bis 64-Jährige	aged 20–64
65- bis 79-Jährige	aged 65–79
80-Jährige und Ältere	aged 80 or over

Box 4

Bevölkerungsentwicklung und Alterung bis 2030	Population change and ageing to 2030
Veränderung der Bevölkerungszahl 2010 bis 2030 in %	Population change from 2010 to 2030 in %
bis unter -20	greater than -20
-10 bis unter -20	-20 < -10
-3 bis unter -10	-10 < -3
-3 bis unter 3	-3 < +3
3 bis unter 10	+3 < +10
10 und mehr	+10 or greater
Datenbasis: BBSR-Bevölkerungsprognose 2005-2030/bbw	Data from Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR), population forecast 2005–2030
Veränderung ausgewählter Altersgruppen 2010 bis 2030	Change in selected age groups, 2010–2030
Starke Alterung "von unten" und "von oben" (Abnahme der unter 20-Jährigen mehr als 15% und Zunahme der über 80-	Significant ageing "from below" and "from above" (no. of those under age 20 falls by more than 15% and no. of those aged

Jährigen mehr als 40%)	80 or over rises by more than 40%)
Alterung "von unten" oder "von oben" (Abnahme der unter 20-Jährigen mehr als 15% oder Zunahme der über 80-Jährigen mehr als 40%)	Ageing "from below" or "from above" (no. of those under age 20 falls by more than 15% or no. of those aged 80 or over rises by more than 40%)
Weniger starke Alterung (Abnahme der unter 20-Jährigen weniger als 15% und Zunahme der über 80-Jährigen weniger als 40%)	Less significant ageing (no. of those under age 20 falls by less than 15% and no. of those aged 80 or over rises by less than 40%)
Geometrische Grundlage: BKG, Kreise, 31.12.2008	Geometric basis: Federal Agency for Cartography and Geodesy, 31 Dec 2008

Box 5

Entwicklung der Bevölkerung im Alter von 20 bis 64 Jahren zwischen 2010 und 2030	Change in the population aged 20–64, 2010 to 2030
Prozent der Gesamtbevölkerung	% of total population
Rückgang im Alter zwischen 20 bis 64 Jahren von 2010 bis 2030: -8% bzw. über 6 Mio.	Decline in the no. of those aged 20–64 from 2010 to 2030: -8% or more than 6 million
Altersgruppen:	Age groups:
65 Jahre und älter	65 or over
20 bis 64 Jahre	20–64
Unter 20 Jahre	under 20
Jahr	Year
Quelle: Statistisches Bundesamt, 12. Koordinierte Bevölkerungsvorausberechnung, Variante 1-W2, eigene Darstellung (BiB)	Source: Federal Statistical Office, 12th coordinated population projection, variant 1-W2, own presentation (Federal Institute for Population Research (BiB))

Box 6

Renten	Pensions
Arbeitsmarkt	Labour market
Krankenversicherung	Health insurance
Sonstige Soziale Sicherung	Other social insurance
Zinsausgaben	Interest payments
Versorgung	Pensions for civil servants and military personnel
Bildung, Wissenschaft und Forschung	Education and research
Übrige Bundesausgaben	Other federal expenditures
Quelle: Bundesministerium der Finanzen	Source: Federal Ministry of Finance

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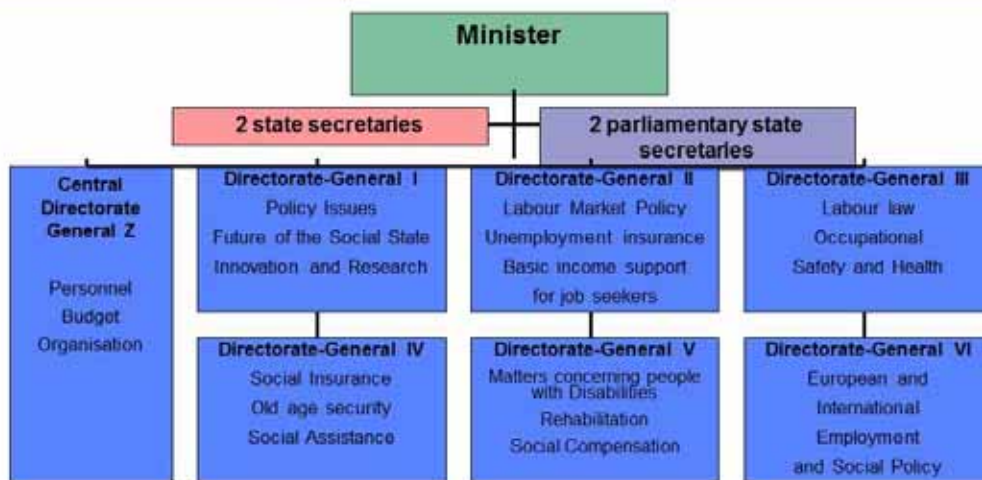
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九、 德國聯邦勞動社會部簡報



