



Federal Ministry
for Economic Affairs
and Energy

National Reform Programme 2017



Imprint

Publisher

Federal Ministry for Economic Affairs and Energy (BMWi)
Public Relations
11019 Berlin, Germany
www.bmwi.de

Redaktion

Federal Ministry for Economic Affairs and Energy (BMWi)

Design and production

PRpetuum GmbH, Munich

Status

April 2017

Illustrations

StudioD3x – Digitalstock (Titel)

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Federal Ministry for Economic Affairs and Energy (BMWi)
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E-mail: publikationen@bundesregierung.de
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Contents

Introduction	4
I. Macroeconomic context	6
A. Macroeconomic development	6
B. The German current account surplus	8
Structural determinants of the German current account	9
Spillover effects of public investment on the eurozone are limited	10
II. Actions to tackle primary macroeconomic challenges	14
A. Strengthening public investment at all levels	14
Investment strategy	14
Strengthening public investment in infrastructure, education, research and innovation	14
Enabling <i>Länder</i> and municipalities to undertake more investment	17
Restructuring of fiscal relations between the Federation and the <i>Länder</i>	17
Securing sound government finances, investing in the future	18
Strengthening investment in Europe	18
B. Strengthening private investment, stimulating competition further	18
A more efficient tax system for stronger private investment	19
Bureaucracy reduction, comprehensive modernisation of procurement law	20
Making the energy transition investment-friendly	21
Strengthening competition further	21
Action to further stimulate competition in the services sector	22
C. Increasing incentives for labour force participation, ensuring the best possible integration of refugees into the labour market	23
Creating incentives for later retirement	24
Strengthening incentives to work for second earners	25
Reducing the tax and contribution burden particularly for low-wage earners	26
Further reduction in non-standard employment – facilitating the transition from mini-jobs to standard employment relationships	27
Proceeding swiftly with the labour market integration of refugees	29
III. Europe 2020 headline targets: progress to date and measures	33
A. Fostering employment	33
Strengthening the framework for labour participation	33
Increasing the skills pool: vocational training, education and immigration of skilled workers	35
In the interest of fairer wages	36
B. Improving the conditions for innovation, research and development	37
The Federal Government’s strategy for research and innovation	38
Promotion of research and innovation by the Federation and the <i>Länder</i>	38
Taking advantage of the opportunities of the digital transformation	39
C. Reducing greenhouse gas emissions, increasing energy from renewables and improving energy and resource efficiency	40
Meeting climate targets	40
Renewable energy: strengthening competition, improving the system	41
Increasing efficiency, reducing energy and resource consumption	42
D. Improving education levels	43
E. Promoting social inclusion in particular by reducing poverty	44
Promoting integration into the labour market and society	45
Strengthening social participation for the elderly	46
Combating scarcity on the housing markets	47

IV. Drafting the NRP 2017: process and stakeholders	49
Table I: Actions to tackle primary macroeconomic challenges	50
Table II: Actions to deliver on the national goals within the context of the Europe 2020 strategy	61

List of diagrams

Diagram 1: Wage development in Germany (percentage change on previous year, forecast for 2017/18)	11
Diagram 2: Development of the wage share (in %).....	11
Diagram 3: Cross-country comparison of spillover effects and capacity utilisation	13
Diagram 4: Development of the unemployment rate (percentage, national definition) and of gainfully active persons (in millions).....	24
Diagram 5: Employment rates in Germany and the European Union.....	25
Diagram 6: Annual median equally-funded social security contribution rates as a percentage of gross assessable earnings	26
Diagram 7: Core working population disaggregated by form of employment: standard employment relationships and non-standard employment	27
Diagram 8: Core working population: development in the forms of non-standard employment	28
Diagram 9: First applications for asylum, decisions on such applications and EASY registrations	30

List of boxes

Box 1: Key messages concerning the German current account surplus.....	8
Box 2: 2016 country-specific recommendations of the Council of the European Union for Germany	14
Box 3: Infrastructure, innovation and growth – the Federal Government’s investment strategy	15
Box 4: Main substance of the Integration Act and the related ordinance	31

List of overviews

Overview 1: Selected key figures for macroeconomic trends in the Federal Republic of Germany*	7
Overview 2: Categorisation of the factors explaining the German current account surplus	10
Overview 3: Quantitative goals defined under the Europe 2020 strategy and current progress towards goals	34
Overview 4: Asylum-related contributions by the Federation	46

Introduction

1. The German economy is in a strong position. In 2016, the gross domestic product expanded by 1.9% (price-adjusted), faster than in any year since 2011. In Germany, 43.6 million people were in gainful employment. The unemployment rate is currently at the lowest level for 25 years, and is likely to stabilise around the 6% mark. The rate of youth unemployment is the lowest in the European Union. In 2016, the public-sector budget achieved a surplus of 0.8% in terms of nominal gross domestic product, while public-sector expenditure on consumption and investment has increased.

2. However, the favourable economic situation must not detract from the fact that Germany is facing major challenges. Given the extremely expansionary monetary policy and the related weak euro exchange rate, the slightly expansionary fiscal policy and the ongoing influx of skilled labour from other EU countries, the growth rate of the German economy should rather be regarded as moderate. In particular, the increase in labour productivity of well below one percent a year appears small, in view of the digitisation of the economy. The aging population gives rise to increasing challenges, particularly over the medium term, with regard to overall public spending on pensions, health and long-term care. These expenditure trends must continue to be monitored diligently in order to ensure that it will also be possible to align public budgets with future spending in the years ahead. Against this backdrop, the Federal Government is deliberately using its policies to strengthen the foundations for inclusive and sustainable growth, social cohesion and a high quality of life.

3. Needs-oriented, efficiently implemented public investment can strengthen economic output on a lasting basis and thus also contribute to the sustainability of the public budgets. Against this background, the Federal Government is using new fiscal policy scope to gradually improve the spending structure of the federal budget in favour of growth-generating investment in education, research and infrastructure. In total, federal investment has risen by over 40% since the beginning of the legislative term, to €36.1 billion in the 2017 federal budget. Further to this, the Federal Government has launched a large amount of relief for the *Länder* and municipalities. Relief provided at the federal level for municipalities and *Länder* amounts to a combined total of approximately €79 billion in this legislative term. The Federal Government is also making special efforts to strengthen private investment. The eurozone economy can also benefit from higher investment in Germany. In this respect, it must be noted, however, that the effects of a further expansion of public sector invest-

ment in Germany on the German current account surplus and the economic development in other European countries are very limited (cf. Chapter I.B).

4. The European Union on the whole is also faced with major challenges. The referendum in the United Kingdom in favour of leaving the European Union, the relatively restrained economic development which is still to be found in parts of the eurozone, and the migration of refugees represent a big test for the European Union. It is now important to keep the EU together and to regain the trust of Europe's citizens. In addition to a concentration on the main pan-European tasks, Europe must be made more attractive as a centre for investment, the labour markets must be made more accessible for young people, and the confidence of business people and consumers in our economies must be strengthened by further structural reforms. The Federal Government will also continue to closely follow the debate on the reform of the Economic and Monetary Union and engage in it constructively.

5. Further to this, the Federal Government has been working actively for some years to further improve economic policy coordination in the European Semester. Many proposals for reforms have already been taken up by the European Commission. The aim of the latest proposals is to improve the bilateral consultations between the Commission and the Member States in the European Semester, in order to strengthen the implementation of the country-specific recommendations from the Council of the European Union to the Member States.

6. The Federal Government also supports the European Commission in the consistent application of the Macroeconomic Imbalance Procedure. In November 2016, the European Commission decided to subject Germany, along with 12 other Member States, to an in-depth review as part of the Macroeconomic Imbalance Procedure. As in the previous year, Germany's consistently high current account surplus triggered the in-depth review. The European Commission identifies an imbalance in the in-depth review for Germany. The Federal Government shares the European Commission's opinion that the German current account surplus is high but that the imbalance is not excessive. The German current account surplus can largely be explained by factors which cannot be influenced, or influenced directly, by economic and fiscal policy measures in Germany. These include the favourable euro exchange rate and low oil prices, but also fundamental factors such as demographic development.

7. The National Reform Programmes (NRP) 2017 are a cornerstone of the 2017 European Semester which the European Commission launched with the presentation of the Annual Growth Survey on 16 November 2016. The German National Reform Programme 2017 is the Federal Government's response to the European Commission's country report of 22 February 2017, which also includes the results of Germany's in-depth review in the Macroeconomic Imbalance Procedure. In particular, the NRP describes the actions Germany will

take to address the macroeconomic challenges identified in the 2017 country report. Furthermore, in the NRP 2017 the Federal Government also reports on the implementation of the country-specific recommendations of the Council of the European Union for Germany for the 2016 and 2017 period issued on 12 July 2016, and on progress and measures under the Europe 2020 strategy. The NRP 2017 is aligned with the priorities set out in the Annual Growth Survey and with the conclusions of the European Council of 9 and 10 March 2017.

I. Macroeconomic context

A. Macroeconomic development

8. The German economy is in good shape. Following GDP growth of 1.9% in 2016 (price-adjusted), the Federal Government expects an increase of 1.4%¹ for 2017 (cf. Overview 1) in its annual projection. The lower rate of change in GDP in 2017 compared with last year does not reflect a slowdown in the economy, but is almost entirely due to fewer working days in 2017 compared with 2016. Adjusted for this effect, gross domestic product will grow by 1.6% this year, almost as strongly as last year. All in all, there are no signs at present of an interruption to the steady upward trend.

9. The ongoing rise in employment is a significant factor behind the sound domestic economy. Gainful activity and employment requiring compulsory social insurance payments will increase significantly once again from last year's record levels. The rise in incomes which is going hand in hand with this offers a favourable situation for private households. They are increasing their spending on consumption at a higher average rate than that seen in the past, and are investing strongly in residential property. Public-sector expenditure on consumption and investment is increasing. Stable domestic demand will continue to be fostered by an environment of low interest rates and exchange rates and moderate, albeit rising, oil prices. In contrast, world trade will remain slow, and could also be hampered by protectionist tendencies. This reduces the prospects for exports and thus also the propensity for companies to invest in equipment and buildings.

10. The rise in employment remains a German success story. In 2016, 43.6 million people were in gainful employment, and this figure is set to increase further in 2017 by 320,000. The upturn in employment is primarily based on another sharp expansion in employment subject to social insurance contributions. As in previous years, the additional employment will chiefly be created in the services

sectors. In the manufacturing sector, the slight improvement in the global economic environment is also likely to create jobs. The high level of immigration onto the German labour market from the European Union will also contribute to the rise in employment. In contrast, the high level of immigration of refugees will only impact gradually in the form of higher employment. The number of unemployed has almost halved since 2005 and, at 2.7 million in 2016, was at its lowest ever since reunification. The unemployment rate stood at 6.1% in 2016.

11. However, a more detailed analysis of the numbers also reveals considerable potential for increased participation in the labour market: In 2015, the share of individuals in a non-standard employment relationship² in the entire core working population³ stood at 20.8%. This is equivalent to approximately 7.5 million non-standard employment relationships, the majority of which are part-time employment relationships comprising less than 20 hours.

Given the scarcities on the labour market, the parties to collective bargaining are likely to agree on wage increases which have a macroeconomic impact. Also, the minimum wage was increased to €8.84 with effect of 1 January 2017, and the transitional rules are expiring. This means that, overall, gross wages and salaries will increase strongly again. In contrast, net wages and salaries will rise somewhat more slowly. The regular adjustment in pensions in mid-year and the increase in monetary welfare benefits, not least due to the transfers to the refugees in Germany, will also significantly increase the disposable incomes of private households overall this year. In price-adjusted terms, the rise will be somewhat less than last year, but still considerable. Ultimately, the robust labour market forms a platform for the appreciable gains in purchasing power being enjoyed by private households in the course of this upturn. For example, real net wages and salaries per employee have increased on average by more than 1.5% a year in real terms since 2013.

1 Details of the Federal Government's macroeconomic projection, which is based in particular on the Code of Conduct for the stability programmes of the Member States of the euro area, are provided in the 2017 German Stability Programme, which is also presented to the European Commission in April. The spring projection of 26 April 2017 presents the most likely development, from the Federal Government's point of view, of the German economy at the time the NRP 2017 was submitted to the European Commission. However, as the NRP 2017 was adopted by the Federal Cabinet before the spring projection, it was no longer possible to take the spring projection into consideration in this NRP.

2 A non-standard employment relationship is defined as any employment relationship with one or more of the following characteristics: fixed term employment, part-time employment with 20 hours or less, employment on the basis of the Temporary Employment Act (*Arbeitnehmerüberlassungsgesetz*) and marginal employment.

3 The core working population is defined by the Federal Statistical Office as gainfully active persons aged 15-64 who are not in training or education or in military/civilian and volunteer.

Corporate income and income from assets will expand somewhat more slowly than wages and salaries. The macroeconomic wage share will therefore rise slightly.

Unit labour costs will increase, given a continuing small rise in productivity. This results in a slight increase in domestic inflationary pressures. The rise in the consumer price level will accelerate somewhat after two years of low increases. Inflationary tensions are not expected.

12. In view of the good development of employment and disposable income, and a continuing moderate rise in consumer prices, private households will be able to substantially expand their consumption. Also, they are expected to continue to invest strongly in residential property. Public-sector consumption will again expand substantially in 2017, not least thanks to the spending related to the influx of refugees and the widening of long-term care services. Public-sector investment is also seeing a powerful increase. Investment activity by companies in Germany is increasing, but in view of the slow acceleration in the global economy and the numerous external economic risks, the increase will be restrained. Overall, the investment ratio will rise slightly again this year in Germany.

13. In the third quarter of last year, the global economy picked up some speed. However, it remains vulnerable to

disruption. There are currently no signs of a lasting and significant rise in the rate of growth. The recovery in the eurozone is continuing. Looking across to the United States, there is uncertainty about the future economic policies of the new administration. In line with the forecasts of international organisations, the projection for 2017 assumes no more than a slight acceleration in the world economy and world trade in annualised terms. This goes hand in hand with a low exchange rate for the euro against the U.S. dollar, so that a moderate increase in German exports can be expected. The somewhat improved international sales opportunities mean that the companies are likely to slowly expand their investment activities. Along with growing private and public-sector demand, the hesitant rise in exports and investment in equipment is likely to stimulate imports. In arithmetical terms, this slightly overcompensates for the positive demand-side stimulus from exports. In view of the clear rise in imports, the German current account surplus in terms of nominal GDP could be lower than last year.

14. Projections for economic development are always fraught with uncertainty. There are chances for a more favourable economic development than that calculated in the 2017 annual projection, particularly on the domestic market. Companies might invest more than has been anticipated thus far. Furthermore, the stimuli – not least due to interest rates, the exchange rate and economic policy –

Overview 1: Selected key figures for macroeconomic trends in the Federal Republic of Germany*

	2015	2016	Annual projection 2017
Percentage change on preceding year			
Gross domestic product (GDP). Output approach			
GDP (real)	1.7	1.9	1.4
Total employment	0.9	1.0	0.7
<i>Unemployment rate in % (Federal Employment Agency definition)**</i>	6.4	6.1	6.0
GDP by expenditure (real)			
Private consumption expenditure	2.0	2.0	1.4
Machinery and equipment	3.7	1.7	1.2
Construction	0.3	3.1	1.9
Domestic demand	1.6	2.2	1.6
Exports	5.2	2.5	2.8
Imports	5.5	3.4	3.8
<i>External balance of goods and services (contribution to GDP growth)***</i>	0.2	-0.1	-0.1
Total gross wages and salaries per employee	2.7	2.5	2.5

* Up to 2016 results of the Federal Statistical Office; National Accounts Status: January 2017.

** In relation to the total labour force.

*** Absolute change (stocks/external balance) in per cent of pre-year GDP (= contribution to change in GDP).

could have a stronger impact than assumed and be mutually reinforcing. However, the risks in the external economic environment remain high.

B. The German current account surplus

15. In the context of the Macroeconomic Imbalance Procedure, the European Commission identified imbalances in its in-depth review for Germany of 22 February 2017. The German current account surplus was the focus of the in-depth review. In its review, the European Commission assumed that the current account surplus had increased in 2016 on the previous year. According to latest figures of the German Bundesbank, Germany's current account surplus in 2016 stood at approximately €261 billion, and therefore

at around the same level as last year. In terms of nominal gross domestic product (GDP) it has even dropped and, at 8.3%, is somewhat lower than in 2015 (8.6%). In its annual projection, the Federal Government expects a decline in the current account surplus for both 2017 and 2018⁴. The decline is primarily a result of a stronger increase in nominal imports compared with exports. The German Council of Economic Experts expects the current account surplus to drop to 7.5% in 2017 and 7.1% in 2018.⁵

16. The Federal Government has taken several measures that have strengthened domestic demand. Public investment has been further increased and a nationwide statutory minimum wage introduced. Further to this, in the entire legislative term the Federal Government has introduced annual relief of over €11 billion in the area of

Box 1: Key messages concerning the German current account surplus

- ▶ The Federal Government shares the European Commission's opinion that the German current account surplus is high but that the imbalance is not excessive.
- ▶ In terms of nominal gross domestic product, the surplus fell in 2016 (from 8.6% in 2015 to 8.3% in 2016) and is likely to contract further in 2017 and 2018.
- ▶ As a percentage of GDP, Germany's current account surplus in relation to the eurozone has more than halved in the last decade.
- ▶ EU Member States benefit from Germany's success in export markets. Around two-fifths of German exports consist of imported intermediate goods and services, the majority of which come from the EU.
- ▶ The Federal Government has taken several measures that further strengthen robust domestic demand, including income tax relief. A nationwide statutory minimum wage has been introduced. Further to this, federal investment has been increased further and extensive relief launched for the *Länder* and municipalities. These measures also help reduce the current account surplus.
- ▶ However, the German current account surplus can largely be explained by factors which cannot be influenced, or influenced directly, by economic and fiscal policy measures in Germany, and is the result of market-driven supply and demand decisions of businesses and private consumers in Germany and abroad.
- ▶ Factors which cannot be influenced include temporary factors such as the favourable euro exchange rate and low oil prices, as well as structural factors such as demographic development and high levels of foreign investment by German companies in recent years.

4 Federal Government's annual projection of 25 January 2017: current account surplus in 2017: 8.1%; current account surplus in 2018: 7.9%. The annual projection was based on the preliminary value for the 2016 current account surplus of 8.7%, which has since been revised to 8.3%.

5 Updated economic forecast of 20 March 2017, which is based on the revised current account surplus of 8.3% for 2016.

income tax. These measures tend to have a dampening effect on the current account surplus.

17. Above all, however, the German current account surplus is the result of market-driven supply and demand decisions of businesses and private consumers in the global market. Its rise to the currently high levels is primarily explained by temporary factors, particularly the low oil prices and the depreciation of the euro. Around two-thirds of the increase in the trade surplus of roughly two percentage points since 2013 can be attributed to the drop in energy prices. For example, the value of total oil and gas imports in 2016 was almost €15 billion lower than in the previous year. The price of oil recovered slightly at the end of 2016. This had a dampening effect most recently on the current account surplus. The anticipated decline in the current account surplus for 2017 and 2018 is also due to the current return to higher oil prices. The European Commission also highlights the significant influence of the price of oil on Germany's balance of trade (cf. 2017 country report for Germany, pages 2 and 10).

18. Germany imports a large percentage of its goods from the eurozone, amounting to roughly 38% of all imported goods last year. Imports from all EU Member States accounted for roughly 58% of total German imports. However, only around one quarter of Germany's entire current account surplus can be attributed to trade with Member States in the eurozone. The German current account surplus in relation to the eurozone has dropped significantly overall in the past ten years, from €105 billion in 2007 to €61 billion in 2016, and, in terms of GDP, has therefore more than halved in the last decade. The fact that this figure increased again slightly last year is primarily attributable to trade with the Netherlands. Here, the drop in the oil price results in a drop in the value of imports of oil products produced in the Netherlands (such as petrol and heating oil).

Not least, the increased price competitiveness of the German economy due to the lower euro exchange rate has also contributed to the increase in the German current account surplus compared with third countries. Measured in terms of the indicator based on the deflator of total sales, Germany's price competitiveness compared with countries outside the European Economic and Monetary Union has improved by 8.4% (2015) and by 6.9% (Q3 2016) on 2014 values.⁶

Structural determinants of the German current account

19. Apart from these temporary factors, the current account surplus is also primarily driven by long-term structural factors, which explain around half of the German surplus. Above all, these factors include the high level of competitiveness of German suppliers on global markets. This is based particularly on a high-quality, industry-oriented merchandise structure, specifically on the export of investment goods for which there is strong demand not least in fast-growing emerging markets. Also, the capital outflows abroad that are associated with the current account surplus are the result of a successful globalisation strategy of German businesses. These investments abroad allow businesses to tap into new markets. Against the backdrop of demographic developments in Germany, businesses can generate higher returns on capital particularly in economies experiencing dynamic growth. The current rather restrained development of the global economy and external economic uncertainties additionally dampen the propensity for companies to invest in equipment and buildings in Germany. Germany has accumulated large net foreign assets as a result of the foreign investment of recent years. These assets are associated with corresponding interest and property income which, taken in isolation, already account for roughly one quarter of Germany's current account surplus.

20. From a macroeconomic perspective, a current account surplus also means that, on balance, domestic savings exceed domestic investment and therefore financial resources are available for use abroad. Demographic trends play a special role in this connection. In an aging society, comparatively high levels of savings make sense with a view to provisions for retirement. In addition, the sales prospects and therefore also the incentives to invest in Germany lag behind the expectations for populous, fast-growing foreign markets. In light of this, the German Council of Economic Experts (GCEE), for example, regarded the demographic component as an important factor contributing to the German current account surplus (cf. GCEE Annual Report 2014/15).

The vast majority of the current account surplus is therefore determined by factors which cannot be controlled directly by economic or fiscal policy (cf. Overview 2).

⁶ Source: German Bundesbank, monthly report, February 2017; Table XII, 12.

21. In light of this also, the Federal Government is pursuing a policy of future viability, inclusive and sustainable growth, and a dynamic domestic economy. The Federal Government has increased funds for investment in the federal budget by over 40% in this legislative term. Over the medium term, this can make a contribution – if rather limited – to reducing the current account surplus. The Federal Government has also taken other important steps towards strengthening investment activity and will continue its efforts in this regard (cf. Chapter IIA). This includes the considerable financial relief which the Federal Government has granted to the *Länder* and municipalities, creating additional scope for public investment (cf. Item 42 f.). Public gross fixed capital formation rose by 2.2% in real terms in 2016, following an increase of 3.4% in 2015. The aggregate investment ratio is likely to increase slightly this year from 20.0% to 20.2%.

22. Real wages are currently experiencing above-average growth compared with the years since reunification (cf. Diagram 1). In the past three years, the increase in real wages – measured as the increase in gross wages and salaries per worker minus consumer price inflation – was in the range from 1.9% to 2.5%, and has also been supported by the introduction of the general minimum wage in 2015 and the minimum wage increase in 2017. Together with the very favourable developments on the labour market, this has contributed to a significant upturn in consumer spending. This trend is likely to continue and have the effect of reducing the current account surplus.

23. The wage share – i.e. the share of total labour compensation in the national income – is currently at around 68% and is therefore around the long-term average (1991 – 2016: 69%). Between 1991 and 2003, the wage share stood at slightly more than 70%. It fell 6 percentage points to drop below 64% between 2003 and 2007, after which it rose

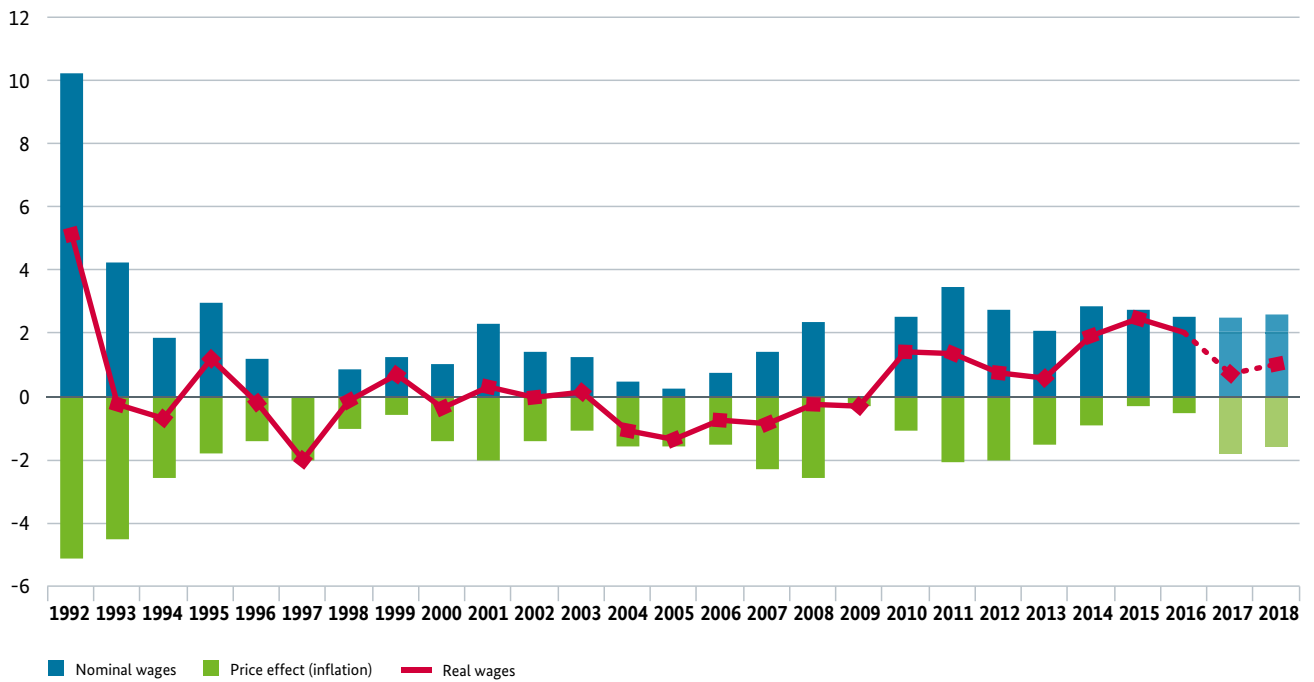
again to 68% and – with the exception of the years of the crisis – has remained at this level since then (cf. Diagram 2). The relatively strong increases in wages for workers paid according to a collective agreement have also made a positive contribution to the development of the wage share. Between 2007 and 2015, annual earned income in businesses subject to collective wage agreements increased by 20%, while pay in businesses not covered by collective bargaining arrangements only grew by 12%. During the same period, the coverage of workers by collective agreements decreased slightly to 57% (59% west, 49% east), which is what prompted the Federal Government to implement a raft of measures to increase collective bargaining coverage.

