

Final Report

DCI-ASIE/2014/350-601

EU-China Social Protection Reform Project

Training in Germany

on the Relevance and Efficiency of Employment and Social protection policies in Europe with special reference to long term care

I. Introduction

It is common opinion that social security policies play a major role in ensuring the progressive emergence of a “new normal”, sustainable and equitable economic growth pattern in China. It would be more centered than over previous decades on national consumption of resident population, currently or formerly active.

It is however of paramount importance that schemes and systems respond to the needs of citizens, combine equity and efficiency considerations, be economically affordable and uphold Government efforts to promote sustainable growth.

One measure to support this is monitoring and evaluation of employment and social security policies. Furthermore, given the demographic change in China, a new policy on Services to provide care to the elderly is of special interest for the Chinese Government.

These are the focal areas for a 2 weeks training mission of Chinese Government Officials to Germany, which took place between January 14 and 27, 2018. The purpose of this report is to outline contents, objective, scope and activities under this 2-week training foreseen under the 2017/18 work plan of the EU-China Social Protection Reform project. (SPRP)

II. Background, Objectives, Purpose, Activities

A. Objective

The objective of the SPRP project is:

to further develop social equity and inclusiveness of economic development throughout Chinese society.

Under the leadership of the NDRC (National Development and Reform Commission), coordination of policy making among government agencies in areas related to social protection reform is strengthened.

B. Purpose

The purpose of the SPRP Project is:

to contribute to the improvement and inclusiveness of China’s social protection system through strengthening the institutional capability for developing policies, for implementing legal and regulatory frameworks and for supervising systems of social insurances, social assistance and financial management in the area of social security.

The Project's purpose will be pursued through the following three components in relation to which specific Chinese government entities playing the role of partner of the consortium have been identified:

- Component 1: Consolidation of institutional capacity for social protection policy development and reforms in collaboration with the NDRC;
- Component 2: Enhancing of institutional capacity for financial management and supervision concerning social security funds in collaboration with the Ministry of Finance; and
- Component 3: Improving of legal framework and policy for social assistance in collaboration with the Ministry of Civil Affairs.

C. Activities

The Project 2017 work plan foresees as one activity a two-week long training to be held in Germany. **The proposed topics of the training are Evaluation of Employment and Social security policies, as well as the Services to provide care to the elderly.**

Originally, the training in Germany was supposed to focus on the evaluation and efficiency of social security. At the request of the Chinese side, it was extended to evaluation of employment policies as a secondary field of exploration, and as long-term care is of special interest, this topic was added to the agenda.

The techniques to conduct evaluation of social security schemes and employment programs have a crucial role in discussing possible paths for reform. Such techniques require in turn that a set of objectives are established, and that progress towards attaining these objectives – which may also be subject to change – is monitored by public authorities. These techniques, which are relatively new in China, will form one of the core topics for the training course.

III. Content of the Training

A. Overview

The Training had three focal areas:

- Evaluation of Employment
- Evaluation of Social security policies
- Services to provide care to the elderly

The first two areas focused on methods and tools of evaluation of systems and policies. The third area on functioning and financing of services.

B. Evaluation of Employment

Employment has two major aspects: first making efficient use of the available work force in a country. This includes qualification, counseling, brokerage, legislation, monitoring. The second providing income to workers and their families, and preventing poverty. Questions that were highlighted during the training were:

- How is employment and unemployment precisely measured and monitored?
- What are the political objectives and how are they pursued and measured?
- How can the quality and productivity of employment be measured?
- How does the efficiency of allocation of employment work?

- How effective is the unemployment insurance? What is the replacement rate of the benefit?
- What is the effectiveness of qualification measures in order to re-entry the labor market when unemployed?
- What is the link of unemployment and poverty in Germany? What is done to prevent poverty?
- What is the role of the informal sector in Germany?