Organisation of the Ministry of Labour and Social Affairs





Social Systems in Germany

Social Insurance Systems	Social Compensation Systems	Social Welfare Systems
Statutory Pension Insurance	e. g.	e. g.
Statutory Health Insurance	Assistance to war/mil.s. victims	Basic Income Support for Job Seekers
Statutory Unemployment Insurance	Assistance to victims of crime	Social assistance benefits
Statutory Long-term Care Insurance	Assistance to political prisoners in the GDR-system	Housing allowance
Statutory Accident Insurance		

29,9 % of the German gross domestic product (767 bill. €)

3



Social Insurance Systems (Expenditures 2012)

- ↪ **Statutory Pension Insurance (255 bill. € , 81 bill. € state subsidy)**
 - ↪ **Statutory Health Insurance (184 bill. €, 14,5 bill. € state subsidy)**
 - ↪ **Statutory Unemployment Insurance (35 bill.€, 8 bill. state subsidy)**
 - ↪ **Statutory Long - term Care Insurance (23 bill. €)**
 - ↪ **Statutory Accident Insurance (14 bill. €)**
- total: 511 bill. € (contribution based/ pay as you go systems)**

4



Basic Principles of the Social Insurance Systems

- ↪ the principle of compulsory insurance
- ↪ the principle of financing through contributions
- ↪ the principle of solidarity
- ↪ the principle of equivalence
- ↪ the principle of self government

5



Social Insurance Contribution Rates as of January^{1st}, 2013

	Total	Employer's Share	Employee's Share
Pension Insurance	18.90 %	9.45 %	9.45 %
Health Insurance			
•General Contrib. Rate	14.60 %	7.30 %	7.30 %
•Additional Contrib.	0.90 %	—	0.90 %
•Total (Ø)	15.50 %	7.30 %	8.20 %
Long-Term Care Insurance			
•General Contrib. Rate	2.05 %	0.975 %	0.975 %
•Contrib. Rate for Childless	2.20 %	0.975 %	1.275 %
Unemployment Insurance	3.0 %	1.50 %	1.50 %
Total	39.45 % / 39.70 %	19.275 %	20.175 % / 20.425 %

6



Labour market policy - central action area in a social market economy -

Opportunities and tasks of labour market policy:

- Promoting a balanced labour market
- Preventing and reducing unemployment
- Improving employability
- Reducing the risk of long-term unemployment
- Removing or alleviating placement obstacles

7



The labour market instruments' structure

- ↳ Councelling and placement (profiling, goal definition, monitoring)
- ↳ Choice of occupation and vocational training
- ↳ Occupational further training
- ↳ Taking up employment
- ↳ Retention of employment

8



Promoting the employment of young people

- ↳ **Career orientation/entry support:**
- individual and continuous coaching (e.g. by pensioners) for students with problems in the transition from school to work; starts 2 years before school ends**
 - pre-vocational training schemes: up to 10 months, implemented by special training institutes; preparation to attain a school leaving certificate; 50 % find a job**
 - entry qualifications: work experience in a company for 6-12 ms; employer gets up to 216 € a months and a lump-sum for social security contributions; 70 % start vocational training**



Promoting the employment of young people

- ↳ **Support during vocational training:**
- vocational training grants (for those who don't live at home, depending on what they and their parents earn – up to 572 €)**
 - support to reduce learning and other deficits**
 - vocational training in special institutions for those who are don't find or are not capable for in-company vocational training**