Spillover effects of public investment on the eurozone are limited

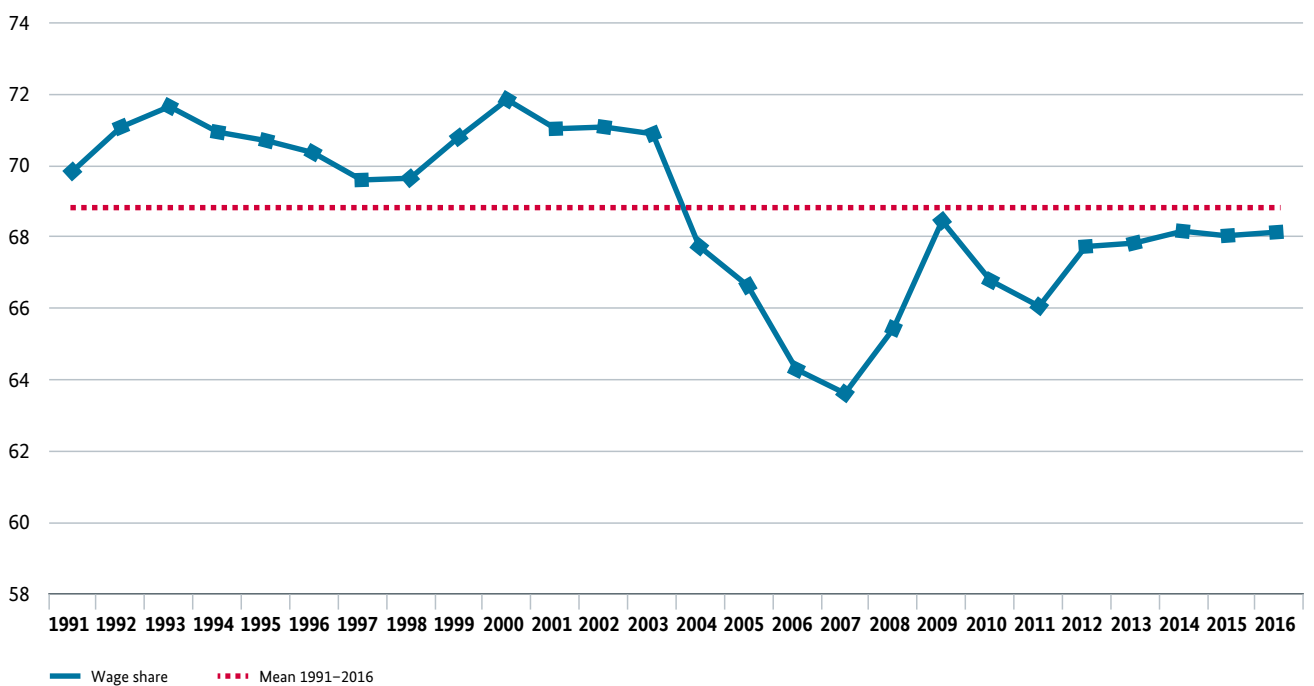
24. In the European Commission's opinion, significant loosening of fiscal policy in Germany is a suitable instrument to encourage economic development in the eurozone through positive spillover effects. According to the European Commission, this applies in particular to increased public-sector investment which, the European Commission believes, would have a bigger impact on demand in the rest of the eurozone than corresponding tax cuts. The Federal Government agrees with the European Commission that it is necessary to stabilise the eurozone and unburden monetary policy. The Federal Government also shares the opinion that an additional needs-oriented and efficient increase in public investment in Germany can strengthen the domestic economy. This is one of the priorities of the Federal Government. However, due to the limited spillover effects on other Member States, higher public-sector investment in Germany alone cannot appreciably drive growth in other Member States.

Overview 2: Categorisation of the factors explaining the German current account surplus

Factors (largely) outside the control of economic policy		Factors which can be influenced by economic policy
Temporary factors	Fundamental factors	
Exchange rates	Demographic developments	Public-sector investment
Commodity prices	Return on foreign investment	Conditions for private investment
Development in wages		Structural reforms
...

Diagram 1: Wage development in Germany (percentage change on previous year, forecast for 2017/18)

Source: Federal Statistical Office.

Diagram 2: Development of the wage share (in %)

Source: Federal Statistical Office.

25. An overview of existing research studies and an array of own studies on the spillover effects of public-sector investment – including those based on the QUEST model applied by the European Commission – reveals the following: significant spillover effects will only be achieved with sustained accommodative monetary policy, i.e. only if the European Central Bank did not respond to the expansion of public-sector investment in Germany with restrictive monetary policy measures. While this is rather unlikely in the short term given the current climate in which the production capacities of many Member States are still significantly below full-capacity output, it could be a possibility on the medium term if growth continued to recover. The rise in interest rates would then counteract the positive spillover effects. Further to this, the scale of the spillover effects hinges largely on the assumptions made, particularly on the output elasticity of public-sector investment, i.e. the direct change in macroeconomic output resulting from an increase in demand for capital goods, and on the import content of public-sector demand.

26. Most analyses assume a very high fiscal stimulus of one percent of GDP over several years. Whether this would actually be consistent with the debt rule enshrined in the Basic Law and with the European criteria for government deficit and debt under the Stability and Growth Pact remains to be seen. It is also questionable whether enough suitable investment projects would be available in the short term for such an increase in public-sector investment and – given the limited planning capacity – whether these projects could even be implemented.

27. The following simple plausibility considerations can serve as reference points when assessing spillover effects: in the first year of increased investment, direct effects from a higher demand for imports are likely to be the dominant mechanism of action. Second-round effects deriving, for example, from private investment, employment, productivity and competitiveness are likely to still be negligible in this short period. The direct effect on demand is very limited, however: if investment is increased by one percent of GDP, i.e. by around €30 billion – which would equate to a roughly 50 % increase in public investment – Germany's demand for imports would be likely to increase by around €7 billion, as the import content of public fixed investments is approximately 23 %. Of this, around 45 %, or €3

billion, would be imported from the countries in the eurozone. A demand stimulus of €3 billion equates to 0.04 % of the GDP of the rest of the eurozone. Therefore, the short-term stimulus for the remaining eurozone appears to be substantially less than the European Commission indicates, also in its country report for Germany.⁷

28. Current studies suggest that the medium-term spillover effect on the eurozone as a whole, including second-round effects, in a climate of accommodative monetary policy and a loan-financed increase in public investment of one percent of GDP in Germany over a multi-year period is in the region of up to 0.2 % of the GDP of the eurozone.

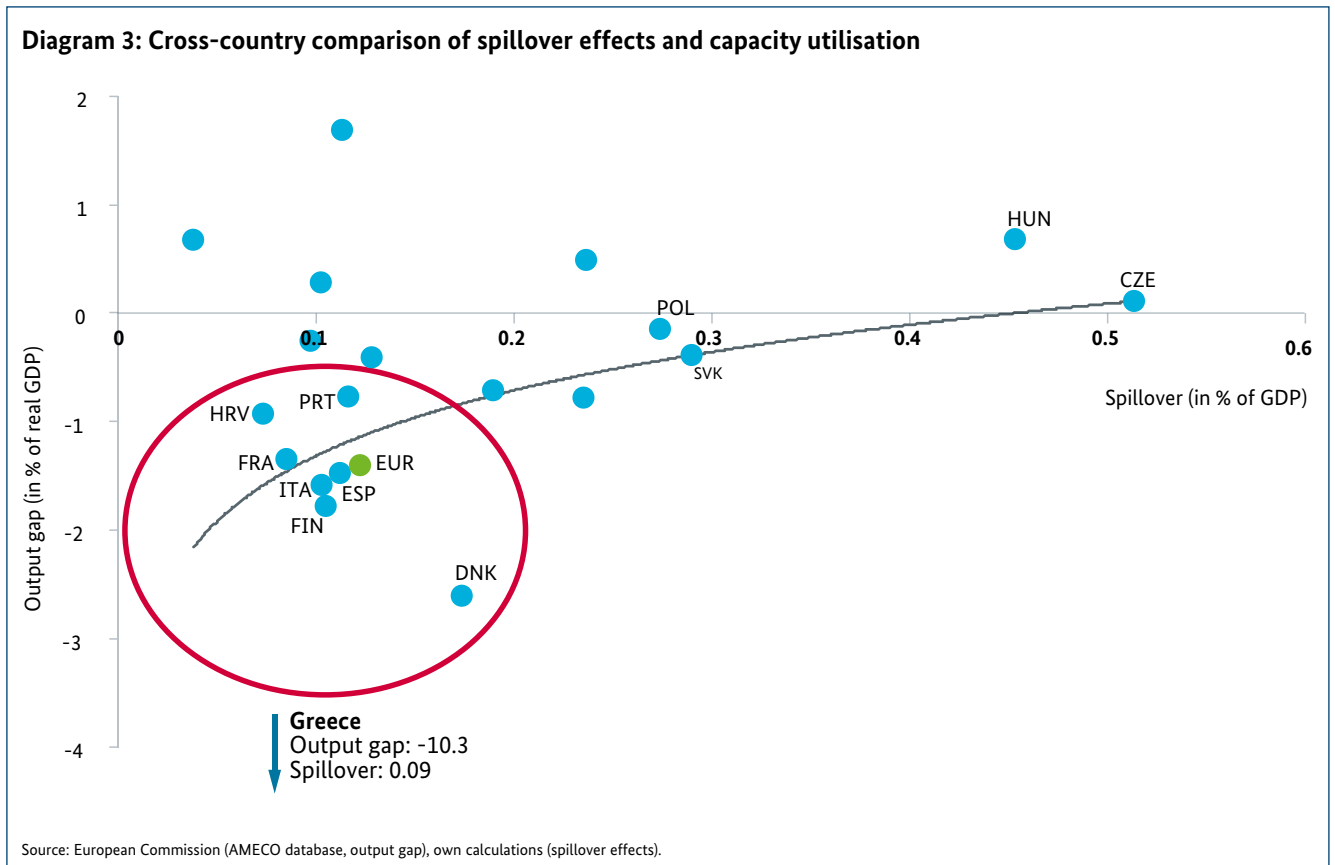
29. Own simulations also demonstrate that the intensity of the spillover effects vary greatly for the individual countries in the eurozone. Due to trade links with Germany, the effects are expected to be mainly concentrated in small economies in immediate proximity to Germany. However, capacity utilisation is already at normal levels in these countries for the most part. On the other hand, countries with a significant negative output gap (where production capacity is significantly below full-capacity output) end up hardly benefiting at all (cf. Diagram 3). Therefore a stabilising effect can only be expected to a very limited extent even with pronounced average spillover effects on the eurozone overall. In addition, despite the delayed second-round effects, the impact of positive spillover effects is primarily short-term. Over the medium term, public investment would boost Germany's productivity and competitiveness in relation to the other countries, counteracting the positive spillover effects to an extent.

30. There is no disputing the importance of public investment in Germany for boosting potential growth. In model analyses it is possible to demonstrate that under favourable conditions – which include careful project selection and control of project implementation – the growth effects of public investment can deliver long-term relief in the public-sector budget. Increased public investment, however, can only make a limited contribution to strengthening demand in the eurozone. It is therefore all the more important to discuss what instruments can be used to move towards further stabilisation of the monetary union and what alternative measures would be suitable to relieve the burden on the common monetary policy. To begin

⁷ In the country report, the European Commission indicates spillover effects of 0.4 % already shortly after the investment stimulus.

with, the reduction of risk in the financial sectors of the Member States and stronger coordination of economic and fiscal policy with regard to structural reforms and the

requirements of a single currency area play an important role in this context.



II. Actions to tackle primary macroeconomic challenges

31. In its country report of 22 February 2017, the European Commission analyses Germany's national economic policy and also assesses progress towards the implementation of the country-specific recommendations issued by the Council of the European Union on 12 July 2016 for the 2016 and 2017 period. Furthermore, it also appraises the economic development in Germany on the basis of the 2017 Alert Mechanism Report and presents the findings of its in-depth review performed in the context of the procedure to prevent and correct macroeconomic imbalances.

32. The central challenges for German economic policy which the European Commission identifies in its 2017 country report are, specifically, to boost public-sector investment activity, strengthen private investment and competition, and increase labour force participation, also with regard to the extent of employment. In the following section, the Federal Government reports on current and planned measures to address these challenges. In this connection, the Federal Government also details how it is implementing the country-specific recommendations for 2016/2017 (cf. Box 2).

A. Strengthening public investment at all levels

33. Investment is the main key to securing the long-term growth and employment potential of the German economy and to continued survival in the face of global competition. This is all the more true the faster the pace of the digital transformation and the more difficult it becomes to secure

the skills base in an aging society. The investment made in the coming years will also determine whether it is possible to continue to maintain a modern and efficient infrastructure and make a success of the energy transition.

Investment strategy

34. The Federal Government will continue its comprehensive approach to strengthen investment and broaden it specifically. With its investment strategy (cf. Box 3), the Federal Government focuses both on increasing public investment and on improving the conditions for private investment (cf. details in Chapter II.B). In the strategy, the Federal Government also considers proposals of the expert commission tasked with "strengthening investment in Germany".

Strengthening public investment in infrastructure, education, research and innovation

35. In this legislative term, the Federal Government has taken far-reaching decisions in order to strengthen public investment. Federal investment in 2016 increased by around 12% on 2015 (cf. Table I, Nos. 1 and 2). The Federal Government has also set clear priorities in the 2017 federal budget and has further expanded investment in infrastructure, and in education and research (cf. Table I, No. 3). Since the start of the legislative term, investment in the federal budget (excluding the contribution to the capital

Box 2: 2016 country-specific recommendations of the Council of the European Union for Germany

The Council of the European Union recommends that Germany should take action in 2016 and 2017 to:

1. Achieve a sustained upward trend in public investment, especially in infrastructure, education, research and innovation, while respecting the medium term objective. Improve the design of federal fiscal relations with a view to increasing public investment, especially at municipal level;
2. Reduce inefficiencies in the tax system, in particular by reviewing corporate taxation and the local trade tax, modernise the tax administration and review the regulatory framework for venture capital. Step up measures to stimulate competition in the services sector, in particular in business services and regulated professions;
3. Increase incentives for later retirement and reduce disincentives to work for second earners. Reduce the high tax wedge for low-wage earners and facilitate the transition from mini-jobs to standard employment.

Box 3: Infrastructure, innovation and growth – the Federal Government’s investment strategy*Boosting public investment:*

- ▶ **Increase in investment in transport infrastructure** since the start of the legislative term by approximately 25 % to €12.8 billion this year – in line with the principle of “priority for maintenance over new construction”, as presented in the 2030 Federal Transport Infrastructure Plan (cf. also Item 36).
- ▶ **New scope for investment in the form of relief for the *Länder* and municipalities:** The Federal Government is reducing the burden on the *Länder* and municipalities by approximately €79 billion during this legislative term. This includes €3.5 billion for investment by financially weak municipalities, and this figure was boosted by another €3.5 billion for investment in the school infrastructure by financially weak municipalities in 2016 (cf. Item 42).
- ▶ **Advisory service for municipalities implementing investment projects:** The new, 100 % state-owned company “Partnerschaft Deutschland – Berater der öffentlichen Hand GmbH” provides neutral advice and support for all forms of investment projects (cf. Item 44).
- ▶ **Establishment of a new management structure for federal motorways (autobahns) and other federal trunk roads** in order to make it possible to invest better in the life cycle and to tackle the current problems of works management for the federal trunk roads. The draft Act Amending the Basic Law (Gesetz zur Änderung des Grundgesetzes) and the draft of an accompanying act, e.g. to establish an infrastructure company for federal motorways and other federal trunk roads, was adopted by the Federal Government on 14 December 2016 (cf. Item 46).
- ▶ **Increase in the federal funding to the *Länder* for the construction of social housing** for the period from 2016 to 2019 inclusive by a total of €3 billion. Affordable accommodation is an important prerequisite for appropriate participation in society.

Better rules for private-sector investment:

- ▶ **Reducing bureaucracy: Reduction** of approximately €2 billion **in the compliance costs** for business in the form of two acts on reducing bureaucracy and further bureaucracy reduction resulting from the modernisation of procurement law (cf. Item 61).
- ▶ **Fresh boost for people starting up companies** via the provision of approximately €2 billion for the updating and topping up of existing programmes to promote venture capital investments (cf. Chapter III.B).
- ▶ **Stimulus for research, development and innovation**, e.g. promotion of innovative investment in the field of microelectronics totalling €1.7 billion through to 2020 (cf. Chapter III.B).
- ▶ **Broadband rollout:** The aim is a nationwide broadband network offering at least 50 Mbps by 2018. Approximately €4 billion will be invested in total to this end (cf. Item 37).
- ▶ **Support for SMEs in the digital transformation via the “SME Digitisation Campaign”.** SMEs obtain help and advice on the issues of digitisation and Industrie 4.0 (cf. Chapter III.B).
- ▶ **Incentives for energy efficiency:** Triggering more than €17 billion in investment in highly efficient buildings, products, technologies and processes in the period up to 2020 (cf. Chapter III.C).
- ▶ **Pressing ahead with electric mobility:** Funding worth nearly €1 billion is to initiate in particular the purchase of electric vehicles and a nationwide, needs-oriented and user-friendly charging infrastructure network (cf. Chapter III.B).
- ▶ **For more investment in Europe:** Germany is contributing €8 billion to the European Fund for Strategic Investment (EFSI) via the KfW (cf. Item 49).

stock of the ESM) has increased by far more than 40% to €36.1 billion, or 11% of the total federal budget in 2017. At the same time, federal spending on research and development has risen to approximately 5% of the federal budget. This means that federal spending on research and development has increased by roughly 21% since the start of this legislative term.⁸ Total spending in the federal budget only grew by roughly 7% in the same period.

36. Modern and efficient transport infrastructure is one of the key foundations for prosperity and economic growth in a modern economy. For this reason, the Federal Government is resolutely continuing its policy of substantially boosting investment in transport infrastructure. It has allocated approximately €12.8 billion for this purpose this year, which represents an increase of approximately 25% since the start of the legislative term. Under the provisions of the Cabinet decision of 15 March 2017 concerning key figures, €14.2 billion are set aside in 2018 for traditional transport investment. This represents a further increase of around 11% on the current year.

37. In addition to the transport infrastructure, digital infrastructure is also a key strategic factor for Germany's economy. In order to ensure that as many people as possible can profit from the opportunities of digitisation, the Federal Government is pressing ahead with the expansion of digital infrastructure. The growing need for high-capacity digital data networks necessitates a rapid, nationwide broadband rollout. The Federal Government's aim is for Germany to have a nationwide broadband network offering at least 50 Mbps by 2018. The increase in the budgetary funding for the broadband funding programme, which entered into force in 2015, means that the Federal Government is now providing approximately €4 billion for the expansion of forward-looking broadband networks. The focus is on the development of rural areas which currently lack coverage (cf. Table I, No. 4). Also, the Federal Government is providing €350 million to support the development of industrial estates with optical fibre networks (at least 1 gigabit/second, symmetrical bandwidth for upload and download). Complementing this, the *Länder* have also taken action themselves to support broadband rollout (cf. Table I, No. 5).

38. In addition to the greatest possible bandwidth, parameters like availability, security, flexibility and a short response time (latency) are crucial for the rollout. In order to guarantee this and to permit gigabit applications to develop as quickly as possible, a massive expansion of optical fibre networks is required. The Federal Government has launched various processes to achieve this. Market-based competition is an important pillar; it will speed up the expansion of gigabit networks in urban areas. In order, as far as possible, to have a quick nationwide rollout, it is necessary to give government support to market-led processes in rural areas.

39. In order to facilitate the expansion of high-speed digital networks, the Bundestag and the Bundesrat also adopted the Digital Networks Act (DigiNetzGesetz) last year. It aims to reduce the cost of the broadband rollout by up to €20 billion; in future it must be ensured that all public transport infrastructure projects will include the laying of optical fibre cables where needed and that all newly developed areas are fitted with optical fibre networks. Furthermore, it will be possible in future to use all the public supply networks (electricity, gas, waste water, road, rail) for the rollout (cf. Table I, No. 6). The Federal Government is also aiming to improve the pro-investment and pro-competitive regulatory framework to support the rapid rollout of gigabit networks, particularly also through the current reform of EU telecommunications legislation (European Electronic Communications Code).

40. In the mobile communications sector, the next generation of mobile communications (5G) offers the opportunity to set a global standard. The Federal Government aims to position Germany as a lead market for 5G applications and to support a rapid and successful introduction of 5G technology.

41. Education along with research and innovation are other important fields for forward-looking investment. According to the data of the Federal Statistical Office, public spending in these areas increased by 23% (education) and 10% (research) between 2013 and 2016. Chapter III describes the substantial efforts of the Federation and the *Länder* in the fields of research and innovation (Chapter III.B) and education (Chapter III.D).

8 Source: Data portal of the Federal Ministry of Education and Research, Table 1.1.4.

Enabling *Länder* and municipalities to undertake more investment

42. The *Länder* and the municipalities are responsible for the bulk of public investment in Germany. This is why the Federal Government is granting a large amount of relief to the *Länder* and the municipalities so they can meet their forward-looking responsibilities on a sustainable basis. The relief in this legislative term amounts to around €79 billion in total, and particularly includes support for the municipalities with their welfare spending, the full reimbursement of basic social security benefits for senior citizens and people with reduced earning capacity, help with the expansion of childcare services and with the costs of accommodation and heating in the system of basic security benefits for job-seekers. Also, the Federation is helping rural municipalities to improve broadband coverage.

43. The Federal Government will continue its policy of strengthening the municipalities in future. It is already likely that the volume of relief will rise further, for example through increased federal participation in the costs of receiving and integrating refugees and the additional annual relief for the municipalities totalling €5 billion from 2018. Furthermore, the volume of the Municipal Investment Promotion Fund is being doubled to €7 billion in order to promote investment in the schools infrastructure of financially weak municipalities.

44. Insufficient planning resources can be a barrier to the implementation of additional investment measures. Therefore, the Federal Government has set up a special advisory service to also provide support in the implementation of public investment projects. The 100% state-owned consultancy “Partnerschaft Deutschland – Berater der öffentlichen Hand GmbH” can help oversee public investment projects to ensure their swift and cost-effective completion, with a particular focus placed on municipalities. In addition, ways to bring more private capital and expertise into municipal infrastructure investments, in particular, will also be examined.

Restructuring of fiscal relations between the Federation and the *Länder*

45. The Council of the European Union recommends that Germany should improve the design of federal fiscal relations in order to increase public investment, particularly at the municipal level. It has been possible to make significant

progress in the implementation of this recommendation. For example, in joint decisions of October and December 2016, the Federal Government reached agreement with the *Länder* governments on the restructuring of the national fiscal equalisation system from 2020 onwards. The restructuring will help the *Länder* to be able to comply with the borrowing limits in the years from 2020, while also giving the *Länder* and municipalities important scope for necessary investments. Specifically, the Federation and the *Länder* have agreed, inter alia, on the following principles, which form the basis for the draft legislation from the Federal Government of 14 December 2016 to amend the Basic Law and the accompanying acts (cf. Table I, No. 7):

- ▶ The fiscal equalisation between the *Länder* and the advance equalisation of turnover tax as they currently stand are abolished. In principle, each Land’s share in turnover tax is calculated on the basis of the number of inhabitants. At the same time, additions and subtractions align the varying levels of financial strength of the *Länder*. More consideration will also be given to the financial strength of the municipalities.
- ▶ The Federation will grant relief to the *Länder*. This relief (€9.7 billion in the first year) will probably grow significantly up to 2030.
- ▶ The Federation and the *Länder* also agreed on the strengthening of the Stability Council, which in future is to monitor compliance with the “debt brake”.
- ▶ In addition, various measures are to be taken to improve the fulfilment of responsibilities in the state as a whole. These include the establishment of an infrastructure company for federal motorways and other federal trunk roads, the improvement of online access to all federal and *Länder* administrative services via a single website for citizens, the strengthening of the auditing rights of the Federal Court of Auditors in the case of mixed financing, and enhanced possibilities for the Federation to support investment in educational infrastructure by financially weak municipalities.

46. As part of the restructured fiscal relations between the Federation and the *Länder*, the Federal Government and the *Länder* have also agreed to set up a new administrative structure for federal motorways. The aim of this infrastructure company is to leverage the potential for efficiency in the planning, construction, maintenance, operation and financing of federal trunk roads and thus to permit quicker

and more cost-effective investment over the life cycle and to tackle the problems the *Länder* are having with contract management for federal trunk roads. The proposed changes to the Basic Law envisage that the Federation shall take on the administration of the federal motorways. The management of other federal roads can be taken over by the Federation if the respective Land asks it to do so. To implement these measures, the Federation plans to set up a limited company (GmbH), which is to start operation on 1 January 2021.

Securing sound government finances, investing in the future

47. Germany has succeeded in providing numerous stimuli for additional private and public investment and in financing the considerable increased expenditure associated with the influx of refugees, whilst also complying with the medium-term budgetary objective, as required in the country-specific recommendations. The Federation has not taken on any new debt since the beginning of the legislative term. Ever since 2012, Germany has complied with the medium-term budgetary objective of a national structural deficit below a maximum ceiling of 0.5 % of GDP. According to calculations by the Federal Statistical Office, last year's total public-sector balance of finance amounted to a surplus of €23.7 billion or 0.8 % of GDP.