The training focused on answering these questions. For this purpose, meetings were held with:

- The academics – Johannes Gutenberg University (JGU) in Mainz (15-18 January),
- The Statistical Office in Wiesbaden (19 January) ,
- The Ministry of Labour and Social Affairs in Berlin (22 January)
- The Ministry of Health in Berlin (24 January)
- The Federation of German Trade Unions (DGB) in Berlin (22 January)
- The Employers Federation in Berlin (23 January)
- The Federal Pension Fund (DRV) in Berlin (23 January)
- A home of elderly “Alfred Jung” on 25 January

The days at JGU were used to provide the group an overview over Organization, Structure, Problems and Statistics of the German Social and Economic system.

C. Evaluation of Social Security Policies

Social security basically has 6 branches in Germany: health insurance, unemployment insurance, pension, accidents insurance, long term care insurance, and social assistance. For all these, for example the following questions were dealt with:

- What are the political objectives?
- How can be measured if they are met?
- What is the replacement rate or respectively the support value of benefits?
- What is the population coverage and the number of beneficiaries?
- Average age of retirement and duration of benefits
- What are the administration costs?
- What is the role of evasion, informal sector and fraud?
- Effectiveness of prevention of diseases and accidents
- What are the costs of benefits provided?
- What is the impact of demography?
- What was the effect of policy measures, especially of cost containment?
- What are the issues currently discussed?

These questions were focus in the discussions with pension fund, employers, trade unions, Ministries, and academics.

D. Long term care

Basically, there are three methods of social security support for caring for the elderly in Germany

- Financial assistance for families who care their elderly at home
- Ambulant professional care for elderly living at home
- Institutional care

These services or respectively this support to a large part is provided by dependents with support from social security. Only about 30% of the elderly that need care are staying in homes. The group was able to visit one of these homes in Berlin.

The financing stems from social security, from private households and to a smaller part from private insurance.

IV. Tentative Schedule of the Training

The trainees were picked up at Frankfurt airport by bus on January 14. Buses took the group to the places in Germany to be visited and to the meetings. From Frankfurt to Berlin the group took a flight. In total 3 places were visited:

- Day 1-4 the Overview over the German system was provided in training sessions.
- Day 4 the Group travelled to Wiesbaden to meet with DESTATIS (Statistical Office)
- Day 6 the group travelled to Berlin. Most of the Organization met are located in Berlin.
- Day 7-12 meetings in Berlin were held.
- Day 14 travel to the airport and return to China.

The training methods were presentations by experts and discussions (Q&A). There was consecutive translation German-Chinese by 2 alternating translators. Slides (see attachment) were partly in German, partly in English, as well as the handout-material.

V. Outcome

The outcome of the training was increased awareness of the participants on how issues that are subject to reforms in China are handled in Germany.

The information provided was from first hand and highly qualified. In the end, the Chinese delegation went back to China with a good understanding of the methods and techniques used in Germany as well as a solid picture of the solutions in place.

VI. Attachments

A. Organizations visited or met

- Bundesvereinigung der Arbeitgeberverbände (Federation of Employers) http://www.arbeitgeber.de/www/arbeitgeber.nsf/id/en_home
- Deutsche Rentenversicherung (German Pensions) http://www.deutsche-rentenversicherung.de/Allgemein/en/Navigation/englisch_index_node.html
- DGB (German Federation of Trade Unions) <http://en.dgb.de>
- Ministry for Labor and Social Affairs (concerning Pensions, employment, social assistance) <http://www.bmas.de/EN/Home/home.html;jsessionid=7E47BB66D6EA2FED6BCD16895581348D>
- Ministry of Health (concerning health insurance, long term care) <https://www.bundesgesundheitsministerium.de/en/en.html>
- Statistisches Bundesamt (Federal Statistical Office) <https://www.destatis.de/EN/Homepage.html;jsessionid=361E01615C38936A86F817C224624955.cae3>

- A long-term care facility “Alfred Jung” in Berlin
<https://www.seniorenportal.de/pflegeheim/seniorenheim-alfred-jung-alfred-jung-strasse-17-10367-berlin>.
- Academic and research institutions (JGU) <http://www.uni-mainz.de>

B. Schedule (see attachment 2)

C. Participants (see attachment 3)

D. Pictures (see attachment 4)

E. Addresses and Contacts of Institutions visited (see attachment 5)

F. Presentations (see attachment 6)