Promoting the employment of young people

↪ Training pact:

a. initiated 2004

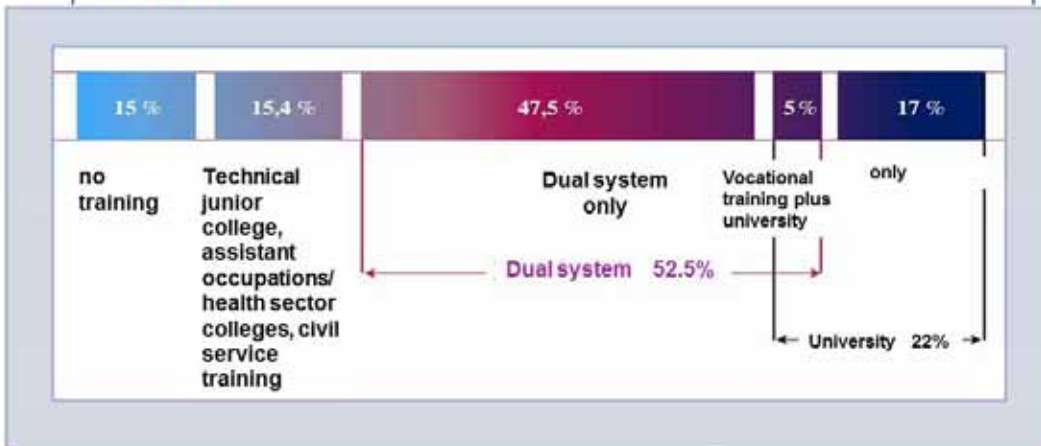
b. partners are the Federal Government and the Confederation of the German Trade Associations

- soliciting new apprenticeship/trainee positions
- soliciting new companies to provide vocational training

11



Educational breakdown of young persons after school



12



Dual system of vocational training

- ↳ Training is primarily provided in the company – and accompanied by classroom training in vocational schools
- ↳ The trainee is paid a training allowance by his/her company
- ↳ More than 340 recognised skilled occupations
- ↳ 52.5 % of all school leavers start dual vocational training
- ↳ 61 % of vocational training graduates continue to be employed by the company providing their vocational training
- ↳ The length of the training course depends on the training regulations.
Generally: 2 – 3 years

13



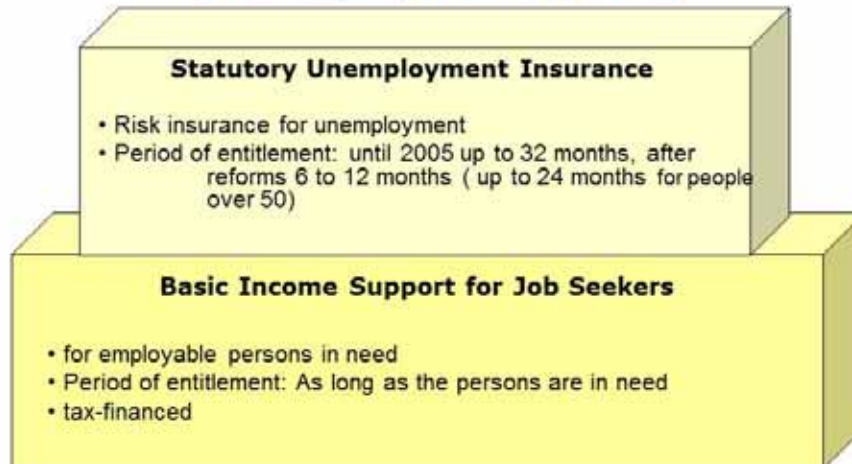
Dual system of vocational training: advantages

1. Ensures the supply of skilled labour
2. Tailor-made qualifications
3. Vocational training is oriented towards the demand from industry
4. Higher motivation and loyalty to the company
5. Productive performance of trainees
6. Majority of the training costs borne by industry
7. Open to all school leavers

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Unemployment System



15



Statutory unemployment insurance / short time working allowance

- all employees, trainees are covered
- 50 % of the contributions paid by employer/employee; rate 3 % of the monthly gross income
- contribution assessment limit 5.800 € W/ 4.900 € E; unemployment in August 2013: 2,9 mill. ; 6,8 %