48. In 2016, the total public-sector debt-to-GDP ratio stood at 68.3 % of GDP, falling back below the 70 % mark for the first time since 2008. The Federal Government's projection of the development of public-sector budgets expects this rate to drop below the "Maastricht threshold" of 60 % as early as 2020.

Strengthening investment in Europe

49. Investment activity must also be strengthened at the European level. This is why the Federal Government supports the investment campaign by the European Commission, which has developed another support instrument in the shape of the European Fund for Strategic Investment (EFSI). Germany is contributing €8 billion to the EFSI via the KfW.

The Federal Government welcomes the plans to expand and extend the EFSI. The aim is for the EFSI to leverage

additional investment totalling €500 billion across Europe by the end of 2020. In future, an increased stimulus is also to be given to mitigating climate change, particularly in the fields of infrastructure and innovation. However, it will be necessary to pay greater attention to the "additionality" of the funded projects. This means that the focus should be on those projects that would not find adequate financing due to their high-risk nature, and that any displacement of private-sector investment must be avoided. Also, there should not be any direct competition with the funding provided by the European Structural and Investment Funds (ESIF). In addition to the EFSI, it is important to improve the overall investment climate and conditions for investment in Europe. This means that structural reforms continue to be of great importance in the EU Member States. With over €450 billion in the 2014-2020 programming period, the ESIF funds will make a substantial contribution in this regard. As part of the ESIF funds, the European Regional Development Fund (ERDF) and the European Social Fund (ESF) are the most important elements of EU investment policy in Germany with a funding volume of over €19 billion for the fields of research and development, SME competitiveness, employment/skills development and carbon reduction in all areas of the economy.

B. Strengthening private investment, stimulating competition further

50. Any moves to increase investment activity in Germany must also place a particular focus on private businesses. After all, roughly 90 % of macroeconomic investment in Germany comes from private investment. Considerable additional investment is needed here to meet the challenges presented by the digital transformation and demographic developments, for example. Private investment activity is only seeing restrained growth, however. In the opinion of the European Commission, this is primarily due to the moderate growth of the domestic and EU market and in the higher returns from capacity expansion abroad. In the country report for Germany, the European Commission also points out that a high degree of uncertainty, also with regard to technological change, adds to companies' reticence to invest. It also states that restrictions in the services sector, aspects of corporate taxation and delayed investment in the transport, energy and telecommunications infrastructure stand in the way of more dynamic private investment. In light of this, the Federal Government is

making considerable efforts to facilitate private investment. Here, the priority is also to strengthen the competitive framework and bring it into line with modern-day requirements.

A more efficient tax system for stronger private investment

51. The Council of the European Union considers a more efficient tax system to be an important lever for the promotion of private investment. The corporate taxation system and the local trade tax, in particular, should be reviewed to this end. In addition, the tax administration should be modernised and the regulatory framework for venture capital reviewed.

52. Overall, German tax law is modern and competitive. Its continued development helps maintain Germany's economic strength. One particular focus of the continued development of German tax law is to further improve the conditions for investment. The threshold for immediate write-offs for low-value assets, now at €410, is currently being examined in the parliamentary procedure to determine whether it should be raised, and to what extent.

53. In addition, as a result of the continued development of the corporation tax law, the Federal Government has also made it significantly easier for businesses to access equity capital. As a result of the Act for the Continued Development of Loss Offsetting Rules for Corporations (*Gesetz zur Weiterentwicklung der steuerlichen Verlustverrechnung bei Körperschaften*) of 20 December 2016 it is possible - with retroactive effect since 1 January 2016 - to continue to deduct losses for tax purposes even after a change of shareholder or after an increase in capital (cf. Table I, No. 8). This is under the condition that the business operations of the corporation continue and other use of the loss is ruled out. The Act applies equally to all business enterprises. Young businesses with innovative business models will also benefit from the new rules. The Federal Government is currently examining the proposed EU Directive for a common corporate tax base which also contains, inter alia, the introduction of an allowance for corporate equity, which is also discussed in the country report.

54. The reform of investment taxation is intended to simplify the taxation of investment funds and investors, exclude harmful tax structuring models and substantially

reduce the danger of new abusive tax structuring. Specifically, this take place via a taxation system for investment funds which is easier to administer and less prone to creative tax structures, and which is based on the separate taxation of investment funds and investors. Also, risks relating to EU law are overcome; these currently derive from differing tax rules for domestic and foreign investment funds (cf. Table I, No. 9).

55. To facilitate access to venture capital for innovative business start-ups, the tax treatment of capital gains from the sale of free-float shares in corporations is important. In order to avoid additional burdens for the financing of young innovative companies, the Federal Government has ensured that the general tax exemption for the sale of free-float shares in corporations will continue to apply. Apart from improving the regulatory framework, the Federal Government has also launched a range of measures to substantially expand the availability of venture capital. In total, various funds and support instruments are offering €2 billion of additional venture capital in the coming years (cf. Chapter III.B, Item 114).

56. The municipalities will need secure and sufficient sources of income also in the future in order to meet their responsibilities with regard to infrastructure and education, for example. In the event of land tax reform, both the Federation and the *Länder* therefore believe it important that the municipalities should retain the right to set the municipal multiplier. The aim must be to retain the tax as a significant and reliable source of income for municipalities, whereby a solution for the assessment of real estate must be found that offers legal certainty, meets contemporary needs, and is administratively efficient. The draft law from the Bundesrat of 4 November 2016 to revise the assessment rules for purposes of the land tax is the first step towards comprehensive land tax reform. The aim should be a nationwide revenue-neutral reform with a roughly equal level of the basic amount. Additional burdens on tenants should be avoided.

57. The trade tax is the most important original source of revenue for the municipalities in Germany. Through an apportionment system, the Federation and the *Länder* share in the trade tax. Trade tax secures the financing of municipal-level responsibilities in Germany. No changes to the basic structure of the trade tax are planned.

58. Digitisation opens up new possibilities to make the taxation procedure more efficient. The Act on the Modernisation of the Taxation Procedure (*Gesetz zur Modernisierung des Besteuerungsverfahrens*) provides the framework for the necessary modernisation process (cf. Table I, No. 10). This is intended to ensure that taxation is equal and more economic and efficient by making greater use of information technology. Further to this, the amount of bureaucracy is reduced and the appropriateness of administrative action is adapted. The agreements on the reform of the Federal-Länder fiscal relations envisage further improvements in the enforcement of taxation. For example, the Federation is granted an extended right to issue instructions on the use of IT in the tax administrations of the Länder, in order to ensure equality of taxation.

59. An efficient taxation system must also ensure that no-one can avoid his obligation to pay taxes at the expense of society in general. Therefore the Federal Government is continuing its efforts to tackle harmful tax practices, aggressive tax arrangements and tax evasion. The global exchange of information on capital gains tax agreed in the context of the G20 process is a milestone here. Also, the OECD's BEPS (Base Erosion and Profit Shifting) recommendations are being implemented in European and national law. The exchange of information on tax rulings and country-by-country reporting will foster the reduction in shortfalls and asymmetries of information between tax authorities and increase the tax transparency of multinational companies (cf. Table I, No. 11). The Federal Government will also continue to work resolutely during the German G20 Presidency in 2017 towards a rapid and comprehensive implementation of the measures adopted, and to call for greater legal certainty in the field of cross-border taxation. Further to this, the "Act against Harmful Tax Practices with regard to the Licensing of Rights" (*Gesetz gegen schädliche Steuerpraktiken im Zusammenhang mit Rechteüberlassungen*) seeks to tackle profit-shifting based on the use of preferential treatment regimes deemed as harmful (known as patent boxes or IP boxes), (cf. Table I, No. 12). At the same time, in the context of national legislation the Federal Government is providing measures to fight tax evasion and tax understatement using foreign shell companies. To this end, new obligations to cooperate and report are being introduced, and existing obligations expanded. Further to this, the investigative powers of the taxation authorities are being expanded in a targeted manner (cf. Table I, No. 13).

Bureaucracy reduction, comprehensive modernisation of procurement law

60. The Federal Government has launched wide-ranging measures - beyond tax policy - to improve the framework for private investment.

61. The Federal Government is improving the scope of action of businesses by reducing unnecessary bureaucracy and improving the way laws are made. In particular, the burden on business has been significantly reduced by the "one in, one out" brake on red tape and the first Act to Reduce Bureaucracy of 2015 (*Bürokratieentlastungsgesetz I*), with a focus on start-ups and fast-growing companies. The Federal Government is continuing this policy in the second Act to Reduce Bureaucracy (*Bürokratieentlastungsgesetz II*). This second Act reduces the burden on small firms, for example by simplifying the procedures to calculate the monthly social insurance contributions. It is also reducing compliance costs for skilled craft companies, as the chambers of skilled crafts can now communicate online with their member companies and still enjoy legal certainty. The two Acts together with the reduction in bureaucracy resulting from the modernisation of procurement law for projects above the EU thresholds have pruned the bureaucratic burden by a total of approximately €2 billion.

62. With the reform of procurement law which entered into force last April, the Bundestag and Bundestag - at the suggestion of the Federal Government - thoroughly modernised the award of public contracts and concessions above the EU thresholds. The new procurement law makes the process more flexible, e.g. by introducing new rules to facilitate the procurement of social services. Also, communication in tender procedures will in future generally take place online, and this will help to substantially lower the costs of bureaucracy. Furthermore, the introduction of the online procurement system (e-procurement) increases the transparency of the procurement process and will generate efficiency gains. The reform of procurement law also improves the possibilities for contracting authorities in Germany to take social, environmental and innovative criteria into consideration in the contract award.

Procurement is decentralised in Germany due to Germany's federal structure, but the reform of procurement law facilitates the creation of central procurement offices. The introduction of e-procurement will also bring about greater centralisation due to the need to use e-procurement platforms. As the Federal Government has not had valid data

on procurement in Germany up to now, law-makers have, for the first time, created the legal basis for comprehensive nationwide procurement statistics on public contracts and concessions. Its technical implementation is currently being prepared.

With regard to the strengthening of innovation discussed in the country report in this context, the Bundestag's Commission of Experts for Research and Innovation (EFI) recognises the role of the Centre of Excellence for Innovative Procurement (KOINNO) in its 2017 Annual Report. With this Centre, the Federal Government supports public-sector procurers to make more effective use of the innovation-boosting potential of public-sector procurement under the improved legal framework.

63. The bulk of public procurement in Germany is below the EU thresholds. In order to achieve nationwide rules that are as uniform as possible, the aim of the Federal Government is for the Federation and the *Länder* to apply – within their particular areas of responsibility – the improvements and the new system also to procurement procedures for the delivery of goods and services below the EU thresholds. Here, the main changes in the field above the thresholds are also to apply to the procedures and structures for contract awards below the thresholds unless special features of the area below the thresholds require otherwise. The new ordinance on procurement below the thresholds aims to make the procedures in this area more uniform and simpler (cf. Table I, No. 14). The aim here also is to strengthen online procurement. With procedure-related communication largely digitised, this will significantly reduce the costs of bureaucracy for businesses.

64. The Federal Government seeks to create a procurement blacklist (*Wettbewerbsregister*) by the end of this legislative term (cf. Table I, No. 15). Businesses convicted of economic crimes should not benefit from public contracts. Procurement law regulates the framework for excluding such businesses from procurement procedures. Up to now, however, it has been difficult for public contracting authorities to check whether a business has been convicted. Therefore, the *Länder* have called on the Federal Government to set up a central federal procurement blacklist to provide public contracting authorities with the necessary information. A new bill specifies the offences and misdemeanours which cause a business to be blacklisted. Under the draft legislation, public prosecutors' offices and other authorities are legally obliged to provide electronic notification of violations of the law. Before awarding a public contract, public

contracting authorities, such as municipalities, *Länder* authorities or federal ministries, would be required to electronically search the procurement blacklist to check whether the company that is to be awarded the contract appears on the list.

Making the energy transition investment-friendly

65. The energy transition is one of the Federal Government's key projects. It helps Germany to meet its climate targets, to phase out nuclear power, and to continue to ensure security of supply and affordability. The restructuring of the energy supply system involves major investments in all areas of the energy transition. For example, in the 2008–2015 period over €162 billion in total were invested in the construction – and to a lesser extent also in the expansion and upgrade – of renewable energy installations. In addition, roughly €59 billion were invested in the new construction, expansion, maintenance and repair of the power grids. Further investments are urgently needed.

The Federal Government has thoroughly renewed its energy policy in this legislative term, putting it on a long-term basis and anchoring it in terms of European law. In this process, the Federal Government has dramatically improved the policy environment for additional private investment. For example, the expansion of renewable energy will in future generally be based on auction schemes. This marks a key policy shift towards more market and a more cost-efficient expansion of renewables, and it makes it possible to exercise greater control over the expansion. The Electricity Market Act (*Strommarktgesetz*) makes the electricity market fit for renewable energy and, with free price formation on the electricity market, ensures that investment takes place in the necessary capacities. Furthermore, the Federal Government has also improved the investment conditions for grid expansion, established the legal basis for the digitisation of the energy transition, and provided numerous additional incentives for investment in energy-efficient technologies (cf. Chapter III.C for more detailed information).

Strengthening competition further

66. Functioning competition is the main driver of innovation, investment and growth, and is a central element of Germany's market-based economic system. The Federal Government is revising the rules on competition in order

to adapt them to the demands of advancing digitisation, and to strengthen private and official enforcement of competition law. The Ninth Amendment of the Act against Restraints of Competition (*Gesetz gegen Wettbewerbsbeschränkungen*) will enter into force this spring. It will address specific phenomena of the digital transformation in competition law. For example, the Amendment takes account of digital business models – e.g. online platforms – by including aspects like network effects or access to competition-relevant data in the assessment of dominant positions. It also clarifies the point that a market can exist even if services are provided for free, as is the case with free-of-charge internet services (such as search engines).

67. Also, the Federal Cartel Office (*Bundeskartellamt*) will in future be able to address mergers of companies with low levels of turnover but high market values as part of its merger control activities: this covers cases in which the purchase price exceeds €400 million, but the company acquired only generates little turnover (less than €5 million) and is also active on the domestic market to a substantial extent. The high threshold of a purchase price of €400 million means that only macroeconomically significant cases are covered; the typical takeover of start-ups, in contrast, is still not subject to merger control.

68. The Ninth Amendment of the Act against Restraints of Competition also closes gaps in regulation regarding the responsibility of parent companies and legal successors for antitrust violations by subsidiaries or acquired companies. This improvement ensures that in future companies will no longer be able to evade responsibility for fines by restructuring or asset-shifting.

69. At the same time, the Federal Government is implementing the EU Directive on Antitrust Damages Actions in the amended Act. This means that affected parties will find it quicker and easier to obtain damages in court. In the case of media publishers, the Ninth Amendment of the Act against Restraints of Competition exempts cooperation in the press sector (beyond the editorial field) from the ban on cartels. This rule strengthens the economic base of the press publishers in the context of inter-media competition, e.g. by permitting them to cooperate on market advertising.

Action to further stimulate competition in the services sector

70. In the services sector too, the Federal Government is committed to strengthening competition and leveraging liberalisation potential for more growth and employment. In doing so, Germany is also taking account of the country-specific recommendations of the Council of the European Union. The Federal Government supports suitable measures to open the services market. The Federal Government is involved in constructive dialog with the European Commission and the Member States concerning the Services Package presented in January 2017 in order to flesh out and improve the proposals with regard to the objective pursued.

71. Within the context of the Transparency Initiative on regulated professions, the Federal Government examined whether existing regulations fulfil these purposes or whether other measures could achieve this goal in a better or more efficient manner. The Federal Government also involved the *Länder* in this process to the extent that their areas of responsibility are affected. On 18 January 2016, the Federal Government submitted its action plan to the European Commission in which it presents considerations on the modification of professional regulations (cf. Table I, No. 16). Occupational practice legislation was relaxed for an array of professions in 2016 and further reforms are planned. In particular, the adopted reforms affect the commerce-related professions of lawyers, patent attorneys, tax advisers and auditors.

72. For example, the fee scale ordinance for tax advisers has been amended so that it no longer applies if the tax adviser is established abroad, or if the tax adviser practices his/her profession abroad (irrespective of where he/she is established). Further to this, the rule concerning a minimum €10 fee has also been repealed. In addition, following from the judgment of the ECJ of 17 December 2015 (C-342/14) tax adviser legislation is to be clarified to specify that a foreign service provider has the authority to provide temporary and occasional assistance in tax matters if the service is provided from the country in which the service provider is established. This is to be transposed into law by the draft of an act to combat tax avoidance and to amend other taxation regulations (Act to Combat Tax Avoidance (*Steuerumgebungsbekämpfungsgesetz*)) (cf. Table I, No. 13), which is currently the subject of parliamentary debate. The legislative process should be completed before the 2017 summer break.

With regard to auditors, EU firms were admitted to the German auditing market in the summer of 2016 as part of the implementation of the EU Statutory Auditor Reform (Directive 2014/56/EU). Other elements of the reform include the comprehensive opening to legal forms of audit firms in the EU; the recognition of the performance of auditing work at EU statutory auditors and EU audit firms as an examination requirement; and the extension of the permitted original formats for practising the auditor profession. Currently, there are no plans for additional measures.

The measures outlined in the action plan for lawyers and patent attorneys (including the requirement regarding the holding of shares and the exercise of voting rights in law firms and patent attorney firms in the legal form of a limited liability company (*GmbH*) or a public limited company (*AG*)) will be implemented in the coming legislative term.

In the skilled craft sector, Germany has implemented the amendments to the European Directive on the Recognition of Professional Qualifications by the recast EU/EEA Ordinance on Craft Trades (*Handwerks-Verordnung*). This Ordinance entered into force in April 2016 and laid the foundation for the automatic recognition of qualifications on the basis of common training principles. In addition, it facilitates the casual and temporary provision of cross-border services.

Further to this, the second Act to Reduce Bureaucracy modernises rules governing professions in the skilled craft sector and removes red tape (cf. Item 61). Its aims include the adaptation of the procedure for recognising professional qualifications acquired abroad, the publication of announcements of the chambers in digital media, and the incorporation of electronic data in the register of craft businesses. The foundations are also laid for the European professional card.

Other reform initiatives focus, for example, on postgraduate specialty medical training and the merging of the three vocational training programmes for elder care, nursing and health care, and nursing and paediatric care – which are currently regulated separately by age groups – into a new, standardised general nursing training programme with a single professional qualification. At this stage, all the *Länder* have abolished the ban on operating veterinary practices in the legal form of a legal person.

73. The measures cited clearly demonstrate that the Federal Government is taking the review of professional regulations seriously and is committed to modernising and modifying inappropriate or disproportionate regulations. Further to this, the Federal Government is examining additional steps in order to relax professional practice rules without compromising the quality of the services.

74. Ultimately, the Federal Government believes that it should continue to be possible to maintain justified and reasonable regulations. In many cases existing regulations aim, for example, to safeguard the quality of a service or training places, guarantee consumer protection, serve a social or health purpose, or safeguard the right to practise a profession independently. Any positive impact of rolling back regulations must be weighed against their significance for quality assurance, consumer protection or other central purposes.

75. The Federal Government is also mindful of the fact that the European Commission opened an infringement procedure against Germany on 18 June 2015 over the binding minimum fees set by the fee scale ordinance for tax advisers and the statutory fee schedule for architects and engineers (cf. Table I, No. 17). The Federal Government submitted its view regarding the infringement to the European Commission in September 2015 to which the European Commission replied with a reasoned opinion – the second stage of an infringement procedure – on 25 February 2016. Following the abolition of the minimum fees in the fee scale ordinance for tax advisers and the admission of fee agreements, the infringement procedure no longer concerns the fee scale ordinance for tax advisers. In the infringement procedure concerning the statutory fee schedule for architects and engineers which is still ongoing, the European Commission took the decision on 17 November 2016 to refer the case to the ECJ.

C. Increasing incentives for labour force participation, ensuring the best possible integration of refugees into the labour market

76. The positive development in employment numbers is continuing. Last year, a record 43.6 million people were in gainful employment in Germany. The participation of more and more people in the labour market is a key precondition for the inclusive growth pursued by the Federal Government. In June 2016, the number of people in jobs subject to compulsory social insurance also reached a new

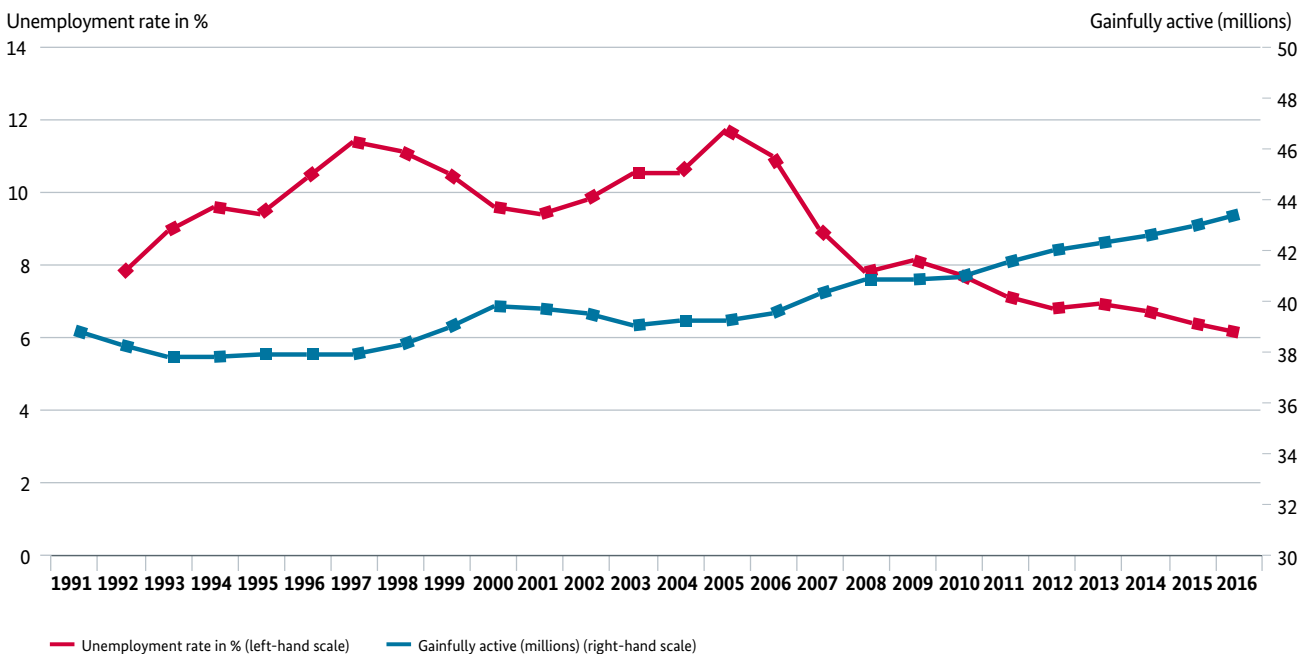
high, at 31.4 million. The annualised unemployment rate according to the national definition in the Social Code stood at 6.1%, the lowest rate since German reunification in 1990 (cf. Diagram 4). According to the definition of the International Labour Organisation (ILO), 4.1% of the working population aged 15-74 was unemployed in Germany on average in 2016. The Czech Republic was the only country in the European Union with a lower unemployment rate, at 4.0%. The rate of youth unemployment is even the lowest in the European Union.

Labour force participation has also showed a positive trend in recent years. The employment rate has risen steadily and is well above the EU28 average. This not only holds true for the employment rate overall, but also for individual groups in the labour force, such as older workers or women (cf. Diagram 5). However, further efforts must be made – particularly in the face of an aging population – in order to boost gainful employment. The Federal Government’s labour market policy therefore aims to boost the labour participation rate further.

Creating incentives for later retirement

77. An increasing labour participation rate of over-60s is both in the interest of the companies, which can make use of experienced skilled workers, and in the interest of the older workers themselves, who would like to pass on their expertise and experience, and continue to participate at a social and societal level through the labour market. This is reflected by economic, fiscal and social policy in Germany. There are effective incentives in Germany for later retirement. In particular, the raising of the general retirement age to 67 and the higher age limits for early old-age pensions continue to have an effect. The employment rate of the 60–64 age group has risen from approximately 28% in 2005 to its current rate of roughly 56% (Q3 2016). The Act to Flexibilise the Transition from Working Life to Retirement and to Strengthen Prevention and Rehabilitation in Working Life (the “Flexi-Pension Act”) (*Gesetz zur Flexibilisierung des Übergangs vom Erwerbsleben in den Ruhestand und zur Stärkung von Prävention und Rehabilitation im Erwerbsleben*) can also help to ensure that the positive employment trend amongst older workers continues. Of the many provisions in the Act, particular mention should be made of

Diagram 4: Development of the unemployment rate (percentage, national definition) and of gainfully active persons (in millions)



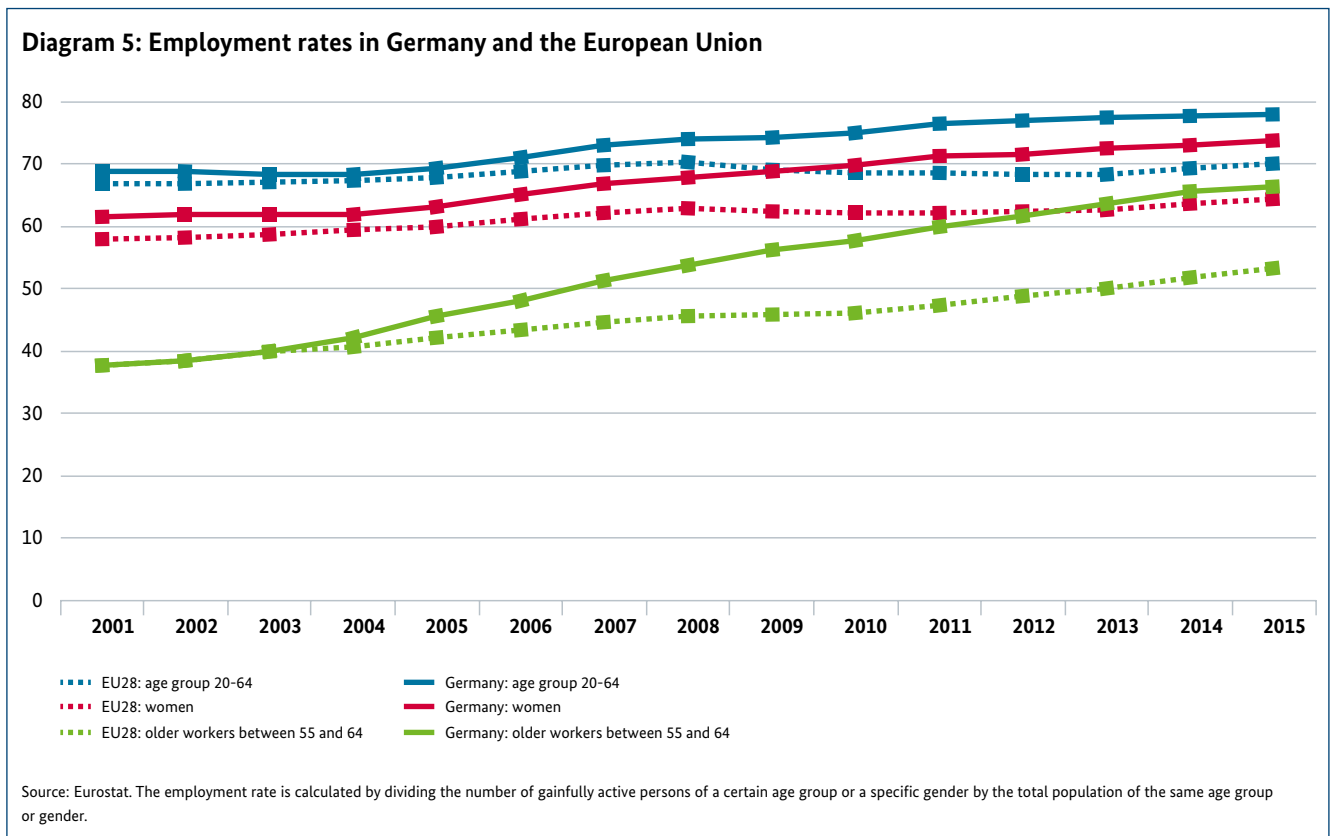
Sources: Federal Employment Agency and Federal Statistical Office.

the simplified partial pension and supplementary earnings rules, which will enter into force on 1 July 2017. It is now possible to combine gainful activity and partial pension more flexibly than before thanks to the introduction of a new rule for supplementary earnings to be counted progressively. Continuing to work while also receiving a pension up until the standard retirement age has the effect of increasing a person’s pension more and more. Once the retirement age has been reached, insured parties can earn additional earnings points and thus a higher pension entitlement if they pay contributions to the statutory pension insurance system on their income (“opt-in”). Further to this, for a certain period the employer’s contribution to unemployment insurance will cease to be made for pensioners who are in dependent employment after having reached the standard retirement age. The Flexi-Pension Act therefore provides incentive for later retirement and helps implement the third country-specific recommendation (cf. Box 2).

Strengthening incentives to work for second earners

78. The positive growth and employment trend in Germany has also significantly improved the labour force participation of women, who are often the second earners in a two-income household. In the past ten years, the employment rate for women has increased steadily by more than 10 percentage points. Standing at 73.6% in 2015, it was almost 10 percentage points above the EU average of 64.2%. Better conditions for reconciling family and professional commitments have also contributed to the increase in the employment rate (cf. Chapter III.A, Item 91 ff.). However, women are disproportionately likely to be employed in part-time jobs with a lower number of working hours (including mini-jobs). This situation continues to be unsatisfactory. By creating a favourable framework for growth and employment, it remains a primary aim of the Federal Government to strengthen incentives to work, particularly also for second earners, and thereby also further increase their labour force participation and extent of employment.

Work will continue on raising awareness for the factor-based method, or Faktorverfahren, in tax bracket IV by imple-



menting suitable measures in the tax administration system. If the factor-based method is chosen, the wage tax is distributed between both spouses/partners based on their actual share of income as part of the monthly withholding wage tax process. This avoids a disproportionate wage tax burden on the second earner, as is often the case if a combination of tax brackets III and V is used. As the factor-based method has the effect of sharing relief between both earners, this supports efforts to increase labour supply. As part of the Act to Reduce Bureaucracy, the Federal Government took steps to simplify the factor-based method in 2015 which will help make this approach more popular in the future.

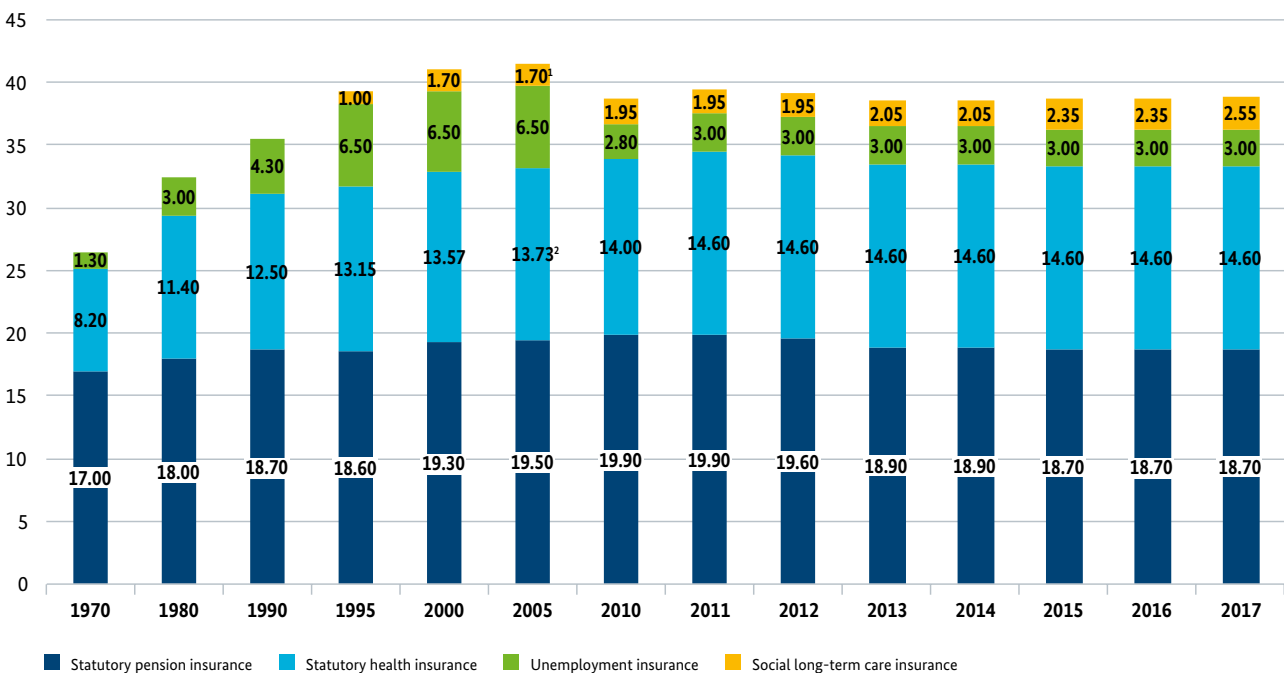
Reducing the tax and contribution burden particularly for low-wage earners

79. The Federal Government has again adapted the income tax rate with effect from 1 January 2017 in order to offset

the effects of fiscal drag and to take account of the increased subsistence level. In a first step, the basic personal allowance and the other key elements of the income tax rate were increased, as were the child allowance and child benefit, and the child supplement and the maximum maintenance allowance. Another step providing further relief is to enter into force on 1 January 2018. This will reduce the burden on private households by a total of more than €6 billion a year (annualised figure for relief). Over the entire legislative term the Federal Government has rolled out income tax relief of over €11 billion annually. The tax measures therefore make an important contribution to improving incentives to work and to strengthening the domestic economy. People on a low income also benefit from the increase in the basic personal allowance and from the offsetting of the fiscal drag.

80. The burden from social security contributions is very significant for the low-pay sector. In this context it is important to consider that while social security contribu-

Diagram 6: Annual median equally-funded social security contribution rates as a percentage of gross assessable earnings



¹ Excluding the additional contribution rate of 0.25% paid by childless individuals since 1 January 2005.

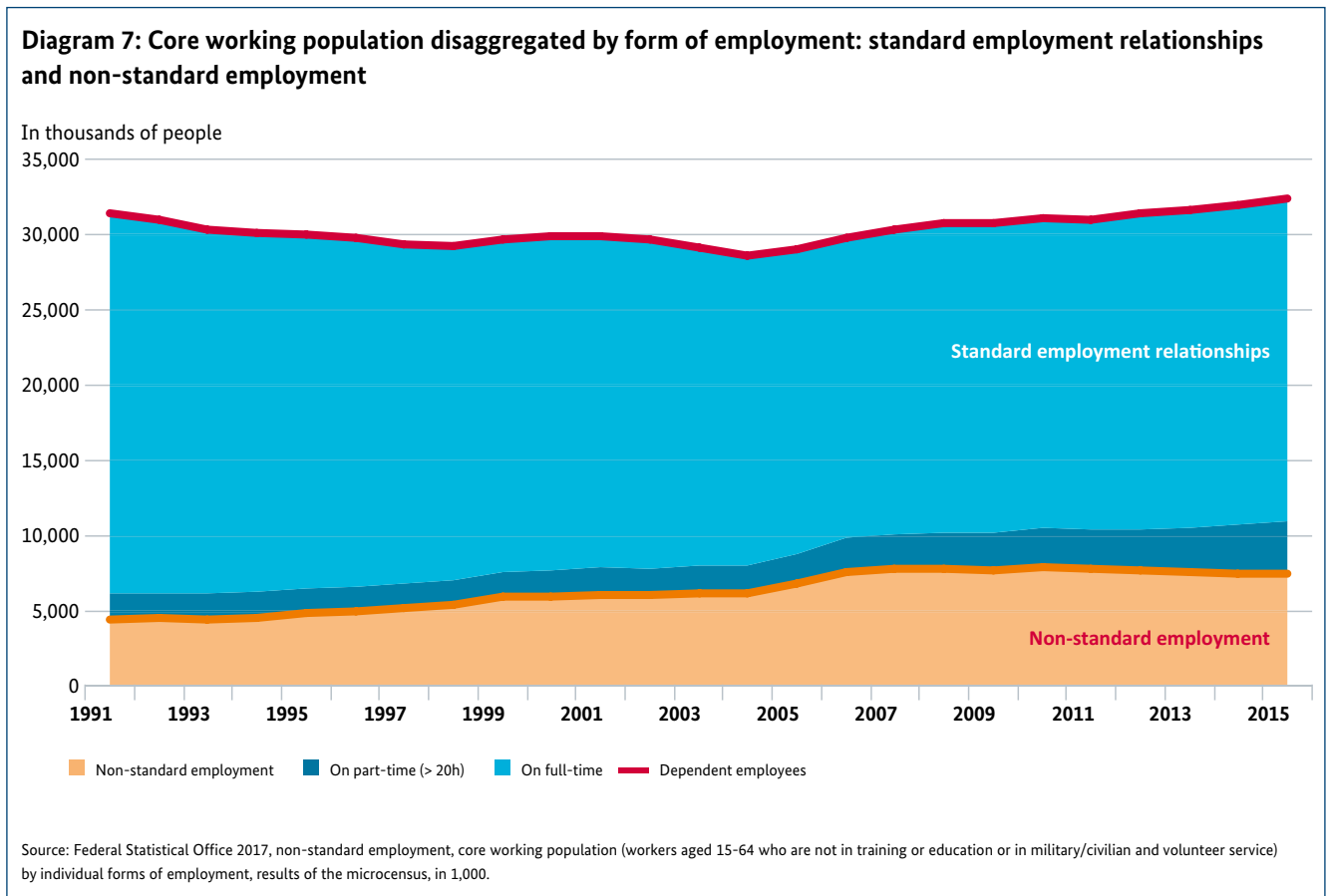
² General contribution rate (equally financed, excluding the member-specific special contribution of 0.9% from 1 July 2005 to 31 December 2014 and excluding the additional contribution rate from 1 January 2015).

tions are paid on the one hand, specific benefits are provided on the other (principle of equivalence), and lower benefit entitlements particularly for low-wage earners must be avoided. Overall, the social security contribution rate has remained largely stable in recent years (cf. Diagram 6). However, in light of demographic change higher overall contribution rates can be expected in the future. Overall, limiting the work-related tax wedge in a manner that promotes growth and employment remains a primary objective of the Federal Government.

Further reduction in non-standard employment – facilitating the transition from mini-jobs to standard employment relationships

81. Non-standard employment relationships, which also include mini-jobs, increased between 1991 to 2007 (cf. Diagram 7)⁹. Their share in the entire core working population

rose from 12.8% in 1991 to 22.6% in 2007. Non-standard employment relationships have fallen slightly since 2010. In 2015 people in non-standard employment relationships accounted for a 20.8% share in the total core working population; this translates to approximately 7.5 million non-standard employment relationships. Part-time employment accounts for most non-standard employment relationships by far (cf. Diagram 8), and women tend to work part-time more often than men. For example, 11.7% of men and 31.3% of women were in non-standard employment relationships in 2015. Non-standard workers in this context are a very heterogeneous group. The employment relationship can be on a voluntary or involuntary basis, and involve “precarious” or adequate household incomes. The Federal Government is seeking to reduce the amount of involuntary non-standard employment.



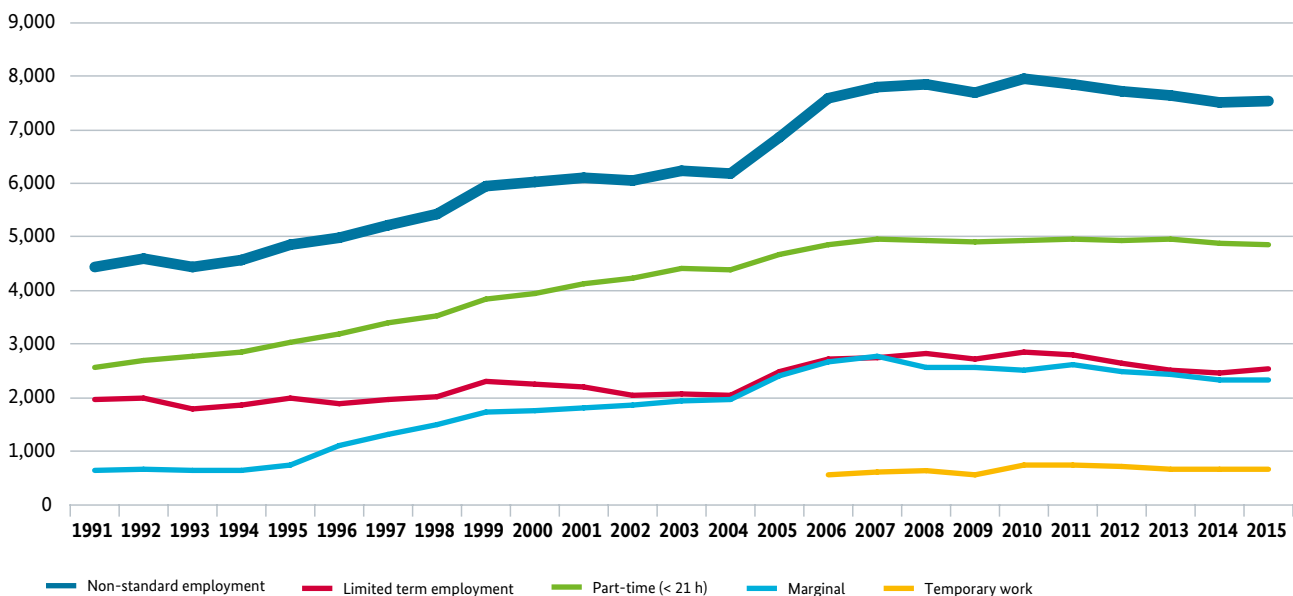
9 Cf. Footnote 2.

82. According to the Federal Employment Agency¹⁰ around 7.5 million men and women held a mini-job¹¹ in December 2016; of these 4.8 million worked exclusively in a mini-job and 2.7 million worked a mini-job for additional income. There has been a decline in the numbers working exclusively in mini-jobs since 2015. Today the numbers are around the same level as they were following the fundamental restructuring of mini-jobs in 2003. Between June 2010 and June 2016, employment requiring compulsory social insurance payments increased by approximately 10%, while the number of people employed exclusively in mini-jobs fell 4.8%. According to projections of the Federal Employment Agency, the number of mini-jobs as the exclusive source of employment was down by around 38,000 in December 2016 compared with the previous year. This indicates that the dynamic labour market environment has helped people enter into or transition to regular employment.

83. The introduction of the minimum wage on 1 January 2015 also played a part in the declining number of mini-jobs. In addition to numerous instances of significant increases in income in the lowest income bracket, many people moved from mini-jobs to employment requiring compulsory social insurance payments (cf. Chapter III.A, Item 102). At the turn of the year 2014/2015, the number of workers exclusively in marginal employment who transitioned exclusively to employment requiring compulsory social insurance payments was twice as high as might have been expected based on the previous development (increase of approximately 52,000). 85% of the transitions were within the same business enterprise.

84. In addition to creating good conditions on the labour market, the Federal Government has also rolled out additional measures to facilitate the transition from marginal

Diagram 8: Core working population: development in the forms of non-standard employment



Source: Federal Statistical Office 2017, non-standard employment, core working population (workers aged 15–64 who are not in training or education or in military/civilian and volunteer service) by individual forms of employment, subgroups of non-standard employment not additive, results of the microcensus, in 1,000.

- 10 Due to the methodology adopted, there is a substantial difference between the statistics for marginal employment from the Federal Employment Agency and the data from the Federal Statistical Office based on the microcensus. Cf. https://www.destatis.de/DE/Publikationen/WirtschaftStatistik/2015/04/MikrozensusVergleichArbeitsmarktstatistiken_042015.pdf?blob=publicationFile or <https://www.destatis.de/DE/Publikationen/WirtschaftStatistik/Arbeitsmarkt/GeringfuegigeBeschaeftigung12011.pdf?blob=publicationFile>. The Federal Statistical Office reports 2.3 million persons in marginal employment for 2015.
- 11 In this context, a “mini-job” is understood to be a low-paid job. The current earning threshold for marginal employment is €450 per month. Marginal employment also includes limited-term employment relationships (known as short-term employment). Mini-jobs, i.e. low-paid employment relationships, account for 95% of all marginal employment relationships.

employment to employment requiring compulsory social insurance payments. To this end, in local projects the Federal Employment Agency tested out how it could support persons who are eligible for benefits and fit for work in making the transition from marginal employment to employment subject to compulsory social security contributions. The findings are available to the employment agencies and the job centres.

In this context, it must be noted that this transition from marginal employment to employment subject to compulsory social security contributions is only likely to interest some, but not all, mini-job holders. A substantial proportion of individuals exclusively in marginal employment cannot or do not want to increase their working hours beyond those of a marginal employment relationship on account of other commitments. According to a study conducted in 2013, this is true for almost half (48 %) of all individuals exclusively in marginal employment, particularly pupils, students and pensioners.

Proceeding swiftly with the labour market integration of refugees

85. Further to this, the labour market integration of refugees who will be living in Germany for the foreseeable future is of central importance. This is key for the immigrant population to be able to live independent, self-determined lives and not rely on government transfer payments, and also makes an important contribution to social harmony. Furthermore, successful integration into the labour market can, on the medium term, help tackle the anticipated labour shortage caused by demographic developments. In 2015, the consolidated calculations show that approximately 890,000 refugees came to Germany. Last year, the influx of refugees was substantially lower. Taking 2016 as a whole, the Federal Office for Migration and Refugees estimates the number of asylum seekers who actually entered Germany at just over 280,000. The EASY system (which registers first applications for asylum) registered approximately 321,000 new people in 2016, most of whom arrived in the first quarter of 2016 however (cf. Diagram 9).

86. Asylum seekers with good prospects of residence in Germany should be integrated into the labour market more quickly than in the past. To this end, the Federal Government has put measures in place in three action areas:

- ▶ **Legal preconditions:** The Federal Government's Integration Act (*Integrationsgesetz*), large parts of which entered into force in August 2016, and the related ordinance, as well as the revised Ordinance on the Admission of Newly-Arrived Foreigners for the Purpose of Taking up Employment (*Beschäftigungsverordnung*), have introduced numerous measures to make it easier for refugees to access the labour market. The rules are based on the principle of "challenging and supporting" (cf. Box 4). In conjunction with the measures introduced in 2014 and 2015 (NRP 2016, Box 2), this has put in place key preconditions for the successful integration of asylum seekers with good prospects of remaining in Germany, of recognised asylum seekers and of persons whose deportation has temporarily been suspended.
- ▶ **Language acquisition:** A command of the German language is a basic prerequisite for people to gain a foothold in German society and on the German labour market. The occupation-related language assistance already anchored in the Act to Expedite Asylum Procedures (*Asylverfahrenbeschleunigungsgesetz*) builds on the integration courses. The Federation made additional funding of €179 million available for this in 2016 and €410 million in 2017. By dovetailing language acquisition, career guidance, training, employment and measures of active labour market policy, the Federal Government is providing further backing for integration into the labour market (cf. Table I, No. 18).
- ▶ **Training and active labour market policy:** Given that many refugees cannot present proof of training that fully meets the requirements of the German labour market, the assessment of the individuals' potential and skills plays an important role (cf. Table I, No. 19). With the "Refugee Integration Measures" labour market programme, additional subsidised community workplaces are to be created using federal funding in order to bring beneficiaries under the Act on Benefits for Asylum Applicants (*Asylbewerberleistungsgesetz*) closer to the German labour market during the asylum process (cf. Table I, No. 20).

In the context of the integration of refugees, additional amounts of €575 million were provided in 2016, and €900 million in 2017, for the overall budget in the basic allowance for job seekers. In addition, €19 million were provided in both 2016 and 2017 for qualification recognition advisory services and intercultural training

within the framework of the IQ support programme (cf. Table I, No. 21).

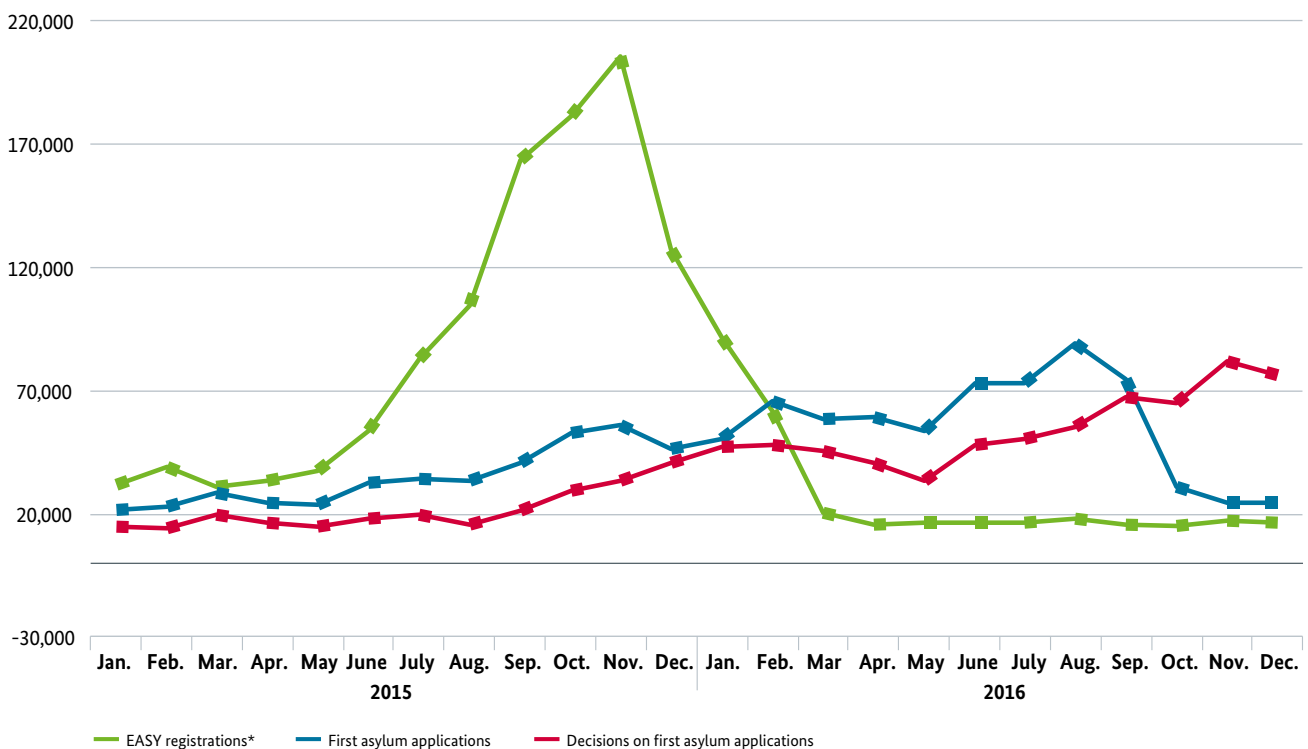
Further measures aim, inter alia, at the provision of support in the context of vocational integration (cf. Table I, Nos. 22 and 23). The instruments developed as part of the “Educational Links” joint initiative to support the transition from school to working life can also be applied to young refugees in the service offerings of vocational schools. Therefore the Federation is currently holding talks with the *Länder* on the consolidation and expansion of existing measures in the initiative to address particular target groups (cf. Table I, No. 24). Furthermore, the Federal Government has launched a number of programmes – some in collaboration with the business community – to help refugees to gain a foothold in the training and labour market (cf. Table I, Nos. 25, 26, 27, 28 and 29). Some of these programmes are specifically geared towards the placement of individuals in vocational training. A good vocational qualification is

particularly important for the large number of young refugees without adequate vocational training.