 **short time working allowance**

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How short-time working allowance works



Lack of order: temporary and unavoidable reduction in working time
1/3 of employees, income loss of more than 10 %



Employers notify short-time work to the employment agency; verifying
the requirements by the employment agency



Employers pay short-time allowance and social insurance contributions

Short-time working allowance is reimbursed to employers

17



Advantages

Employers

- ↳ Expert staff is maintained (in 2009 = 1 mill. employees), no costs for searching new, skilled workers

Employees

- ↳ Prevention of unemployment, income maintenance

General Public

- ↳ Short-time allowance is cheaper than unemployment benefit
- ↳ Stabilisation of spending capacity
- ↳ Economy is more flexible
- ↳ Short-time work can be used for further training

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Basic income support for job-seekers (Unemployment benefit II)

- ↪ for people who are fit for employment + in need of assistance
- ↪ job placement, traineeship esp. for people under 25 and single parent
- ↪ basic security benefit (382/345 € + special rates for children 224 €, 255 €, 289 €, 306 € depending on age) + accommodation and heating
- ↪ assistance in case of not enough income from gainful employment
- ↪ supplementary assistance for certain groups (disabled, single parent)
- ↪ costs for setting up a household, initial outfitting with clothes
- ↪ health, long-term care insurance included
- ↪ each year adjustment by rise of prices (70 %) and rise of wages (30 %)

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Basic income support for job-seekers

- ↪ **Since 2011:**
Each child has the right to: working material (exercise book, pen etc.) 100 € a year; participation in sport/ cultural activities 120 € a year; costs are paid school/nursery school outings; subsidy of lunch in school/(day)nursery school, families pay 1 € a day; special school coaching for children who find learning difficult (total: 2,5 mill. children, including children of families with low income; cost of 1,6 bill. € a year)

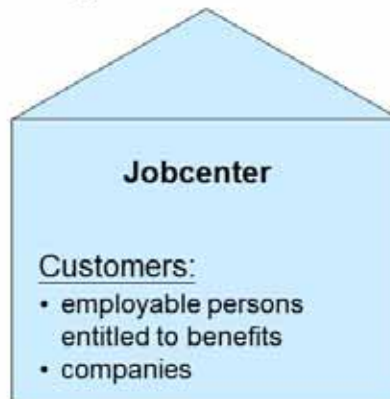
20



Labour Market Policy “Institutions“

Unemployment insurance

Basic income support for jobseekers



21



Unemployment Insurance Organisation of the Federal Employment Agency



22



Federal Ministry
of Labour
and Social Affairs



Federal Employment Agency

Executive Board
(3 full time Business
Managers)

Administrative Council
(tripartite: 7 voluntary
representatives for each
group –
employer,employee,public
bodies)

23



Federal Ministry
of Labour
and Social Affairs



Federal Employment Agency

Tasks of the Administrative Council:

- monitors the work of the Executive Board
- advises the E.B. on current labour market questions
- adopts the statute of the F. E. A. ; approved by the Ministry
- sets the budget prepared by the E.B. ; approved by the Ministry
- approves the annual report of the E.B. , sent to the Ministry
- Initiates supervision either by the internal auditing or external experts
- proposes the members of the E. B. , appointed by the Ministry