The *Länder* have also rolled out a range of measures to integrate refugees and asylum seekers with good prospects of remaining in Germany into the training and labour market as quickly as possible (cf. Table I, No. 30). The *Länder* have demonstrated enormous commitment and have primarily accommodated compulsory school-age refugees aged 16 and over in classes at vocational schools and, in line with their responsibilities, have committed considerable resources to expand the offerings for refugees of compulsory school age – and sometimes also beyond the age of compulsory education.

The aim here is to achieve the best-possible and quickest-possible transition to vocational training. In addition to literacy learning where necessary, such education services are generally centred on intensive language acquisition, including job-related German language skills, and

Diagram 9: First applications for asylum, decisions on such applications and EASY registrations



Source: Federal Office for Migration and Refugees; status: January 2017; N.B. the monthly figures cannot be added up to an annual total due to possible subsequent changes.
 * The EASY system is an IT application for the initial distribution of asylum seekers amongst the *Länder*. Due to the lack of identification and failure to collect personal data at the time, it is possible that there are errors and double-counting in the figures.

on teaching (inter-)cultural skills. These are also complemented with career guidance and career preparation measures. The education courses normally take one to two years to complete, and repeat attendance is possible. These offerings at vocational schools with periods of practical in-company training as a set part of their curricula also give candidates the opportunity to learn

initial skills in a profession. They allow candidates to discover and pursue their own personal interests, determine and improve their personal commitment and willingness to learn, and they encourage candidates to make reasoned decisions regarding their choice of career.

Box 4: Main substance of the Integration Act and the related ordinance

No labour market test: In the past, the Federal Employment Agency had to examine whether the employment of foreigners has a detrimental effect on the local labour market and whether entitled domestic workers are available for the respective job so that priority would be given to them. With the entry into force of the ordinance on the Integration Act, this labour market test generally will not apply to asylum seekers and persons with a temporary suspension of deportation in 133 of 156 agency districts of the Federal Employment Agency for a limited period of three years. As a result of the link to the labour market test, all asylum seekers and persons with temporary suspension of deportation are allowed to pursue temporary employment in these 133 agency districts after the three-month waiting period.

Legally secure residence status during and after vocational training (3 plus 2 rule): Persons shall be entitled to temporary suspension of deportation for the duration of a qualified vocational training course in an occupation recognised by the state or regulated in a similar manner if no specific measures to end the residency are pending. In principle, foreign nationals from safe countries of origin are excluded from this arrangement. The same applies to persons with temporary suspension of deportation for whom measures to end the residency cannot be taken for reasons for which said persons are responsible, or who only entered Germany for the purpose of receiving benefits under the Act on Benefits for Asylum Applicants. Following the successful completion of vocational training, the temporary suspension of deportation will be extended for six months so that the person can look for a job which corresponds to the qualification obtained. If such a job is found, a two-year residence permit will be issued. On the other hand, the temporary suspension of deportation is cancelled if the person drops out of training or the training course is discontinued. A 6-month temporary suspension of deportation is granted on a one-time basis for the individual to seek another training position.

Relaxed rules on the promotion of training: Depending on the residence status and time already spent in Germany, the instruments to promote training have been widened on a temporary basis for persons permitted to remain pending the asylum decision who have a good prospect of being allowed to stay in Germany, and for persons with a temporary suspension of deportation. This particularly refers to training-related assistance and assisted training, pre-vocational training programmes and the payment of vocational training grants and training stipends during vocational training. If the training is cancelled or terminated prematurely, the party concerned has six months – once only – to find another training position.

More emphasis on teaching language skills and values: The aim of the language training offered by the state is to primarily help those refugees who are likely to stay in Germany on a permanent and legal basis to learn German as quickly as possible. The integration courses are the main state service to promote linguistic and social integration. The Act to Expedite Asylum Procedures (*Asylverfahrensbeschleunigungsgesetz*) has opened up integration courses for asylum seekers with good prospects of remaining in Germany and for certain persons with temporary suspension of deportation. The ordinance on the Integration Act has improved the rules to enable quicker access to courses and has intensified course content. Job-related German language courses have been enshrined as a standard tool with the Act to Expedite Asylum Procedures. The related Ordinance on the Promotion of German Language Skills (*Deutschsprachförderverordnung*) entered into force on 1 July 2016. The promotion of job-related German language skills is designed to improve

individuals' German language skills up to proficiency level C2 and builds on the integration courses. The orientation courses, which particularly aim to impart values, have been boosted from 60 to 100 hours of teaching. In the case of non-employed beneficiaries under the Act on Benefits for Asylum Applicants who refuse or drop out of integration measures and compulsory integration courses without good reason, the relevant authority will be able to restrict benefits in future.

III. Europe 2020 headline targets: progress to date and measures

87. Germany is committed to the five headline targets of the Europe 2020 strategy for smart, sustainable and inclusive growth in Europe and believes it to be both prudent and necessary to maintain a clear focus on sustainable growth and employment also beyond the horizon of the Europe 2020 strategy. Overview 3 provides a summary of progress made towards achieving the additional ambitious quantitative goals which the Federation and the *Länder* have set in the context of the Europe 2020 strategy.

Germany has continued to make progress in almost all areas compared with the previous year, and has already reached several of the goals set out. The employment rates both of 20-64 year-olds and of older workers and women increased further in 2015 and most probably also in 2016, and continue to exceed the agreed targets. Progress has also been made in combating long-term unemployment. Germany has already far exceeded the national target set here also. With regard to spending on research and development, current reports of the *Stifterverband für die Deutsche Wissenschaft* (Donors' Association for the Promotion of Science and Humanities in Germany) and preliminary estimates by the Federal Statistical Office indicate that – in contrast to the previous years – Germany reached the 3% goal in 2015. Despite this positive interim result, additional efforts in all areas are both advisable and necessary.

88. Individual quantitative indicators can, of course, only give a partial insight into progress made in a policy field. For a full analysis of a policy field, a wide number of quantitative and, in particular, qualitative factors would need to be considered. This report on progress towards attaining the quantitative goals cannot, therefore, claim to give an exhaustive account of the development in individual policy areas. It does, however, provide important information on the development of key indicators in these policy fields.

89. The Federal Government believes it to be both prudent and necessary to maintain a clear focus on sustainable growth and employment also beyond the horizon of the Europe 2020 strategy. The “German Sustainable Development Strategy - 2016 version” implements the sustainability goals defined under the UN 2030 Agenda for Sustainable Development. The implementation of the 2030 Agenda presents considerable challenges at all levels of policy-making and across all thematic areas. The Federal Government would welcome a move from the European Commission to provide farther-reaching conceptual considerations that also secure long-term economic growth and social and economic sustainability by the end of the year.

A. Fostering employment

90. The German labour market is in good shape but has challenges to face (cf. Chapter II.C, Item 76 ff.). All the national employment goals of the Europe 2020 strategy are currently reached (cf. Overview 3). However, in the decades ahead demographic change will, in all likelihood, result in a drop in the potential working-age population and the share of the working population in the total population. Securing the skills base is therefore a policy priority of the Federal Government. Improving the conditions for reconciling career, care and family commitments, as well as training and further education, play a key role in this context. The influx of skilled labour can also contribute to securing the supply of skilled labour. The Federal Government's Skilled Workers Strategy and the Demographic Strategy bring together a series of measures to offset the effects of demographic change on the business sector and maintain the strength of the German economy. The *Länder* have also developed their own skilled labour strategies and have taken action to address the demographic challenges and other structural challenges and to improve conditions for reconciling work and family commitments (cf. Table II, Nos. 1 and 2). Further to this, the Federal Government has rolled out measures to create a fairer labour market and to ensure that all workers get to benefit from the positive developments.

Strengthening the framework for labour participation

91. A modern approach which offers women and men flexible options in the way they shape their lives and their work at various stages in their lives will help to activate the potential skills pool and to permit greater social participation, also in the interests of inclusive growth. The introduction of the parental allowance and the expansion of childcare services have had a significant impact on the positive development in female labour participation in recent years. It has been shown that mothers are using the increased involvement of fathers in family life to make an earlier return to work and to work longer hours. In the case of mothers of children aged one to up to three years, labour participation has increased by just under three percentage points since 2013 alone, to 55%. Also, the expansion of childcare services helps working mothers and fathers to increase the number of hours they work. This is another reason why the Federal Government is resolutely continuing its efforts to improve the compatibility of family life, care commitments and work. Specifically, the Federation is

Overview 3: Quantitative goals defined under the Europe 2020 strategy and current progress towards goals

Europe 2020 headline targets	EU-wide indicators	National indicators (if different)	Status of quantitative indicators
1. Foster employment	<ul style="list-style-type: none"> ▶ Employment rate of 75 % for people aged 20 – 64 ▶ Greater participation of young people, older workers, low-skilled workers and migrants 	<ul style="list-style-type: none"> ▶ Employment rate of 77 % for people aged 20 – 64 ▶ Employment rate of 60 % for older people aged between 55 and 64 ▶ Employment rate of 73 % for women 	<ul style="list-style-type: none"> ▶ Employment rate of 78.0 % (2015) or 79.1 % (Q4 2016) for people aged 20 – 64 ▶ Employment rate of 66.2 % (2015) or 69.2 % (Q4 2016) for older people aged between 55 and 64 ▶ Employment rate of 73.6 % (2015) or 75.1 % (Q4 2016) for women
2. Improve the conditions for innovation, research and development (R&D)	<ul style="list-style-type: none"> ▶ R&D expenditure of 3 % of GDP ▶ Improve the conditions for R&D 	<ul style="list-style-type: none"> ▶ R&D expenditure: 3 % of GDP (two-thirds from the private sector and one third from the public sector) ▶ Spending on education and research by 2015: 10 % of GDP 	<ul style="list-style-type: none"> ▶ R&D expenditure: 3 % of GDP (2015), approx. two-thirds from the private sector and approx. one third from the public sector ▶ Spending on education and research: 9.1 % of GDP (2015)¹²
3. Reduce greenhouse gas emissions and increase energy efficiency and energy from renewables	<p>By 2020:</p> <ul style="list-style-type: none"> ▶ Reduce greenhouse gas emissions by 20 % (or 30 %¹³ if applicable) compared with 1990 levels ▶ Increase the share of renewables in final energy consumption to 20 %; ▶ Increase energy efficiency by 20 % in relation to forecast development 	<ul style="list-style-type: none"> ▶ Reduce greenhouse gas emissions by at least 40 % by 2020 compared with 1990 levels and by 80–95 % by 2050 ▶ Increase the share of renewables in gross final electricity consumption to 18 % by 2020, to 60 % by 2050 and to at least 80 % in the electricity sector ▶ National energy efficiency goals under the Federal Government's Energy Concept of 28 September 2010: reduce primary energy consumption by 20 % by 2020, and by 50 % by 2050 compared with 2008 levels¹⁴ 	<ul style="list-style-type: none"> ▶ Greenhouse gas emissions: reduced by 27.9 % (2015) compared with 1990 ▶ Share of renewables: 15.0 % in gross final energy consumption (2015; provisional data) ▶ 32.3 % in gross electricity consumption (2016; provisional data)¹⁵ ▶ Primary energy consumption: in 2016 6.6 % lower than in 2008 (preliminary data)¹⁶
4. Improve education levels	<ul style="list-style-type: none"> ▶ Improve education levels, in particular reduce the proportion of early school leavers and people leaving vocational training to below 10 % ▶ Increase the percentage of 30–34 year-olds with a tertiary or equivalent education to at least 40 % 	<ul style="list-style-type: none"> ▶ Increase the percentage of 30–34 year-olds with a tertiary or equivalent education to 42 % 	<ul style="list-style-type: none"> ▶ Proportion of early school leavers and people leaving vocational training¹⁷ in 2015: 9.8 % ▶ Percentage of 30–34 year-olds with a tertiary or equivalent education: 46.8 % (2015)¹⁸
5. Promote social inclusion in particular by reducing poverty	<ul style="list-style-type: none"> ▶ Lift at least 20 million people out of the risk of poverty or exclusion 	<ul style="list-style-type: none"> ▶ Reduce the number of long-term unemployed by 20 % by 2020 compared with 2008 levels 	<ul style="list-style-type: none"> ▶ Reduction of 47.7 % in the number of long-term unemployed between 2008 and 2015 (comparison of annual averages)

12 According to preliminary estimates by the Federal Statistical Office, spending on education and research in 2015 increased by 3.3 % on 2014 to €275.8 billion.

13 Conditional offer by the EU to achieve a 30 % reduction by 2020 compared with 1990 levels if other industrialised countries commit to similar emissions reductions and developing countries make a contribution reflecting their responsibilities and individual abilities.

14 With regard to the indicative national energy efficiency goal under Article 3 of European Directive 2012/27/EU, reference is made to the communication to the European Commission of 11 June 2013.

15 The value of 32.6 % reported for 2015 in the NRP 2016 has been corrected to 31.6 %. On the basis of this corrected value there has been an improvement between 2015 and 2016.

16 The value of -9.1 % reported for 2014 in the NRP 2016 has been corrected to -8.8 %. The increase in primary energy consumption in 2016 is due to weather conditions and economic effects.

17 Early school-leavers are 18–24 year-olds who, at the very maximum, have successfully completed lower secondary education (Hauptschule or Realschule), but who have not gone on to earn a further qualification and who are currently not in education.

18 Individuals with qualifications equivalent to ISCED level 4 to 8 according to ISCED 2011 are considered when evaluating the status of this indicator. According to the Council Presidency conclusions on education targets in the Europe 2020 strategy at the 3013th EDUCATION, YOUTH AND CULTURE Council meeting of 11 May 2010, Member States may, in justified cases, include ISCED level 4 into their definition of their national target.

boosting funding to finance childcare services by another amount of approximately €1.1 billion for 2017 to 2020 in the fourth investment programme. This means that the Federal Government is helping the *Länder* and municipalities to expand child daycare services with four investment programmes to fund childcare services, with total funding of approximately €4.4 billion from 2008 to 2020. In addition, since 2015 the Federation has been providing €845 million a year to cover operating costs of child daycare centres, and is increasing this support by a further €100 million in both 2017 and 2018. The funds of around €2 billion that have been released at federal level as a result of the discontinuation of the childcare allowance can be used by the *Länder* in 2016 to 2018 (cf. Table II, No. 3) for measures to improve child daycare services. Furthermore, the parental allowance 'plus' (*ElterngeldPlus*), which was introduced on 1 July 2015, helps both parents return to work earlier on a part-time basis, and particularly boosts female participation in the labour market. From mid-2017 onwards, parents will also be able to apply for parental allowance online. This measure will support the processing of applications. With regard to single-parent families, where participation in working life and thus also in societal prosperity is at risk in many cases, the Federal Government adopted substantial tax relief back in 2015.

The Federation and the *Länder* have agreed in principle to increase the age limit for children from 12 to 18 years for child support for single-parent families from 1 July 2017 and to revoke the limitation of the benefit to 72 months for all children. Further to this, the Act on the Protection of Working Mothers (*Mutterschutzgesetz*) is to be brought into line with the present-day social and legal situation, as European rules necessitate changes to health-related provisions and in particular to protection against dismissal.

92. The Act on Improved Compatibility of Family Life, Long-term Care and Work (*Gesetz zur besseren Vereinbarkeit von Familie, Pflege und Beruf*) has dovetailed and updated the provisions of the Long-term Care Leave Act (*Pflegezeitgesetz*) and the Family Care Leave Act (*Familienpflegezeitgesetz*). Temporary entitlement to full or partial leave permits employees to better combine the provision of care at home and working life without having to entirely give up their jobs. During the period of leave, an entitlement to support exists in the form of an interest-free loan in order to cushion the loss of wages.

93. In principle, the possibility to work part-time contributes towards social participation, as it allows workers greater flexibility to arrange their work times around situations in their personal lives. In order to facilitate the transitions between part-time and full-time phases, the Federal Government is planning to update the right to part-time work. In future, workers will have not only an entitlement to part-time employment for an unlimited period, but also an entitlement to part-time employment for a limited period. This will enable the worker to return to the original number of hours worked following the end of the agreed period (cf. Table II, No. 4).

94. A higher labour participation rate of older workers also helps secure the supply of skilled labour (cf. Chapter II.C). The better participation of people with disabilities, also demanded not least by the UN Convention on the Rights of Persons with Disabilities (UNCRPD), presents another way to secure additional skilled staff. The Federal Government's Act to Strengthen the Participation and Self-determination of People with Disabilities (Federal Participation Act) (*Gesetz zur Stärkung der Teilhabe und Selbstbestimmung von Menschen mit Behinderungen, (Bundesteilhabegesetz)*) improves both the legal possibilities and the incentives for people with disabilities to work. For example, it is significantly raising the exempt amounts in terms of income and assets for people receiving integration allowance benefits. The employment promotion benefit which is paid to people with disabilities who are employed in workshops is being doubled from €26 to €52 per month. Also, measures including a new budget for work are to improve the latter's employment prospects. This involves wage subsidies for employers and support for the employees (cf. Table II, No. 5).

Increasing the skills pool: vocational training, education and immigration of skilled workers

95. In order to ensure that all people have opportunities to obtain a good job in the long term, and particularly to open up more career prospects to the low-paid and to reduce the risks of poverty, it is essential that we continue our efforts in the field of education and training also in the future. This is the only way to secure the skills needs of companies and thus the competitiveness of Germany as a base for business in the long term. The Federation and the *Länder* are committed to improving the quality and attractiveness of dual vocational training in general. For example they

have been working in tandem with the business community, trade unions and the Federal Employment Agency since 2015 in the context of the Alliance for Initial and Further Training (cf. Table II, No. 6). The aim is to also increase the appeal of professions in the field of social work, health-care and long-term care, and childcare and education (cf. Table II, Nos. 7 and 8).

96. Digital education is a basic prerequisite, not only for the demands of the digitally dominated world of work, but also for social and political participation. The “Vocational Training 4.0” umbrella initiative has been launched to promote digitisation in vocational training (cf. Table II, No. 9). Existing digitisation initiatives like the special programme to promote digitisation in inter-company vocational training centres and centres of excellence, or the programme on “Digital Media in Vocational Training”, which is part-financed by the ESF, help implement the umbrella initiative as does the “Initiative for Professional Qualifications and Skills for Tomorrow’s Digitised World of Work”. In addition, the development and use of digital education technologies in vocational training are being explored, and new teaching and learning formats – including open educational resources for media-based training and the teaching of media literacy – are also being trialled and refined. Furthermore, knowledge-sharing networks are driving the transfer of expertise forward.

97. The revision by the Federal Government of the Upgrading Training Assistance Act (*Aufstiegsfortbildungsförderungsgesetz*) makes an important contribution to boosting the attractiveness of vocational training in Germany and thus to safeguarding the availability of a new generation of skilled workers and managers. In order to attract even more people interested in further training to take advanced courses, benefits have been substantially improved and the potential funding broadened to cover new target groups, such as university graduates with a B.A. and university drop-outs. Not least, this will improve the permeability between academic education and vocational training (cf. Table II, No. 10).

98. Since 1 August 2016, it has also been possible for many trainees to receive a top-up in the form of unemployment benefit II. The aim is to make it easier to start vocational training (cf. Chapter III.E, Item 151).

99. In order to counteract a medium-term drop in the number of skilled workers, in addition to mobilising the domestic skills pool the Federal Government also contin-

ues to bank on attracting qualified professionals also from non-EU countries. It is committed to the immigration of skilled workers in line with market needs. The aim is to systematically facilitate further the immigration to Germany, and integration, of people with completed vocational training and third-level education.

100. In competing with other countries for the best talents, the Federal Government is committed to pitching Germany as an attractive country to relocate to. For example, the “Make it in Germany” online portal (www.make-it-in-germany.de) provides international professionals with information on working and living in Germany. The white list of occupations in which there is a skills shortage, which has been created by the Federal Employment Agency on the basis of a skills shortage analysis and also takes account of regional labour market needs, means that qualified professionals from abroad with a vocational qualification recognised in Germany can now work in around 100 occupations, particularly in the health care and nursing sector, the field of mechatronics and electronics, and in numerous skilled trades, without the need for a labour market test. Here, their employment conditions must be equivalent to those of comparable German workers. Since 2016, additional options have been available to immigrants from the Western Balkans for taking up employment in Germany. This arrangement applies for a limited period through to 2020 inclusive.

101. Since August 2015, there has also been a new residence permit for people who would like to have their qualification recognised in Germany and need to attend an in-company or in-school training measure for this. This allows them to close professional, practical and/or language gaps which stand in the way of the recognition of the foreign qualification, or of access to the occupation.

In the interest of fairer wages

102. Since 1 January 2015, the general minimum wage sets a floor for wages in Germany. Before the introduction of the general minimum wage, 5.5 million workers were paid less than €8.50 an hour, the level the minimum was set at when the Minimum Wage Act (*Mindestlohngesetz*) entered into force. The introduction of the minimum wage has resulted in four million of these becoming entitled to higher pay. Most of the other 1.5 million are trainees, interns and minors without a vocational qualification; these are not covered by the Minimum Wage Act. In view of the consid-

erable number of people affected, the introduction is a significant measure to improve the income situation of low-paid workers and thus the preconditions for inclusive growth. Even two years following the introduction of the minimum wage, there are no signs yet of significant macroeconomic effects on employment. Overall, employment has continued to rise, and many cases of marginal employment have been turned into jobs subject to social insurance contributions. It will be a few years before a comprehensive evaluation of the effects of the general minimum wage can usefully take place. The Minimum Wage Act has scheduled this for 2020. Following a recommendation by the independent minimum wage commission, the minimum wage has been increased for the first time, to €8.84 from 1 January 2017 (cf. Table II, No. 11).

103. While the general minimum wage has reduced the wage spread in the low-pay sector, it only has a marginal impact on the size of the low-pay sector overall. This is because the minimum wage has not caused the wage structure to move beyond the low-pay threshold. The low-pay sector encompasses all workers who earn less than two-thirds of the median hourly wage. According to the Federal Statistical Office, the low-pay threshold in 2014 stood at €10 per hour. In 2014, 7.6 million people were working in the low-pay sector, which corresponds to 21.4% of all employment relationships in 2014.

104. The instruments of work and services contracts and temporary agency workers are important for an adaptable economy based on a division of labour. At the same time, undesirable developments in these instruments need to be countered. The Act to Amend the Temporary Employment Act and other Acts (*Gesetz zur Änderung des Arbeitnehmerüberlassungsgesetzes und anderer Gesetze*) enters into force on 1 April 2017. This focuses the use of temporary agency workers on its core functions. The situation of temporary agency workers is being improved not least by rules on pay parity for such workers compared to the regular staff after nine months. Also, the maximum period for secondment is to normally be 18 months. In addition, in future it will be difficult for companies to circumvent labour law through the misuse of contracts for work and services: it will no longer be possible to retrospectively legalise a hidden secondment – i. e. an actual construct of a contract for work and services.

105. The Federal Cabinet adopted the Act to Promote Transparency on Remuneration Structures (*Gesetz zur Förderung der Transparenz von Entgeltstrukturen*) on 11 January 2017. To close the gender pay gap, the Federal Government intends to use this planned piece of legislation to create more transparency on pay structures on the basis of the principle of “equal pay for equal or equivalent work”. Greater transparency on the remuneration structures can help to reduce discrimination. The draft legislation makes provisions for the following modules: Firstly, the introduction of an individual right to information for workers in businesses and public offices with over 200 workers. In future, employers must explain – on request – the criteria according to which the individuals are paid, and how. Secondly, private-sector employers with over 500 workers are required to implement in-company procedures to examine and establish conditions of equal pay. Thirdly, businesses with generally more than 500 workers that are required to deliver management reports must provide a report on their measures to promote equality and equal pay. The *Länder* are also committed to implementing measures to promote pay equality (cf. Table II, No. 12). The Act for the Equal Participation of Men and Women in Executive Positions (*Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen*) is beginning to show initial results. For example, the percentage of women on the supervisory boards of companies that fall within the scope of the Act increased from 23.3% on 31 December 2015 to 27.5% on 2 November 2016.

B. Improving the conditions for innovation, research and development

106. According to current figures, Germany reached the Europe 2020 goal of increasing spending on research and development to 3% of GDP in 2015.¹⁹ Standing at around €90.0 billion, spending on research and development has reached a new all-time high according to provisional calculations by the Federal Statistical Office. The private sector accounts for around two-thirds of all spending on research and development, and the public sector for around one third. Much remains to be done, however, if we are to retain our position as one of the world’s most innovative economies in the future. The digital transformation, in particular, presents considerable innovative potential which needs to

19 Source: *Stifterverband für die Deutsche Wissenschaft*, Federal Statistical Office. The data of the *Stifterverband* and the Federal Statistical Office contradict the information in the country report that indicates that R&D spending only stood at 2.9% of the gross domestic product.

be unlocked. For this reason, the Federation and the *Länder* place a priority on a pro-innovation environment and suitable funding and financing vehicles.

The Federal Government's strategy for research and innovation

107. The Federal Government packages and coordinates its research and innovation measures in its High-tech Strategy. The Strategy focuses on key action areas, namely the digital economy and society; sustainable economic activity; innovation within the world of work; and health, mobility and security. In addition to technical innovations, the strategy also covers the social and societal dimensions of innovations, and includes representatives of groups in society as key stakeholders. The High-tech Forum is available to the Federal Government as an independent body of representatives of science, business and society.

Promotion of research and innovation by the Federation and the *Länder*

108. The Federation and the *Länder* are together making substantial funding available in this legislative term for research at universities and non-university research centres. In addition to the Excellence Strategy and the Pact for Research and Innovation, this also provides funding for a large number of specifically tailored funding programmes (cf. Table II, Nos. 13, 14 and 15).

109. With the Excellence Strategy adopted in June 2016, the Federation and the *Länder* are together strengthening top-level research at universities and for the first time are making use of the new scope for cooperation provided under Article 91b of the German Basic Law. The Excellence Strategy supports internationally competitive fields of research at universities or consortia of universities on a project-related basis, as well as universities of excellence or consortia of universities on a permanent basis. To fund the overall programme, the Federation and the *Länder* are contributing €80 million in 2017, and a total of €533 million annually from 2018 onwards. The Federation will provide 75 % of the funding, and the remaining 25 % will be provided by the home state of the universities selected for funding. The agreement between the Federation and the *Länder* is open ended (cf. Table II, No. 16).

110. In continuing the Pact for Research and Innovation for the period from 2016 through to 2020, the Federation and the *Länder* seek to provide an annual increase in funding of 3 % to the individual scientific organisations. Without prejudice to the funding keys set down between the Federation and the *Länder*, this increase will be funded solely by the Federation in the period 2016 – 2020, (cf. Table II, No. 17).

111. In the face of declining SME participation in innovation, which the European Commission also points out in its country report, a particular focus of the Federal Government's innovation policy is to strengthen the innovative capacity of small and medium-sized enterprises. The Federal Government's technology-neutral programmes, such as in particular the Central Innovation Programme for SMEs (ZIM) and Cooperative Industrial Research (IGF), or specialised and horizontal programmes (e.g. the 10-point "Think Small First" programme), particularly promote cooperation with research establishments and other companies in Germany and abroad. Further to this, the Federal Government helps SMEs to network with important partners, to recruit skilled workers, and to boost their innovative and digitisation capacities (cf. Table II, Nos. 18, 19, 20, 21, 22 and 23).

112. As part of their regional strategies for innovation, the *Länder* also support the research and innovation activities particularly of small and medium-sized enterprises, as well as research at universities and non-university research centres through specifically tailored funding programmes. These programmes build on the strengths and innovative potential of the individual regions, and are mostly co-financed with European structural funds (cf. Table II, No. 24).

113. Start-ups and young, innovative companies in particular lay the foundations for more intensive competition and growth thanks to their ideas for new products and services. The Federal Government's "New Age for Entrepreneurship" initiative is giving start-ups a fresh boost. This includes, for example, information and advisory services on digitisation and networking, accelerator programmes, and measures targeting start-ups by migrants. The EXIST programme also strengthens technology-oriented and knowledge-based start-ups from higher education and research institutions (cf. Table, No. 25).

114. Adequate availability of venture capital is an important prerequisite for the founding and growth of innovative young companies in particular. Chapter II.B has described

how the Federal Government has made significant improvements to the regulatory framework for access to venture capital. In addition, since the beginning of this legislative term the Federal Government has taken numerous measures to substantially expand the availability of venture capital (cf. Table II, Nos. 26, 27, 28, 29 and 30). In this context, the INVEST programme has also been substantially increased and expanded (cf. Table II, No. 31): the eligible volume of investment has been doubled to €500,000, and an additional exit grant has been introduced as flat-rate compensation for the tax charged on capital gains. The Federal Government's High-Tech Start-Up Fund III is another important instrument, with a target volume of approximately €300 million to finance new technology-oriented start-ups. The proportion of private-sector investors from established SMEs and large companies is to be increased from the level in the preceding funds to 30% of the volume of the fund. In total, various funds and support instruments are offering €2 billion of additional venture capital in the coming years.

115. Climate-neutral and smart mobility solutions are an important forward-looking field for research and innovation. In addition to synthetic fuels, the focus here is also particularly on the use of electricity in battery-powered electric cars and fuel cell vehicles. These areas are of central importance to the business sectors concerned. More efficient batteries and electronic components are needed to improve the range of electric vehicles, to integrate automated and connected driving functions, and to open up scope for new business models. The Federal Government is supporting the basis for the development of novel, climate-neutral fuels, powerful fuel cells and internationally competitive battery cell production in Germany in a manner that is open in terms of technology. With regard to electric mobility in particular, the Federal Government adopted a Market Incentive Package last year for a limited period (cf. Table II, Nos. 32 and 33). Users of electric vehicles also receive tax privileges.

Taking advantage of the opportunities of the digital transformation

116. Digitisation is one of the central policy challenges of our time. In the Digital Agenda, the Federal Government has put a comprehensive and dialogue-based framework in place in order to make better use of the potential for digitisation in Germany. It has formulated its guidelines for the

policy on digitisation and packaged measures in central fields of action in the Digital Agenda.

117. In order to further improve the economic prospects and to permit the broadest possible social participation in digitisation, the Federal Government is fostering the expansion of digital infrastructure by adapting the statutory framework and – where necessary – providing targeted financial support (cf. Chapter IIA, Item 37). Also, the changes in the Telemedia Act (*Telemediengesetz*) regarding the liability of wifi operators are increasing the availability of public wifi hot spots in German cities. At the same time, the EU's General Data Protection Regulation has made it possible to strengthen the rights of users of digital services whilst also establishing a sufficiently open legal framework for innovative digital business models. In the draft of the Ninth Amendment of the Act against Restraints of Competition, the Federal Government is taking an important step towards adjusting the legal framework to the needs of the digital economy (cf. Chapter II.B, Item 66).

118. The digitisation of industry (*Industrie 4.0*) offers enormous potential for innovation and business in Germany. With *Plattform Industrie 4.0* the Federal Government is promoting cross-industry dialog between and with the key stakeholders from business, science and the social partners in order to identify the potential of new technical developments to add value, and to identify challenges and the need for policy action. Work of the future must also serve society as a whole, being both geared towards prosperity and socially balanced. With the "Future of Work" programme, the Federal Government is presenting possible ways to shape the work of the future. This programme aims to move both technological and social innovations forward in equal measure.

119. In order to ensure that SMEs can recognise and leverage the potential of digitisation across all levels of the value chain, the Federal Government set up ten Mittelstand 4.0 centres of excellence around the country and a centre of excellence for digital skilled crafts by the end of 2016. These centres raise awareness among companies, provide them with information and training, and offer them specific demonstration and testing facilities with a practical orientation. The network will be expanded with further centres in the course of 2017, providing a regional balance, and new subject areas are to be added (cf. Table II, No. 34). Also, the "go digital" pilot project for SMEs is being rolled out nationwide as a fully-fledged assistance programme for the whole of Germany (cf. Table II, No. 35).

120. Under the Microelectronics Framework Programme adopted in February 2016, the focus is on promoting the potential of microelectronics to further boost the innovative dynamism of the digital economy in Germany. Together with other EU Member States and the European Commission, fresh impetus is provided for microelectronics and for investment in the microelectronics industry in Germany and Europe. In addition, the Federal Government is investing in German microelectronics research centres (cf. Table II, No. 36).

121. Regional hub initiatives, combining start-ups, the scientific community, SMEs and industry, are emerging in a number of German cities. The underlying idea of establishing hubs is that cooperation between companies and business start-ups within a confined area will boost innovation, especially in the digital age. To support these centres, the Federal Government launched the Digital Hub Initiative in autumn 2016. This initiative will strengthen networking between the German hubs and raise their international visibility. To this end, the Federal Government is setting up a hub agency as a network agency and is starting a campaign to attract start-up entrepreneurs, young businesses, experts and investors from abroad.

122. In addition, the Federal Government's "Smart Networking" initiative also aims to develop the potential of digitisation more across all sectors, including in education, energy, health, transport and administration.

123. The planned amendment of the eGovernment Act (*E-Government-Gesetz*) to promote open data also aims to strengthen innovation in the field of the digital economy (cf. Table II, No. 37). The Federal Government's envisaged legislation aims to anchor in law for the first time the principle of open availability of administrative data for use by third parties.

C. Reducing greenhouse gas emissions, increasing energy from renewables and improving energy and resource efficiency

Meeting climate targets

124. The Federal Government places great importance on climate change mitigation. It stands by Germany's climate targets of cutting greenhouse gas (GHG) emissions by at least 40% by 2020 and by 80-95% by 2050. In order to

attain the necessary cuts in greenhouse gas emissions by 2020, the Federal Government is banking on the additional climate change mitigation measures contained in the 2020 Climate Action Programme to close the reduction gap (cf. Table II, No. 38). The 2050 Climate Action Plan, which the Federal Cabinet adopted in November 2016, explains how climate policy needs to be shaped in general in order to attain the ambitious targets. Based on the principle of extensive greenhouse gas neutrality by the middle of the century, it offers an orientation for all fields of action and describes transformation paths up to 2050 and milestones, targets and strategic measures up to 2030. In 2018, the 2050 Climate Action Plan will be underpinned by a programme of measures, quantified in terms of its impact on GHG reduction, that ensures that the 2030 targets will be reached. The Federal Government will review and update the Climate Action Plan at regular intervals in order to ensure that Germany remains on track. The Federal Government is setting up a "Growth, Structural Change and Regional Development Commission" for the regions and sectors particularly affected by the transformation process in the energy sector. The Commission is to develop a tool box to support the structural change which brings together economic development, structural change, social acceptability, and climate change mitigation. Further to this, the *Länder* are also implementing a broad array of measures to strengthen climate change mitigation (cf. Table II, No. 39).

125. The Federal Government also continues to put its weight behind the reliable implementation of the ambitious energy and climate targets at European level. It is firmly committed to the attainment of the Europe 2020 targets on climate change, the expansion of renewable energy and the improvement of energy efficiency. It is also working to establish a robust and reliable legal framework in order to also be able to deliver on the 2030 European energy and climate targets which have already been adopted. This framework is to facilitate synergies between the instruments already in place, ensure the targets are achieved and offer security for investors and national support systems.

126. For the Federal Government, the European emissions trading system (ETS) and the targets set for the sectors outside the scope of the ETS are central European instruments for effective climate change mitigation (cf. Table II, Nos. 40 and 41). The Federal Government supports the process of stipulating EU climate policy up to 2030, with stronger incentives for investment in greenhouse gas reductions

within the ETS and a fair adaptation of national targets in the non-ETS sector to the EU's 2030 target. The reform of emissions trading adopted in 2015 by means of the introduction of a market stability reserve was an important step forward. Further steps to establish a price signal based on scarcity must follow. At the same time, it is important to continue to provide effective rules for the period after 2020 to ensure that carbon-intensive production sites are not relocated to other areas without any overall reduction in carbon emissions ("carbon leakage").

127. The Federal Government also acts internationally in the interest of an ambitious energy and climate policy, e.g. in the climate talks of the United Nations, in the G7 and G20 context, and in international institutions and forums, such as the International Energy Agency (IEA) and the International Renewable Energy Agency (IRENA), as well as through the annual Berlin Energy Transition Dialogue (BETD) hosted since 2014. The Federal Government wants to use this year's German G20 Presidency to provide stimulus internationally, inter alia, for the ambitious implementation of the Paris Climate Agreement, the advancement of carbon pricing mechanisms and the improvement of the investment framework for the successful transformation of the energy sector, including the buildings, industry and transport sectors. In this context, it is working to achieve a global level playing field for companies.

Renewable energy: strengthening competition, improving the system

128. In order to attain the goal of a secure, economic and environmentally compatible energy supply, the Federal Government has thoroughly revised its energy policy over the last three years and placed it on a long-term basis. The revision of the 2014 Renewable Energy Sources Act put the policies in place to create planning certainty, to expand renewable energy in a predictable way, to slow the cost dynamism of the expansion, and to gradually integrate renewable energy into the market. The 2017 Renewable Energy Sources Act, which entered into force at the beginning of January, introduces a further paradigm shift which will make the funding of renewable energy more competitive: the level of the feed-in tariff for electricity from wind, solar and biomass will not be set by the state, as in the past, but will largely be set by technology-specific auctions (cf. Table II, Nos. 42 and 43). As a result, funding is to become more cost-efficient in future, and the deployment corridor

for installations is to be adhered to. This is also to benefit consumers. In total, around 80% of the renewable energy newbuild is to be covered by auction schemes. Special rules for citizens' energy projects are intended to maintain stakeholder diversity. Also, fixed quantities up for auction will permit better steering of the expansion of renewables. Auctions for the individual technologies will be held in 2017, with the following deadlines for the submission of bids: photovoltaic installations (1 February, 1 June and 1 October); offshore wind (3 April) and onshore wind (1 May, 1 August and 1. November); and biomass plants (1 September). Further to this, on a temporary basis the expansion of onshore wind energy will be subject to local adjustments where there are sizable bottlenecks in the grid.

129. In order to involve neighbouring countries more in the energy transition, from 2017 5% of the annual capacity to be installed which is up for auction is to be open to installations located in other Member States. In order to gather experience with this, Germany held a pilot auction in the fourth quarter of 2016 for 50 megawatts of ground-mounted photovoltaic installations in which installations located in Denmark could also take part. On the basis of the principle of reciprocity, in fourth quarter of 2016 Denmark also opened up part of its auction for ground-mounted photovoltaic installations to installations located in Germany. The basis for this cooperation is the Cross-border Renewable Energy Ordinance (*Grenzüberschreitende-Erneuerbare-Energien-Verordnung*) (cf. Table II, No. 44), which entered into force in July 2016, and a corresponding international cooperation treaty with Denmark.

130. The Electricity Market Act (*Strommarktgesetz*), which entered into force in July 2016, sets the stage for more competition between flexible generators, flexible consumers and providers of storage solutions for the services that have to be provided so that electricity generation and offtake are balanced at all times (cf. Table II, No. 45). These services are becoming increasingly important as a result of the expansion of renewable energy. In the future, flexible generators, flexible consumers and providers of storage solutions will be able to offer their services here. Free price formation is to balance supply and demand and ensure that investment takes place in the necessary capacities. An increased obligation is placed on the balance responsible parties to feed into the grid the quantity of electricity which they sell on the electricity market. Further to this, the electricity market is being more firmly anchored in the European internal market.

131. A capacity reserve is to safeguard the electricity supply in unforeseen eventualities in which demand on the electricity market exceeds supply. Further to this, the Federal Government is placing 2.7 gigawatts of lignite-fired capacity on security stand-by. The lignite-fired power plants will gradually be placed on security stand-by and finally decommissioned after four years. The aim is to achieve an additional emission reduction of 12.5 million tonnes of CO₂ by 2020.

132. Since the energy transition is changing the supply side, the electricity grid, in particular, needs to be optimised, reinforced and expanded. By giving priority to placing new ultra-high voltage direct current powerlines underground, for such powerline projects the legislature paved the way in December 2015 for a grid expansion that may be more expensive, but presumably will be faster and will meet with greater public acceptance. In March 2017, the transmission system operators presented their proposals for underground route corridors for the SuedLink and SuedOstLink electricity highways and applied for federal sectoral planning. The public dialogue on the potential routes for another corridor in the north of Germany was launched in September 2016.

133. The expansion of the transmission grid in Germany is gradually picking up steam. Regarding the A/C expansion projects pursuant to the Power Grid Expansion Act (*Energieleitungsbaugesetz*) – known as the start network – out of a total of 1,800 kilometres, around 950 kilometres, and therefore more than 50% of the projects, had been granted approval by the end of the fourth quarter of 2016. Of these, around 650 kilometres have already been completed (cf. Table II, No. 46). Of the expansion projects under the Federal Requirements Plan Act (BBPlG), around 400 of a total of 6,100 kilometres had been approved, and 100 kilometres completed, by the end of the fourth quarter of 2016. The *Länder* play an important role in the expansion of the transmission grid under the Power Grid Expansion Act and under the Federal Requirements Plan Act (cf. Table II, No. 47).

134. Cross-border grid expansion is also moving forward. For Germany to achieve a power grid interconnection level of at least 10% of the installed electricity generation capacity, it is essential that the cross-border line expansion projects that are already planned or under construction be completed on time. Germany is currently implementing 20 projects of common interest (PCI), ten of which are cross-border projects. Of these, no less than three will

improve the interconnection capacity with Denmark. In addition, a connection to Belgium and one to Norway will also be created for the first time. Regional collaboration is a key component of the current and future design of the EU electricity market. Germany is actively involved in three regional electricity collaboration formats: the PENTA forum with the BeNeLux countries, France, Austria and Switzerland; the CEEE forum with Poland and the Czech Republic, among other countries; and the BEMIP with Denmark along with other countries. The aim of the regional collaborations is to develop specific joint measures to increase the interconnection of the national electricity markets.

135. Investment in the distribution grids is also becoming more and more important, given that a large percentage of the electricity from renewable sources is directly fed in at this grid level. With the amendment to the Incentive Regulation Ordinance (*Anreizregulierungsverordnung*) in July 2016, the Federal Government modernised the regulatory framework for distribution system operators and made it more attractive to investment (cf. Table II, No. 48), while also keeping an eye on the costs for consumers. The Federal Government adopted draft legislation to modernise the structure of grid charges in January 2017 (Grid Charge Modernisation Act (*Netzentgeltmodernisierungsgesetz*)) which seeks to gradually reduce payments for distributed feed-in. This is to contribute to lowering the costs of the grid.

Increasing efficiency, reducing energy and resource consumption

136. For the energy transition to succeed, we need both to save energy and use it more efficiently. A comprehensive package of measures was adopted to this end with the National Action Plan on Energy Efficiency (NAPE), which was presented in December 2014 (cf. Table II, No. 49). New developments in 2016 are the funding programmes to disseminate highly efficient horizontal technologies and to implement electricity efficiency measures in the context of competitive auctions (cf. Table II, No. 50). The Energy Efficiency Incentive Programme was launched for the building sector (cf. Table II, No. 51). A range of other programmes have also been launched (cf. Table II, Nos. 52, 53, 54, 55, 56 and 57). Roughly €17 billion in total are available in the 2016-2020 period for measures to improve energy efficiency. With the Green Paper on Energy Efficiency, the Federal Government has opened the discussion on a long-term strategy for more efficiency and additional energy savings.

137. The building sector is responsible for around 35 % of the final energy consumed in Germany, and most of it is used for heating and hot water. The building sector is therefore absolutely vital for the success of the energy transition. The Federal Government adopted the Energy Efficiency Strategy for Buildings (ESG) in November 2015, an overall strategy for the energy transition in the building sector (cf. Table II, No. 58). It shows – and this is also addressed by the 2050 Climate Action Plan – how we can make our building stock virtually climate-neutral by 2050. The implementation of the Energy Efficiency Strategy for Buildings began in 2016 (cf. Table II, Nos. 59, 60 and 61).

138. Energy conservation rules for buildings will also be developed further and adapted to current requirements. To this end, the Renewable Energies Heat Act (*Erneuerbare-Energien-Wärmegesetz*), the Energy Conservation Act (*Energieeinsparungsgesetz*) and the Energy Conservation Ordinance (*Energieeinsparverordnung*) are to be merged in a new act. The priority is to put a uniform system of requirements in place in which energy efficiency in buildings and renewable energy are integrated, and thereby make application and enforcement easier. The EU Buildings Directive requires rules by the end of 2018 for the nearly zero energy standard for new non-residential public-sector buildings which are used in an official capacity, and rules for new private buildings by the end of 2020 (cf. Table II, No. 62). In this context, the applicable efficiency principle will be respected.

139. As the first stage of the value chain, the extraction and supply of raw materials is of considerable importance for industrial production in Germany in particular. This also carries with it responsibility for the consequences of the extraction of raw materials. The aims of the Federal Government's integrated raw materials strategy are to improve the policy environment for resource efficiency, recycling and the substitution of valuable raw materials, to extract domestic raw materials in an environmentally and socially acceptable manner, to establish higher environmental and social standards for raw materials extraction abroad in the context of development policy, and to press ahead with the implementation of the bio-economy strategy. The Federal Government's first progress report on the German Resource Efficiency Programme (ProgRess) of March 2016 shows that raw materials productivity has improved, the use of materials is declining overall, and there is greater decoupling of economic growth from the use of raw materials. The aim is to reduce environmental pollution, strengthen the competitiveness of the German economy and growth, create new

jobs and safeguard existing ones. In future, energy and materials flows are to be viewed jointly, so that synergies can be used and conflicting objectives resolved (cf. Table II, No. 63).

D. Improving education levels

140. Against the background of digitisation, demographic change and increased immigration, investment in education and training is of central importance for Germany's competitiveness and future viability. Education gives everyone the opportunity to take part and integrate at the economic, social and cultural level. The Federal Government and especially the *Länder* have together made considerable efforts to expand and improve the education system and have continuously increased their spending on education (cf. Table II, Nos. 64, 65, 66 and 67).

141. Progress is being made towards the educational goals of the Europe 2020 strategy. As in previous years, at 9.8 % the share of early school-leavers and people leaving vocational training in 2015 was below 10 %. Standing at 46.8 %, the proportion of 30-34 year-olds with a tertiary or equivalent education was once again well above the national target of 42 %.

142. A core responsibility of the education system is to provide a varied portfolio of services to promote education, skills and performance. The Federation and the *Länder* have set up extensive funding programmes to this end – also with European Union funds (cf. Table I, No. 24; Table II, Nos. 68, 69, 70, 71 and 72).

143. The joint efforts on the part of the Federation, the *Länder* and the municipalities in the field of early childhood education have made it possible to increase the percentage of children under three who are cared for in child daycare centres from 13.6 % in March 2006 to 32.7 % in March 2016. Nevertheless, childcare facilities need to be expanded further. Therefore the Federal Government is helping the *Länder* and the municipalities to expand child daycare services through investment programmes with total funding of roughly €4.4 billion in the period from 2008 through to 2020 (cf. Chapter III.A, Item 91). In doing so, the Federal Government is contributing towards a more inclusive economic policy in the federal state.

144. Significant progress has been made with regard to third-level education. While the percentage of new university enrolments stood at 37 % in 2005, over 50 % of a year

group entered higher education in 2015. With the Higher Education Pact, the Federation and the *Länder* have together created the framework to offer study places for up to 760,033 additional new students at higher education facilities in the years up to 2020 compared with the capacity available in 2005. The Federation will provide a maximum amount of up to €14.15 billion in total in the period 2015-2023, while the *Länder* will provide approximately €13.19 billion in addition in the same period to guarantee overall financing (cf. Table II, No. 73). With the adoption of the Initiative to Promote the Next Generation of Scientists, the Federation and the *Länder* want to improve the planning and transparency of career paths. To this end, tenure track professorships are established as an independent career path alongside the conventional process for appointing professors, and 1,000 additional tenure track professorship positions are sponsored for this purpose (cf. Table II, No. 74).

145. The strengthening of digital skills is an important prerequisite for shaping the digital transformation in a positive manner and counteracting a digital divide in society. The Federal Government is supporting digital education with a raft of measures to teach digital literacy and to tap the potential of learning with digital media. Together with the *Länder* and municipalities, the Federal Government seeks to provide continued support for digital education. The Standing Conference of *Länder* Ministers of Education and Cultural Affairs adopted the “Education in a Digital World” strategy on 8 December 2016, in which it sets out a binding action plan and specific goals on how, for example, the school curricula, learning environments, learning processes and teacher training in the 16 *Länder* should be adapted to the challenges of the digital transformation (cf. Table II, No. 75). The Federal Government specifically supports digitisation also in the field of vocational training (cf. Chapter III.A).

146. A young person’s socio-economic background continues to have a relatively strong influence on his/her educational achievement. According to data of the Federal Statistical Office, in 2015 only 14 % of all children (under 15, in lower secondary education) whose parents have a low level of formal education attended *Gymnasium*, the secondary school level that prepares pupils to enter third-level education. In contrast, 61 % of children whose parents have a school-leaving examination qualifying for access to university/university of applied sciences attend *Gymnasium*. Among children whose parents have a lower level of edu-

cation, there has, however, been a marked increase in the percentage of children who attend schools with multiple education programmes (e.g. comprehensive school (*Gesamtschule*)). This percentage was twice as high in 2015 compared with 2010. The strengthening of equal opportunities and social mobility remains a policy imperative with a view to achieving the goal of inclusive growth. Numerous new measures in the field of education are therefore centred increasingly on breaking the link between educational attainment and an individual’s socio-economic status. The *Länder* have rolled out a wide range of instruments to increase the education levels of disadvantaged persons (cf. Table II, No. 76). To offer pupils more opportunities for education and support, the Federation and especially the *Länder* have pressed ahead with the expansion of all-day schools in particular. By now more than every second school in Germany provides all-day services, serving over a third of all pupils (cf. Table II, No. 77).

147. Education and skills development are of central importance particularly for the successful social and professional integration of refugees. This is particularly true considering that over half of the asylum seekers are younger than 25. The Federation and the *Länder* are therefore primarily supporting migrants and refugees with good residence prospects through a variety of measures – from language-acquisition, skills development and career orientation to assistance leading to a university place, training place, internship or job (cf. Table I, No. 30 and Table II, No. 78).

E. Promoting social inclusion in particular by reducing poverty

148. According to the data of the Socio-Economic Panel (SOEP), between the mid-1990s and 2005 the at-risk-of-poverty rate increased from approximately 12 % to approximately 14 % and ultimately stood at between roughly 14 and 15 %. Despite the favourable economic climate and significant increases in employment, it remains around the same level and latest figures would suggest an increase in the rate. Given its inclusive growth strategy, the Federal Government is endeavouring to combat poverty risks. Long-term unemployment continues to be a major risk factor in an individual experiencing poverty and social marginalisation. However, there has been a significant drop in long-term unemployment with the extremely positive employment trends in Germany in recent years, with num-

bers down to around 0.85 million persons on average in 2015. Benchmarked against the 2008 average (1.63 million long-term unemployed), this equates to a drop of roughly 47.7 %, or 775,000 people.

Since 2011, Germany has significantly exceeded the national target set down in the Europe 2020 strategy of reducing the number of long-term unemployed by 20% compared with figures for 2008. The integration of the long-term unemployed is a central priority of the labour market and social policy of the Federal Government and the *Länder*. Furthermore, Germany has a comprehensive social security system in place to tackle the risk of poverty. In this way, unemployed individuals or persons on a very low income who claim these benefits and services are protected against poverty.

In addition to an appropriate and targeted redistribution of income, the Federal Government's policy also aims to offer training and skills development which can improve the income prospects of the low-skilled in particular. Further to this, the Federal Government is also increasingly focusing on inequality of non-material goods (cf. the Federal Government's report on the quality of life in Germany).