24



Pension System in Germany

Statutory Pension Insurance

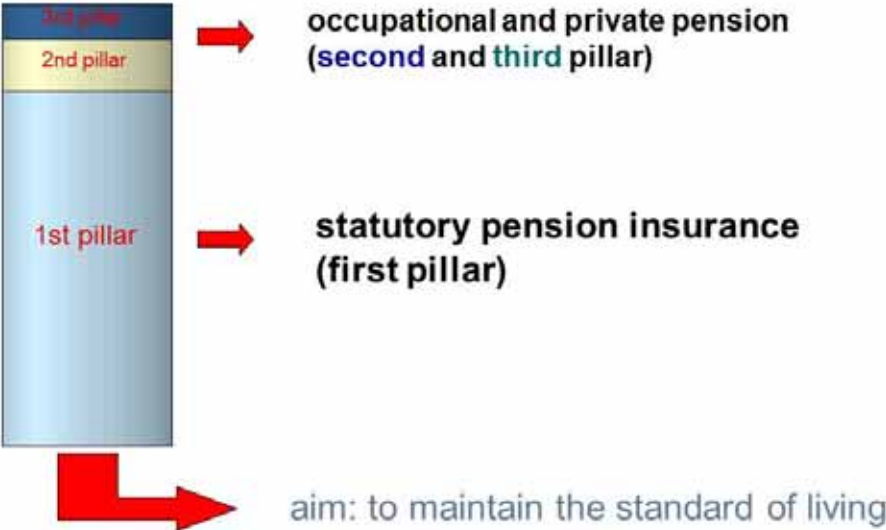
Company Pension Plans

Private Provision For Old Age

25



The Basic Characteristics of the German Pension System



26



Statutory Pension Insurance

- ↪ **20.6 mill. pensioners – 25 mill. pensions are paid**
- ↪ **52,4 mill. persons are insured**
- ↪ **compulsory insurance (up to assessment limit = 5.800 € West / 4.900 € East)**
- ↪ **contributions are paid half by employers/ employees**
- ↪ **18.9 % of the gross monthly salary**
- ↪ **pensions are adjusted on 1st July each year**
- ↪ **based on trends in the income of the active insured population**

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Statutory Pension Insurance

Reasons for Reforms

- **today we have 3 working people and 1 pensioner, in 2030 it will be 2 to 1**
- **the period pensions are paid rose since 1960 rose up to 80 % (from 10 years to 18.2 years)**
- **62 % of the work force between 55 – 64 years do work;(Switzerland 68 %, Sweden 70 %)**

28



Statutory Pension Insurance

Reasons for Reforms

- **demographic changes**
 - life expectancy rises (over 65s will grow until 2030 by 5,6 mill. from 16,7 mill. to 22,3 mill.)
 - less children (reproduction rate 1.3 - necessary 2.1; 17 % less children until 2030 from 15,6 mill. to 12,9 mill. children unter 20 ; the 20-64 age group will be 7,5 mill. less until 2030 to 42 mill.)
- **global economy (working places are transferred abroad, working costs are high)**

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Statutory Pension Insurance

New regulations for pension adjustment

- ↪ include a sustainability factor to take into account of the trend in the ratio of pensioners to contributors – decrease in the number of contributors pension increases will tend to be lower and the other way around;
- ↪ **aims:** contribution rate until 2020 not higher than 20 %, until 2030 not higher than 22 %; minimum pension protection 46 % of the average earned income until 2020, 43 % until 2030

30



Statutory Pension Insurance

Rise of pension age from 65 to 67

- ↳ demographic change, intergenerational equity = sharing the burden between young and old, strengthens pension system, eases skills shortage
- ↳ transitional period from 2012 to 2029
- ↳ exemption: people with a contribution period of 45 years
- ↳ aims: to increase the occupation of older people; to utilize their know-how; to fill the gap of skilled employees

Further reforms planned

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Promotion of additional provision for old age (since 2002)

Promotion of additional provision for old age by tax relief and state allowances

Ageing society, decline of population, pension cannot rise at past levels, additional provision is needed

- a) Company Pension Plans (each employee has the right to have part of his earnings paid into a company pension plan; collective agreements also require employers to pay towards these pensions; payments are exempt from taxes and social security contributions)
- b) Personal Forms of provision for old age (minimum own contribution 4% of annual income, tax-deductible amount up to 2100 €, basic supplement 154 €, child supplement 185 €/ 300 €; 15,7 mill. contracts so far –bank saving plans, private pension insurance, investment fund savings plans)

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1. Company Pension Plans

- ↪ **long tradition**
- ↪ **employers provide on a voluntary basis**
- ↪ **65 % of the employees can claim pensions**
- ↪ **since 2002 each employee has the right to pay contributions into a company plan**

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2. Private Provision For Old Age

- ↪ **bank saving plans**
- ↪ **private pension insurance**
- ↪ **investment fund saving plans**
- ↪ **other forms of savings for old age**

- ↪ **since 2002 special state incentives for personal forms for old age**

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十、 2013 GES 大會活動相片