149. Alongside fair wages, the distribution of wealth in Germany is also an important factor with regard to the inclusive growth pursued by the Federal Government. Wealth is much more unequally distributed in Germany than income. This is also attributable to the substantial protection of broad sections of the population, particularly through the systems for old age security, and the comparatively low rate of home ownership in Germany. In addition, in terms of methodology it must be noted that the measurement of wealth is fraught with much more difficulty and uncertainty than the measurement of income. Households in the lower half of the wealth distribution together have only around 1% of total net wealth, while the wealthiest 10% of households hold over 50% of total net wealth. The share of the top decile has increased over time, but this increase has remained stable in recent years. The Gini coefficient for wealth inequality has also been more or less stable in the past number of years, after increasing at the start of the millennium.

Promoting integration into the labour market and society

150. With its "Opening Opportunities – Safeguarding Social Participation" plan, the Federal Government is making a key contribution to reducing long-term unemployment.

The plan contains a broad-based package of measures. The networks to activate, advise and offer opportunities are designed to enable job centres to bundle and comprehensively provide all the support services needed to assist long-term unemployed persons with complex problems. The ESF federal programme seeks to help long-term unemployed persons who have not completed vocational training to re-enter the regular labour market by specifically recruiting employers for the programme, by providing wage subsidies and by personally coaching the individual after he/she has taken up employment. In addition, the Federal Government helps people on benefits who are capable of work with the option of additional employment opportunities – for a period of up to three years – that are in the public interest, require compulsory social insurance payments and are backed by support activities (e.g. social and educational support, coaching etc). Further to this, additional legislative measures were rolled out to provide better mentoring and support to the long-term unemployed. In particular, the Federal Government has expanded the system of follow-up support after the commencement of employment for people who are entitled to benefits and are fit to work – even if they no longer require assistance – in order to secure their long-term integration into the labour market. In addition, the option of extending subsidized work opportunities has also been introduced.

151. The explicit aim of the Act to Strengthen Further Vocational Training and the Insurance Cover Offered under Unemployment Insurance (*Gesetz zur Stärkung der beruflichen Weiterbildung und des Versicherungsschutzes in der Arbeitslosenversicherung*) is better access for low-skilled workers and long-term unemployed to further training which will lead to a qualification. The promotion of further training in SMEs is being made more flexible and developed further. The Federal Employment Agency will in future be able to fund the acquisition of basic skills, provide help with retraining, and issue further training bonuses (cf. Table II, No. 79). For the long-term unemployed and unemployed persons with serious impediments to finding a job, the possible duration of activation and integration measures at an employer's is extended from six to up to twelve weeks. The further development of the "Future Starters – Initial Vocational Training for Young Adults" initiative (previously "Late Starters") is to enable 120,000 young adults to begin initial and further vocational training by the end of 2020 with a view to obtaining a vocational qualification. Apart from this, the 9th Act amending Social Code II has simplified many administrative provisions in Social Code II, e.g. regarding imputation of income or the general approval

duration in order to obtain more capacities in the job centres for assisting the unemployed and placing them in jobs. Furthermore, the principle has been strengthened whereby the basic security benefits for job-seekers available under Social Code II are normally granted subordinately to benefits from other benefit providers. In addition, the interface to the promotion of training has been improved to make it easier to enter training as a recipient of benefits under Social Code II (cf. Table II, No. 80).

152. Germany's qualitative goals in the reduction of poverty and social marginalisation centre primarily on the following target groups: children, young people, women, single parents, individuals from a migrant background, people with disabilities and older people. Last year, the Federation, the *Länder* and the municipalities developed various strategies and programmes in this respect (cf. Table II, No. 81). Opportunities for education and social participation as well as integration into society and the labour market are to be improved for the disadvantaged groups. Everyone must be given the opportunity to realise their individual potential at every stage of life. This also helps prevent poverty in old age.

153. The high influx of refugees creates major new challenges for social integration. The Federation, the *Länder* and the municipalities have substantially increased the resources for the reception, accommodation and integration of refugees (see also Item 86). For passive benefits under the basic allowance for job seekers alone (funds for unemployment benefit II and for the federal share of the costs for housing and heating), additional funds running into the billions were already provided in the 2016 budget in the refugee context. On top of the Federation's share of the costs of accommodation and heating, there was also

€400 million due to the further relief granted to the municipalities under the Act on Federal Participation in the Costs of Integration and on Further Relief for the *Länder* and Municipalities (*Gesetz zur Beteiligung des Bundes an den Kosten der Integration und zur weiteren Entlastung von Ländern und Kommunen*). The 2017 federal budget again provided billions of euros for refugee-related passive benefits in the basic allowance for job seekers, including €900 million for the further relief of the municipalities by the aforementioned act (cf. Table II, No. 82).

Strengthening social participation for the elderly

154. The material provision for the over-65s is currently very favourable. Never before have pensioner households had higher incomes and assets than today. In particular in view of the good wage development in recent years, 2016 saw the largest pension rise for 23 years. For example, the old-age pension rose by 4.25 % in western Germany and 5.95 % in eastern Germany on 1 July 2016. In view of the low rate of inflation, these increases almost entirely represent real gains in purchasing power. The purchasing power of old-age pensions under the statutory pension insurance system can be expected to continue to increase in the next few years. The pension package adopted by the Federal Government in 2014 already closed gaps affecting the fairness of social security. In order to further strengthen the protection offered by pension insurance and to strengthen incentives to make provision for pensions, the Federal Government agreed last year on further far-reaching projects.

The Federal Government's pension policy aims at balancing interests both between those paying in and those

Overview 4: Asylum-related contributions by the Federation

Contributions by the Federation in response to the flow of asylum seekers in billions of euros	Actual figure in 2016	Projection for 2017
Combating the root causes of refugee flows	6.5	7.3
Arrival procedure, registration, housing during asylum procedure	1.2	1.1
Contribution to integration measures	1.8	3.1
Social transfers after asylum procedures	1.7	2.7
Direct financial support for <i>Länder</i> /local authorities	9.2	6.8
Total asylum-related contribution from the federal budget	20.5	20.9

receiving pensions, and also between the generations. At the same time, the burden imposed on those paying in must not be excessive, and the level of pensions must not be reduced to an unacceptable degree. This also takes account of forecasts of the development in contribution rates for the other branches of social security.

At the start of 2017, the Federal Government decided to complete the process of aligning the pensions in eastern and western Germany in fixed stages. Up to now, this alignment had followed wage development in eastern Germany. To this end, the current pension amount (east) will be raised to the western level in seven stages up to 2024, starting on 1 July 2018. In the wake of this, from 1 January 2019 onwards the calculation parameters for the acquisition of remuneration points will gradually be brought into line with the western German parameters, and the conversion factor of eastern remuneration will be phased down. Compared to the current level, spending of the statutory pension insurance system for the alignment will increase from €0.6 billion in 2018 to up to €3.9 billion in 2025. Following from the increase in the grant under the Act to Improve Benefits in the Statutory Pension Insurance System (*Gesetz über Leistungsverbesserungen in der gesetzlichen Rentenversicherung*) the Federation will also gradually increase its participation in tackling the demographic development and the financing of pensions. Starting in 2022, the federal grant will be increased by €200 million and then by €600 million each year from 2023 to 2025. The increase will stand permanently at €2 billion from 2025 onwards (cf. Table II, No. 83).

155. Each year over 170,000 workers must draw a pension due to reduced earning capacity because they stop working early due to health reasons or can only continue to work in a limited capacity. In addition to their pension, these individuals are disproportionately likely to claim basic allowances for the elderly and disability pensions, which guarantee a minimum subsistence level. In view of this, the Federal Government plans to gradually increase the added period for recipients of disability benefits who become pensioners by three years to 65 years in the period up to 2024. In this way, the Federal Government is helping to provide better security against the economic risk of disability and to strengthen social participation (cf. Table II, No. 84).

156. To improve the pension provision for workers, the Federal Government is strengthening the second and third pillars of the pension system. The Act to Strengthen Company

Pensions (*Betriebsrentenstärkungsgesetz*), which is expected to enter into force on 1 January 2018, will put the policies in place for greater participation of low-earners and of employees in small and medium-sized enterprises in the benefits of corporate pension provision. The Act permits sectoral occupational pension systems which are more accessible for small and medium-sized enterprises and easy for them to plan in financial terms. For example, the parties to collective bargaining can decide that employers are only liable for the payments of contributions. If the parties to collective bargaining agree, it will in future also be possible to select investment strategies which give the beneficiaries of pension schemes greater participation in productive capital, e. g. via the acquisition of shares. The introduction of new tax-based assistance (corporate pension assistance) in the shape of an easily managed grant model is also intended to help and encourage employers to give low-earning workers a company pension with additional contributions funded by the employer. Further to this, the existing tax rules for corporate pension schemes are being improved in key aspects.

To make sure that the additional voluntary pension provision pays off for everyone in the form of higher incomes for the elderly, in future a basic allowance is to apply in the basic social security benefits for senior citizens and people with reduced earning capacity particularly for corporate and private pension provision of up to half of basic needs assistance stage 1 (this was €202 in 2016). Also, the occupational “Riester” contracts are being exempted from obligatory contributions to statutory health and long-term care insurance during the disbursement period, so that they will be treated in the same way as private “Riester” contracts. Not least, the basic “Riester” supplement is being increased from €154 to €165 (cf. Table II, No. 85).

Combating scarcity on the housing markets

157. Affordable rents and decent accommodation are important prerequisites for appropriate participation in society. Rents and real estate prices have risen sharply especially in cities and conurbations with dynamic economic activity. The aim is to meet the growing housing needs without neglecting social, demographic and energy-related aspects.

158. In the context of the alliance for affordable housing, the Federal Government launched a house-building campaign at the beginning of the legislative term in order to counteract the increasing scarcity of housing. Here, a central role is

played by social housing. For the 2016–2019 period, the Federation has topped up its compensatory funding – which is channelled to the *Länder* to compensate for the discontinuation of former federal funding for the promotion of social housing – by €500 million a year to more than a billion euros. In return, the *Länder* have agreed to use this funding to expand the stock of social housing and report to the Federation on the use of the funding. Further to this, the Federal Government will provide an additional €500 million per year for social housing in 2017 and 2018. This means that the compensatory payments will exceed €1.5 billion this year (cf. Table II, No. 86). At the same time, the Federal Government's 2016 housing benefit reform has reduced the burden of housing costs for low-income households (cf. Table II, No. 87).

159. In addition to the mobilisation of additional public funding for house-building, the Federal Government is also making changes to the law to counteract the increasing burden on tenants and the shortage of housing. The brake on rental prices now applies in twelve *Länder* and 313 municipalities with a total of approximately 23 million inhabitants. In addition, the principle that “whoever orders a service pays for the service” ensures that the person who enlists the services of a real estate broker is also obliged to pay the broker fees incurred. This also benefits tenants who, in the past, often had to pay for the real estate broker whom the landlord appointed to find a new tenant, particularly in large urban areas. Further to this, the Federal Government intends to contribute to a more rapid expansion of the housing supply by adapting building laws. In

particular, the revision of the Federal Building Code aims to facilitate the creation of additional dwelling space and to simplify the underlying procedures (cf. Table II, No. 88). Amongst other things, the municipalities are to be granted greater flexibility in order to facilitate building in densely built-up urban areas.

160. The “Social City” urban development promotion programme is the flagship programme for social integration, and the Federal Government's aim is to use the programme to help towns and municipalities with urban planning measures in socially and economically disadvantaged neighbourhoods (cf. Table II, No. 89). The Federal Government is expanding its financial commitment for 2017 by another €40 million to a total of €190 million. Also, the Federal Government is offering the new investment pact entitled Social Integration in the Neighbourhood this year for the first time; it particularly aims to expand and strengthen social infrastructure as central meeting places in the neighbourhood. An annual amount of €200 million is being provided for this from 2017 through to 2020 (cf. Table II, No. 90).

161. The rising number of older people with limited mobility and people with disabilities will further increase the need for age-appropriate dwelling space. For this reason, the Federal Government has provided €75 million in grants towards the KfW's “Age-appropriate rebuilding” programme in 2017. Also, the funding available for measures to prevent break-ins in existing buildings is being increased to €50 million.

IV. Drafting the NRP 2017: process and stakeholders

162. The NRP 2017 was prepared by the Federal Government under the leadership of the Federal Ministry for Economic Affairs and Energy and with the involvement of the *Länder*. Coordinated by Mecklenburg-Western Pomerania as the state currently chairing the Conference of Minister-Presidents, the *Länder* Conferences of Specialised Ministers and the Joint Science Conference (GWK) supplied articles, delivered comments on the draft versions of the NRP and submitted opinions. The contributions of the *Länder* have been incorporated into the document.

163. Many industry and social associations, trade unions, employers and other civil society groups have also contributed to the creation of this document. These include the German Trade Unions Confederation, the Confederation of German Employers' Associations, the Federation of German Industries, the Association of German Chambers of Industry and Commerce, the German Confederation of Skilled Crafts, and the Federal Association of Non-Statutory Welfare. Their opinions are published on the website of the Federal Ministry for Economic Affairs and Energy along with the NRP 2017. In addition, the central associations, the German Trade Union Confederation and the members of the Joint Committee for German Industry and Commerce received the opportunity to discuss the NRP with the Federal Government.

164. The NRP 2017 was adopted by the Federal Cabinet on 12 April 2017 in line with the 2017 federal budget and the Cabinet decision of 15 March 2017 concerning the key figures for the government draft of the 2018 federal budget and the financial plan for 2017 to 2021. Directly after the Cabinet decision, the NRP was formally submitted to the German Bundestag and the Bundesrat.

165. The Federal Government will submit the NRP 2017 and the Stability Programme 2017 to the European Commission by the end of April.

Table I: Actions to tackle primary macro-economic challenges

No.	Action name	Description of action and anticipated impact	Status and schedule
A. Strengthening public investment at all levels			
1.	2016 federal budget	Clear priorities continue to be set on the expenditure side in the 2016 Budget Act (<i>Haushaltsgesetz</i>) and investment in education, research and infrastructure is strengthened. Federal spending on investment increases by 18.4% compared with 2015; 2015 (2015: +0.9% on 2014). Spending on education and research in 2016 increases by 8.4% compared with 2015 (2015: +7.7% on 2014). Roughly €12.3 billion are available in 2016 for investment in the transport infrastructure.	2016 Budget Act in force since 1 January 2016
2.	Supplement to 2016 federal budget	Under the agreement on the reform of the fiscal equalisation system of 14 October 2016, the Federation and the <i>Länder</i> reached agreement on additional support for municipal investment which is to be directed into the education infrastructure of financially weak municipalities. Support is to be provided through the Municipal Investment Promotion Fund mentioned below, which will receive a further €3.5 billion, thereby doubling the amount in the fund. The budgetary conditions for this are established with the 2016 supplementary budget. The exact rules governing the new support programme are yet to be decided.	Takes retroactive effect from 1 January 2016
3.	2017 federal budget	The 2017 Budget Act and the financial plan through to 2020 foresee a balanced budget without any net borrowing for each of the years and provide additional stimuli through forward-looking investment. In addition, the <i>Länder</i> and municipalities will receive significant financial relief, giving them scope for additional investment measures and allowing the education and research sector, inter alia, to be strengthened. Envisaged spending on investment in 2017 will increase by approximately 14.6% compared against the original 2016 target (excluding supplement), (or by approximately 3.1% taking the 2016 supplement into account). For example, investment in transport will increase by roughly €0.5 billion to €12.8 billion. Spending on education and research will increase by approx. 8.3%. Funds of €2.7 billion earmarked in the federal budget for broadband rollout will be increased to roughly €4 billion in total.	2017 Budget Act in force since 1 January 2017
4.	Increased funds for the federal funding programme for broadband development	In 2016, approximately €1.3 billion were added to the Federal Government's broadband funding programme, which was launched in 2015. This means that the Federal Government is now investing approximately €4 billion in digital infrastructure expansion. The aim is to support the development of viable, high-speed broadband networks, with a minimum download rate of 50 Mbps, in areas in which such networks will not be developed by the private sector in the next three years. The funding programme encompasses two models: <ul style="list-style-type: none"> – The profitability gap model seeks to close any profitability gaps that arise in connection with the development and operation of a broadband network in an economically unattractive area. – The operator model intends to give municipalities the tools, through federal funding, to establish passive infrastructures, such as ducts with or without dark fibre which they then make available to telecommunication network operators for a fee. In addition, the Federal Government supports planning and consulting services for municipalities.	In force since 6 July 2016

No.	Action name	Description of action and anticipated impact	Status and schedule
5.	Measures adopted by the <i>Länder</i> to promote broadband development	<p>The <i>Länder</i> are rolling out a variety of measures to support the expansion of broadband, for example:</p> <p><u>Saxony</u>: The “Saxony Digital Campaign” programme with two funding guidelines for the expansion of digital infrastructure has a total budget of approximately €312 million. It is centred on the expansion of NGA broadband networks in the Free State of Saxony with additional utilisation of federal funds for the state-wide provision of speeds of at least 50 Mbps by 2018, 100 Mbps by 2025, and also of symmetrical bandwidths of at least 500 Mbps specifically for SMEs using funds from the ERDF EU structural fund. Added to this are mechanisms of support from funds under the Joint Scheme for the Improvement of Agricultural Structures and Coastal Protection (GAK) (up until 2018), and the Joint Scheme for the Improvement of Regional Economic Structures (GRW), and the opening of general funding programmes for NGA rollout, such as the “Bridges to the Future” programme, the LEADER development strategy and the guidelines for the promotion of road and bridge construction projects by municipal authorities.</p> <p><u>Lower Saxony</u>: The state of Lower Saxony will make a total of approx. €120 million in funding available through to 2020 for the promotion of broadband development in Lower Saxony. In addition, a loan programme with a volume of up to €1 billion is also in place for the financing of municipal broadband networks (at county level). This comprises a special municipal broadband loan from NBank (the investment and development bank of the state of Lower Saxony) with funds of up to €500 million from the European Investment Bank and an additional maximum volume of €500 million from regional institutions. The focus is on the expansion of (primarily) NGA networks in areas which have been underserved so far and are likely to remain undeveloped in the near future (white spots). In addition to continuing support by providing non-reimbursable grants to private network operators, municipal networks which are ceded to private operators on a long-term basis for a fee are now also receiving extensive support in order to arrive at sustainable, practicable solutions.</p>	<p>In force since 9 June 2016 and 21 October 2016 respectively</p> <p>Will run until 2020</p>
6.	Act to Facilitate the Expansion of Digital High-speed Networks (<i>Gesetz zur Erleichterung des Ausbaus digitaler Hochgeschwindigkeitsnetze</i>)	<p>The Act transposes into German law the measures set down in Directive 2014/61/EU (Cost Reduction Directive) to reduce the cost of developing and deploying digital high-speed networks; ensures the implementation of a fibre-optic infrastructure in new building developments and in the development of public transport routes; and updates rights of way in telecommunications law, making them less bureaucratic. In particular the Act contains rules governing:</p> <ul style="list-style-type: none"> – the transparency of existing passive network infrastructures as well as planned and ongoing civil works of public utility networks – the shared use of existing passive network infrastructures of public utility networks, and – the coordination of planned and ongoing civil works of public utility networks. 	In force since 10 November 2016

No.	Action name	Description of action and anticipated impact	Status and schedule
7.	Restructuring of fiscal relations between the Federal and <i>Länder</i> governments	<p>The fiscal and administrative relations between the Federation and the <i>Länder</i> will be comprehensively restructured in the future. To this end, on 14 December 2016 the Federal Cabinet adopted a bill to amend the Basic Law, as well as a bill to restructure the national fiscal equalisation system from 2020 onwards and to amend budgetary provisions. These two bills implement the decision of the heads of Germany's federal and <i>Land</i> governments of 14 October 2016 and the agreement of 8 December 2016 on the specification of details in the bills.</p> <p>Starting in 2020, the <i>Länder</i> will receive total relief of slightly more than €9.7 billion annually to support them in the performance of their duties. At the same time, measures will be taken to modernise the fulfilment of responsibilities in key areas in the state as a whole, and the role of the Federation will be strengthened. The restructuring of fiscal relations between the Federation and the <i>Länder</i> establishes the framework to put Federal and <i>Länder</i> government budgets on a permanently sound footing and for long-term compliance with the borrowing limits. This safeguards the ability of the federal levels to act and strengthens the self-responsibility of the territorial authorities. Not least, this also creates the environment for sustainable investment which, in a federal state, is the responsibility of the individual competent territorial authorities.</p>	<p>Cabinet decision: 14 December 2016</p> <p>The subsequent legislative process is due to be completed by the end of this legislative term.</p>
B. Strengthening private investment, stimulating competition further			
8.	Act for the Continued Development of Loss Offsetting Rules for Corporations (<i>Gesetz zur Weiterentwicklung der steuerlichen Verlustverrechnung bei Körperschaften</i>)	<p>The Act has refined the rules for the offsetting of losses for corporations and has also removed fiscal obstacles which businesses face when raising capital where the financing often requires the business to change shareholder or accept new shareholders.</p> <p>According to the new rule, losses which would be forfeited according to the general rule under Section 8c of the Corporation Tax Law following a qualified change of shareholder may - upon application - continue to be used by corporations and carried forward, provided that the business operations of the corporation continue after the change of shareholder and other use of the loss is ruled out. This will also benefit young businesses with innovative business models.</p>	<p>In force since 1 January 2016</p>
9.	Act to Reform Investment Taxation (<i>Gesetz zur Reform der Investmentbesteuerung</i>)	<p>The reform of investment taxation pursues the following goals in particular:</p> <ul style="list-style-type: none"> - Eliminate risks relating to EU law. - Prevent individual aggressive tax arrangements and reduce the overall susceptibility of investment taxation law to creative tax structures. - Considerably reduce the effort for determining the tax assessment basis on the part of the business community and private individuals on the one hand, and the administrative burden of tax administration on the other, in mass tax procedures for mutual investment funds and their investors. - Rule out the avoidance of taxation of dividends through dividend-arbitrage transactions (cum-cum deals). 	<p>In force since 27 July 2016</p> <p>Rules will essentially apply from 1 January 2018</p>
10.	Act Modernising the Taxation System (<i>Gesetz zur Modernisierung des Besteuerungsverfahrens</i>)	<p>The Act seeks to safeguard the equity of the tax system and tax enforcement requirements based on the rule of law with the greater use of information technology in the taxation system, and reduce the level of bureaucracy in the taxation procedure. The measures essentially concern three action areas:</p> <ul style="list-style-type: none"> - Improve effectiveness and efficiency by making greater use of information technology and with the more targeted use of resources. - Make the taxation procedure simpler and easier to manage by making it more service-oriented and introducing processes that are more user-friendly. - Restructure the legal basis, particularly the German Tax Code, in light of emerging challenges and possible solutions. 	<p>In force since 1 January 2017</p> <p>The technical and organisational measures are to be implemented gradually through to 2022.</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
11.	Act to Implement the Amendments to the EU Directive on Mutual Administrative Assistance and other Measures to Prevent Base Erosion and Profit Shifting (<i>Gesetz zur Umsetzung der Änderung der EU-Amtshilferichtlinie und von weiteren Maßnahmen gegen Gewinn-kürzungen und -verlagerungen</i>)	<p>The Act specifically aims to implement the recommendations of the OECD/G20 joint BEPS project to tackle base erosion and profit shifting to improve transparency, and to transpose amendments to the EU Directive on Mutual Administrative Assistance. In addition, other tax rules governing cross-border aspects are also to be amended so that German taxing rights can be exercised more effectively. Provisions are made for the following rules, in particular, to this end:</p> <ul style="list-style-type: none"> – In business transactions with related parties, multinational companies are to prepare transfer pricing documentation according to the arm's length standard, and provide the necessary information for transfer pricing audits. – Tax authorities are to receive specific information to perform a risk assessment for transfer prices of large multinationals (country-by-country reports). – The automatic exchange of information between the Member States of the European Union and with the European Commission concerning cross-border preliminary decisions and understandings on transfer prices between internationally associated enterprises (known as tax rulings) aims to ensure taxation at the appropriate rate in the Member States concerned. 	In force since 24 December 2016
12.	Bill against Harmful Tax Practices in Connection with the Licensing of Intellectual Property Rights (<i>Entwurf eines Gesetzes gegen schädliche Steuerpraktiken im Zusammenhang mit Rechte-überlassungen</i>)	<p>The draft legislation seeks to tackle profit-shifting based on the use of harmful preferential treatment regimes. Licensing expenses may no longer be deducted by the payer as a business expense, or may only be deducted in part, if the recipient of the payment is a related party and the recipient is not taxed for this payment, or is only taxed at a low rate, on account of a preferential treatment regime deemed as harmful.</p>	Cabinet decision: 25 January 2017 Opinion of Bundesrat: 10 March 2017 Cabinet response: 15 March 2017 First reading in the Bundestag: 9 March 2017
13.	Bill to Combat Tax Avoidance and to Amend other Taxation Regulations (<i>Entwurf eines Gesetzes zur Bekämpfung der Steuerumgehung und zur Änderung weiterer steuerlicher Vorschriften</i>)	<p>By increasing transparency, the Act seeks to effectively fight tax evasion using foreign shell companies. The main measures to this end include:</p> <ul style="list-style-type: none"> – Increased obligations on the taxpayer to cooperate, – Introduction of a new tax reporting obligation for banks and investment intermediaries, – Greater investigative powers of the taxation authorities. 	Cabinet decision: 21 December 2016 Opinion of Bundesrat: 10 February 2017 Response: 15 February 2017 First reading in the Bundestag: 16 February 2017
14.	Reform of procurement law below the EU thresholds: Ordinance on Procurement below the Thresholds (<i>Unterschwelvenvergabeordnung</i>)	<p>Amendment to procurement legislation for contracts below the thresholds that aims for the Federation and the Länder to apply - within their particular areas of responsibility - the main changes to procurement law in the field above the EU thresholds to procedures and structures for contract awards below the EU thresholds. This aims to make procurement law more uniform and simpler.</p>	Ordinance on Procurement below the Thresholds published in the Federal Gazette on 7 February 2017 entry into force by separate administrative provisions for the Federation and the Länder in their particular areas of responsibility. Time frame: June 2017 to December 2018
15.	Bill for the Introduction of a Procurement Blacklist (<i>Entwurf eines Gesetzes zur Einführung eines Wettbewerbsregisters</i>)	<p>Procurement blacklist (Wettbewerbsregister) – introduction of a nationwide central database to ensure contracts are only awarded to law-abiding businesses. Serious violations of rules on the part of businesses will be entered in the database. Before awarding a public contract, public contracting authorities check the database to determine whether a company must be, or can be, excluded from the procurement procedure on account of a previous economic crime.</p>	Cabinet decision: 29 March 2017

No.	Action name	Description of action and anticipated impact	Status and schedule
16.	Transparency Initiative	<p>Following the evaluation of regulations in Member States, the Federal Government submitted an action plan to the European Commission in January 2016. This action plan focuses on commerce-related professions. Among other elements, it announces or considers modifications to the regulations that apply to the following professions (some have already been implemented):</p> <ul style="list-style-type: none"> – Lawyers and patent attorneys (interprofessional collaboration; implementation planned for the coming legislative term). – Tax advisers (repeal of fixed fees entered into force in summer 2016; clarification in Section 3a of the Tax Adviser Law (Steuerberatungsgesetz) regarding the authority of a foreign service provider to provide temporary and occasional assistance in tax matters without a physical crossing of borders/implications of the judgment of the ECJ of 17 December 2015: implementation planned by the 2017 summer interval). – Auditors (particularly the opening of EU legal forms for all audit firms as part of the implementation of the EU Statutory Auditor Reform (Directive 2014/56/EU) in the summer of 2016; additional measures are not currently planned). – The planned modifications concern the modes of exercising the profession (not access to the profession). 	The action plan to complete the Transparency Initiative was presented in January 2016; the European Commission has announced the final report for March 2017.
17.	Fee scale ordinance for tax advisers (<i>Steuerberatervergütungsverordnung</i>) and statutory fee schedule for architects and engineers (HOAI)	The Federal Government is also mindful of the fact that the European Commission opened an infringement procedure against Germany on 18 June 2015 over the binding minimum fees set by the fee scale ordinance for tax advisers and the statutory fee schedule for architects and engineers. The rules for the fee scale ordinance for tax advisers have since been amended. With regard to the statutory fee schedule for architects and engineers, the European Commission decided to refer the case to the ECJ on 17 November 2016. We must wait for the written complaint to be submitted for details on the specific charges. With regard to veterinarians, at this stage all the <i>Länder</i> have abolished the ban on operating veterinary practices in the legal form of a legal person.	The rules for the fee scale ordinance for tax advisers were amended by Article 9 of the Third Ordinance to Amend Tax Regulations of 18 July 2016. (Federal Law Gazette I P. 1722)
C. Increasing incentive for labour force participation, ensuring the best possible integration of refugees into the labour market			
18.	Promotion of job-related German language learning (Ordinance for the Promotion of German Language Skills (<i>Deutschförderverordnung</i>))	The promotion of job-related German language learning builds on the integration course as the main state service for the lasting linguistic and social integration of migrants. It serves to help candidates reach an advanced level of proficiency in the language in order to improve their opportunities on the labour and training market. Thanks to the various modules, language acquisition can be better dovetailed with training, employment and measures of active labour market policy.	In force since 1 July 2016
19.	Recognition of professional qualifications acquired abroad	<p>The Federal Government adopted the “2016 Report on the Professional Qualifications Recognition Act” on 8 June 2016. The recognition of professional qualifications acquired abroad is a central element to expand the skills base in Germany and an effective instrument to support the integration of refugees into education and work. Demand for the information and advisory services continues to increase, which also drives the expansion of the services. For example, the information available on www.anererkennung-in-deutschland.de is now provided in nine languages, including Arabic since April 2016. With the “Recognition in Germany” app users can access personally tailored information and service offerings in German and English and in five of the main languages spoken by the refugees coming to Germany. Since the Professional Qualifications Recognition Act entered into force in April 2012, a total of over 63,400 applications for recognition of foreign qualifications had been submitted by the end of 2015.</p> <p>At the <i>Länder</i> level, the interstate Central Expert Appraisal Office for Professions in the Health Sector (GfG) established at the Central Office for Foreign Education Systems (ZAB) commenced operations on 1 September 2016.</p> <p>BQ portal – the information portal for foreign professional qualifications as a measure accompanying the Professional Qualifications Recognition Act helps the competent assessment authorities in carrying out their work. Country profiles and profession profiles from the main countries of origin of refugees have been added to the database. Tool to help assess Syrian professional qualifications. New category called “Refugees - Assessing and Recognising Professional Qualifications” with country profiles gives businesses an initial overview of the individual countries of origin of the refugees coming to Germany.</p>	<p>Cabinet decision: 8 June 2016</p> <p>Extension: April 2016</p> <p>Ongoing monitoring of the recognition process</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
20.	Refugee integration measures	Individuals entitled to benefits under the Act on Benefits for Asylum Applicants (<i>Asylbewerberleistungsgesetz</i>) can be brought closer to the German labour market during the asylum process through low-threshold community workplace offerings (known as refugee integration measures).	In force since 6 August 2016
21.	ESF federal programme: “Integration through Qualification (IQ): qualifications for migrants in the context of the Professional Qualifications Recognition Act”	<p>The programme promotes skills development and qualifications that are needed for foreign professional qualifications to be fully recognised in Germany and which allow candidates to be integrated into the labour market at a position that matches their level of qualification. The modules are:</p> <ul style="list-style-type: none"> – Qualification measures for regulated professions, – Upskilling courses under the dual system, – Bridging qualifications for academics, – Preparation for the external students’ examination if the results/prospects of the recognition procedure are negative. 	New funding period: 2015 to 2018
22.	Coordination Office for Training and Immigration (KAUSA)	<p>The Coordination Office for Training and Immigration (KAUSA) has been able to set up another 16 KAUSA service offices in the country in the second round of funding with the JOBSTARTER plus programme. The KAUSA network offers advisory and support services at a total of 31 locations in cities, towns and rural areas nationwide. As the network has expanded, so too has the target groups that the KAUSA service centres serve: in addition to self-employed persons, young people and parents with a migrant background, the KAUSA service centres have also been providing advice to young refugees with good prospects of remaining in Germany since 2016, answering any questions they may have on the system of dual education and training, and putting them in touch with competent partners in the local area. The KAUSA service centres aim to strengthen existing networks and to work with policy-makers, business associations, vocational training institutes, migrant organisations and parents’ associations to develop strategies and establish structures that enable everyone to take part in training on a sustained basis.</p>	Expansion and further development in Q2 2016
		<p>KAUSA service centre at the <i>Land</i> level: Exploratory talks are being held with the competent departments of the <i>Länder</i> which currently do not have KAUSA service centres (Thuringia and Brandenburg) in order to extend the KAUSA network and thereby create a nationwide system of KAUSA service centres. These coordination-related talks are based on the agreements to implement the “Educational Links to Obtain a Training Qualification” initiative with Land Rhineland-Palatinate, which did not have a KAUSA service centre until the start of 2017 (approval on 15 February 2017), and the <i>Länder</i> Thuringia and Brandenburg.</p>	Expansion planned for Q4 2016 and Q1 and Q2 2017
23.	ESF Integration Guidelines of the Federal Government	<p>The aim of the ESF Integration Guidelines of the Federal Government is to gradually integrate people with particular difficulties in accessing work or training into the labour market on a lasting basis. To this end, the successful approaches of the programmes “XENOS - Integration and Diversity”, the “ESF/federal programme for the labour market support of people with leave to remain and refugees with access to the labour market” and “IdA - Integration through Exchange” will be merged in this self-contained overall concept and developed further. The target groups include:</p> <ul style="list-style-type: none"> – Young people and young adults under 35 who face particular difficulties in accessing work or training, including long-term unemployed persons. – Persons whose specific difficulties in moving into employment or training stems from uncertainty surrounding their residence status (asylum seekers and refugees). <p>With three action lines, measures under the Integration Guidelines are implemented by cooperative associations with the active participation of businesses and/or public administration offices in collaboration with regional employment services (job centres/employment agencies). This structure helps the target groups to move into the labour market on a lasting basis.</p>	Programme will run until 31 December 2019

No.	Action name	Description of action and anticipated impact	Status and schedule
24.	Educational Links initiative	Early career guidance and study programme orientation as well as individual assistance in making the transition from school to work are key to getting training or university education off to a successful start. In the “Educational Links to Obtain a Training Qualification” initiative, agreements are concluded to systematically arrange the instruments and support offerings of the Federation, <i>Länder</i> and the Federal Employment Agency into a coherent overall system that supports the transition from school to work. The instruments of the Educational Links initiative – particularly potential analysis and workshop days held by the career orientation programme (BOP), internships, full-time career start coaches and voluntary training support – are dovetailed in the agreements and adapted to the needs of individual target groups where necessary, such as specific projects for university drop-outs, offerings for <i>Gymnasium</i> pupils etc. These instruments are also particularly relevant for the integration of young refugees and are being specifically refined for this target group. One example is the development of a culturally fair diagnostics procedure for new migrants in collaboration with <i>Land Baden-Württemberg</i> . Agreements have been concluded with eight <i>Länder</i> since the fourth quarter of 2015.	Expansion in 2016 and 2017
25.	Welcome guides	Small and medium-sized enterprises can contact welcome guides for all questions surrounding the in-company integration of refugees. Welcome guides foster the willingness of businesses to offer internships, training programmes or jobs to refugees, and help businesses fill vacancies or training positions with refugees. –In addition, they also advise companies on how to establish and develop a culture of welcome in their enterprises. Over 3,400 refugees have been placed in internships, training and employment since the start of the programme.	Programme will run from March 2016 to 2018
26.	“Businesses Integrate Refugees” network	The network is geared towards business enterprises that support or wish to support refugees, and aims to move refugees into training and employment. With over 1,100 companies participating in the network, the network offers its members a platform for the exchange of ideas and opinions as well as practical information on the hiring of refugees. Good practice examples and practical tips aim to encourage business commitment to refugees.	Programme will run from March 2016 to 2018
27.	Centre of Excellence for Securing Skilled Labour (KOFA)	The Centre of Excellence for Securing Skilled Labour (www.kofa.de/fluechtlinge) provides information to SMEs on all issues surrounding the qualification and employment of refugees. It provides recommendations for action, real-life examples, an overview of the legal framework and information about German language learning, contacts, initiatives and a culture of welcome.	Runs from 2017 – 2019
28.	“Sponsoring Entrepreneurs” pilot project	The pilot project aims to activate and promote the entrepreneurial potential of refugees for them to set up their own business. The aim is for refugees who are interested in/committed to starting their own business to receive assistance in developing their projects from experienced business people in the form of “entrepreneur sponsorship systems”. This can be in the form of job shadowing and mentoring or through the creation of teams/tandems. Support for business succession is also possible.	Cabinet: 8 June 2016. Project duration: early 2017 to the end of 2018
29.	Paths to Training/Career Orientation for Refugees	The Federal Government launched the “Paths to Training for Refugees” initiative in tandem with the Federal Employment Agency and the German Confederation for Skilled Crafts. Following measures provided by the Federal Employment Agency, young refugees can take part in the programme where they receive more in-depth career orientation and job-specific German language courses, preparing them to take up training in a skilled craft/trade. The aim is to place up to 10,000 young refugees in training in the skilled craft sector over a period of two years.	Funding guidelines published in the Federal Gazette on 20 April 2016

No.	Action name	Description of action and anticipated impact	Status and schedule
30.	Measures adopted by the <i>Länder</i> to promote the labour market integration of asylum seekers and refugees	<p><u>Bavaria:</u> The four-year “Integration through Training and Work” initiative, which aims to bring about the swift labour market integration of recognised asylum seekers, asylum seekers with good residence prospects and persons with temporary suspension of deportation, is a core component of Bavaria’s special programme to “Strengthen Cohesion, Promote Integration”. The initiative’s partners include the Bavarian state government, the Bavarian Business Association (vbw), the Bavarian Chamber of Crafts, the Bavarian Chamber of Industry and Commerce and the Bavarian regional office of the Federal Employment Agency. The primary objective of the agreement is to offer an internship, training place or job to at least 60,000 refugees by the end of 2019. To deliver on these goals, the partners have launched a comprehensive package of measures, which includes German language courses, skills assessment, recognition of qualifications, career orientation and job preparation. The measures are primarily implemented in the schools, vocational colleges, training organisations and businesses, and at the employment agencies and job centres.</p> <p><u>Berlin:</u> ARRIVO Berlin ARRIVO Berlin is a joint career orientation and training initiative rolled out by the Senate Department for Integration, Labour and Social Affairs and supported by the Berlin business community. Focussing on refugees, ARRIVO brings together a host of offerings from sectors and individual businesses that support the labour market integration of people who have fled their homeland. It currently comprises five projects covering the skilled trades, hospitality, building, health and social affairs, and the industrial and technical sectors. The projects all have a different design and structure to accommodate the needs of the individual fields of work. With internships an integral part of the programmes, in the course of the project candidates have direct contact with the labour and training market, and Berlin-based businesses looking for junior staff. So far, it has been possible to successfully place around 20% of the 900-plus participants in training, employment or access modules. In addition, a service office has also been opened as part of the ARRIVO programme. Here, businesses in Berlin can receive information on all issues concerning the integration of refugees into the labour market.</p> <p><u>Berlin:</u> Berlin networks for right to remain – bridge The Berlin networks for right to remain – bridge – aim to bring about a lasting improvement in the opportunities for refugees on the labour market in Berlin and safeguard their residence situation on a lasting basis. The Commissioner of the Berlin Senate for Integration and Migration is cooperating with eight experienced institutions to this end. Through advice and coaching, career orientation and skills development efforts, since July 2015 bridge has been able to place over 20% of roughly 1,100 refugees in work, vocational training or programmes to earn a school-leaving certificate as a mature pupil. bridge works closely with key labour market stakeholders: for example, bridge trains staff at job centres and employment agencies and instructs disseminators. Bridge also provides advice to companies on the legal framework for employing refugees.</p>	<p>Agreement signed on 13 October 2015, will run until 2019, interim targets in 2016 exceeded</p> <p>Pilot project commenced in November 2014 Since mid-2015 increased number of participants and expansion of initiative to other sectors and individual companies Continuation in 2016/2017 guaranteed</p> <p>Will run until June 2019</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
		<p>Brandenburg: “Opening New Horizons Together!” initiative The “Opening New Horizons Together!” initiative, which was launched by the <i>Land</i> government of Brandenburg and the Regional Directorate of Berlin-Brandenburg in tandem with the economic and social partners, the chambers and the Association of Counties (<i>Landkreistag</i>), aims to improve the integration of refugees into the training and labour market, particularly those who will stay in Brandenburg on a long-term basis. The signatories to the initiative specifically commit to coordinate their activities for the integration of refugees into training and/or work. Under this linked-up integration system, the employment agencies and the job centres provide early advice, get young refugees involved in career orientation and career advice schemes, prepare them specifically for initial training as part of the “access-to-training welcome scheme”, and provide special support measures and standard instruments under Books II/III of the Social Code to adult refugees. <i>Land</i> Brandenburg supports language learning for all refugees under the “German for Refugees” ESF programme, helps with the recognition of professional qualifications through the IQ network and, in this context, also makes a particular contribution to comprehensive skills assessment. The economic partners are committed to providing jobs, training places and internships, the latter also specifically with a view to providing practical experience within the context of employment promotion.</p>	The initiative was signed on 18 July 2016.
		<p>Lower Saxony: The Lower Saxony Ministry for Economics, Labour and Transport will continue to work with partners to roll out an array of projects and measures in order to bring asylum seekers and refugees closer to the labour market more quickly in the future. To prepare younger refugees for training in the skilled trades sector, from 1 November 2015 through to 31 January 2019 the state will promote the “Integration Project: Trade and Crafts Training for Refugees and Asylum Seekers (IHAFa)”, which concentrates specifically on career orientation, skills assessment and practical work experience.</p> <p>As an accompanying measure, employers receive information on legal and practical issues surrounding the training and employment of refugees from the “Central Labour Market and Refugee Advice Centre”, which is supported by the Caritas Association for the Diocese of Osnabrück. Further to this, around 2,000 migrants, particularly refugees, will receive the opportunity to improve their German language skills anytime, anywhere in a trial of an audiovisual online language teaching programme under the MOVIS pilot project for virtual language skills development for migrants in Lower Saxony. For the 2017 – 2019 period there are also plans for a state-wide call for proposals for model projects for “inter-company integration facilitators” that aim to support refugees and businesses in the integration of refugees within companies. The integration of asylum seekers and refugees into the labour market will continue to be supported through calls for proposals within the context of the “Skills Development and Work” funding programme announced in 2015. Funding is directed, in particular, at job-related and language skills development and social and educational support provided by educational institutions.</p>	Runs from 2015 to 2019
		<p>Lower Saxony: The integration of female asylum seekers and refugees into the labour market is supported by two calls for proposals in two labour market programmes: projects in this segment are supported by ESF and Land funds both within the framework of the “Coordination Offices for Women and Business” programme and under the programme to “Promote the Integration of Women into the Labour Market”.</p>	Commenced in January 2017

No.	Action name	Description of action and anticipated impact	Status and schedule
		<p><u>Rhineland-Palatinate</u>: Further development of the Rhineland-Palatinate Integration Links programme</p> <p>The Rhineland-Palatinate Integration Links programme constitutes a set of coordinated labour market policy support measures which were developed during 2015 on a needs-driven basis as a complement to existing general instruments. The set of measures undergoes continuous development in line with target groups and specific needs. The measures begin in the initial reception centres (skills assessment, orientation courses for living and working in Germany) and continue up to the point the individuals take up employment or training. Its component parts include pilot projects at one or more locations. In addition the “employment pilot” ESF funding approach, which was launched in January 2016, is provided across the state. The employment pilot informs asylum seekers in the municipalities about the German training and labour market, and performs a skills assessment. In its role as a guide, the employment pilot provides information about the most important regional support services and puts individuals in touch with the local employment agency. The services of the employment pilot will continue to be offered to asylum seekers in the first half of 2017. After that there are plans to refine the scheme in line with specific needs and target groups. Other measures under the Integration Links programme include the projects “Refugees: Ready for the Job”, “A New Start in Mainz-Bingen” (orientation course for women), projects for vocational orientation in the field of healthcare and nursing (“Support towards Work”).</p>	Developed further in 2016
		<p><u>Rhineland-Palatinate</u>: The state offers a labour market policy programme with target group-specific orientation measures for asylum seekers with prospects of remaining in Germany and for male and female migrants who are not claiming either unemployment benefit I or II and who have taken a career break of at least 3 years for the purpose of child rearing or to care for a family member.</p> <p>In addition, a pilot project for the skills development of female refugees is in place that aims to strengthen the personal and professional development of female refugees and give them a good basis for access to the primary labour market. Businesses, as potential employers, are involved in the programme from the outset.</p>	<p>Since 1 January 2016</p> <p>Project started 1 January 2017</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
		<p><u>Saarland</u>: To promote the integration of migrants, not only has the Saarland “Action Programme on Immigration” been adapted to the increased numbers of migrants, but the state has also presented a “Seven-point plan”. The “Seven-point plan” entered into force in October 2015 at a time when only half of all the asylum applications for the year had been filed in Saarland and when the current scale of this development was not foreseeable. At this stage, not only has the importance of early German-language acquisition and of comprehensive support and assistance to integrate refugees into the workforce been confirmed in practice, but the need for additional measures and instruments that go beyond the “Action Programme on Immigration” and the “Seven-point plan” has also been confirmed if Saarland is to successfully integrate asylum seekers and people with the recognised right to asylum. Therefore an additional contribution is being made in 2016 and 2017 to successfully integrate the increased numbers of refugees with good residence prospects with the measures and tools provided in the extended “Action Plan for the Integration of Refugees into the Saarland Training and Labour Market”. All activities fully include existing potential and skills, such as multilingualism, school education, vocational qualifications and previous experience. The Action Plan contains the following measures:</p> <ul style="list-style-type: none"> – More beginner German courses for migrants – Enhanced “training and employment prospects” clearing point – State-wide employment coaching for migrants – Practically-oriented expansion of the “skill assessment” process – Greater range of publicly subsidised employment and vocational skills development for migrants – Enhanced social assistance and support for young refugees in vocational training centres – Targeted training preparation and training support for refugees – Use of refugee networks at the Chamber of Industry and Commerce and the Chamber of Crafts – Creation of a task force to “Steer the integration of refugees into employment” – Provision of online information for employers on the residence status of refugees and possibilities for refugee training and employment – Guarantee of appropriate funding and staffing of job centres to perform the tasks involved under the nationwide asylum and refugee policy 	Implementation commenced in autumn 2015, continued development of the Saarland Action Plan in 2016
		<p><u>Thuringia</u>: To effectively support the integration of migrants and asylum seekers, funding is granted to the trialling and implementation of additional strategies for employment promotion and vocational integration under the “Work for Thuringia” state programme. This seeks to improve integration opportunities and sustainability following placement in employment. The measures focus on skills assessment, job exploration and trial employment, as well as the promotion of job-related language skills. Under the FIF project of the Thuringia Chambers of Industry and Commerce and Chambers of Crafts, which is sponsored by the Free State of Thuringia and focuses on the promotion of the vocational integration of refugees, support is given to refugee coordinators who inform, advise and mentor migrants and asylum seekers on their path towards career orientation, vocational preparation and vocational training, in procedures for the recognition of vocational qualifications, and in organising internships at businesses affiliated to the project. They create customised integration roadmaps together with the participants. The multi-lingual “thüringen-hilft.de” information platform is another project module, providing support services for refugees, migrants and helpers as well as for employers in Thuringia.</p>	Programme was launched in October 2015 39 projects so far (approx. 4,600 participants)

Table II: Actions to deliver on the national goals within the context of the Europe 2020 strategy

No.	Action name	Description of action and anticipated impact	Status and schedule
A. Fostering employment			
1.	Measures adopted by the <i>Länder</i> to secure the skills base	<p>Bavaria: In tandem with the Bavarian Chambers of Industry and Commerce and Chambers of Crafts, the Bavarian state government rolled out the “Training Makes Parents Proud” image campaign to raise awareness among parents of the opportunities and possibilities that vocational training offers. Appealing to parents’ emotions, the campaign specifically informs parents about the prospects of success that their children can expect by pursuing an apprenticeship-based career. The campaign is initially due to run for a period of two years. There are plans to extend the campaign by another two years starting in autumn 2017.</p> <p>Berlin: With the “Work 4.0 – made in Berlin” dialog process, Land Berlin is addressing three central action areas that are of strategic importance in an increasingly digital working environment:</p> <ul style="list-style-type: none"> – Initial and continuing training 4.0: To meet increasing and dynamic qualification requirements - particularly also in small and medium-sized companies - practical solutions in the form of interdisciplinary and specialised qualification modules are being developed in the “Additional Qualifications: Digital Skills” pilot project in collaboration with ABB, the Berlin training centre. These solutions are then to be implemented in initial and continuing training (duration: 1 March 2016 - 30 September 2017). – Sustainable design of digital forms of work: With regard to crowd-working, quality criteria for fair crowd-working are being developed based on a scientific report and in consultation with the social partners and stakeholders in the field of digital platforms (start: March 2016, expert report published in July 2016). – Research into the effects of digitisation on the working environment: Under the newly established Einstein Centre Digital Future, which provides 50 new IT professorships in Berlin, one professorship will be dedicated to research into Work 4.0 to study the contextual factors of “Good Work 4.0”, (expected to start in April 2017). <p>Lower Saxony: Under the “Lower Saxony Skilled Labour Initiative”, the <i>Land</i> government of Lower Saxony has reached an agreement with the employer associations, the trade unions, the chambers, the Lower Saxony/Bremen regional office of the Federal Employment Agency, municipal authority central associations and other stakeholders to secure the supply of skilled labour. The agreement is complemented by a framework for action with clear objectives in 13 action areas on the basis of which the partners to the agreement jointly put measures in place to secure the skilled labour base. For 2017, the partners have agreed to primarily address the topics of the “digitisation of the economy”, i.e. the challenges of digital skills, vocational qualifications and in-company further training, “retaining skilled staff in the region through (continuing) training”, and the “strengthening of STEM professions by increasing the proportion of girls and young women opting for vocational training”. In addition, the “labour market integration of refugees” and the “dual system of vocational training” continue to be high-priority topics.</p> <p>Saarland: In consultation with the economic and social partners and with labour market policy stakeholders, the Land government of Saarland continues to expand its current activities to secure the skilled labour base in the “Saar Future Alliance for Skilled Labour”. The strategy paper on skilled labour supply in Saarland has been updated and modules added. The package of measures for securing the supply of skilled workers covers a comprehensive range of actions, with the nine action areas of the skilled labour strategy addressing both individual situations in life and specific target groups. The implementation of the “good work” approach and the targeted support of SMEs are strategic priorities of the “Saar Future Alliance for Skilled Labour”. The overriding goal remains that of making Saarland a business location that is fit for the future and an attractive place to live in order to retain skilled workers in the state, qualify skilled workers and attract new ones.</p>	<p>Campaign duration: two years from autumn 2015 with the option of extending the campaign by two more years up to 2019</p> <p>Projects implemented on an ongoing basis since 2016</p> <p>Agreed measures will be implemented through to 2018. Current status indicated in the second report on implementation (July 2016) Updated in 2017</p> <p>Ongoing expansion of activities implemented to date</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
		<p>A work programme focussing on the “Continuing professional development of employees” has been created during the reporting period. The previous action programme to “Increase the rate of female labour market participation” is being implemented in the reporting period. A central network unit for “Women at work” commenced operations on 1 January 2017. Work is currently underway on the development of an additional work programme for “activating job-seekers and focussing on the underemployed” and “older workers”, which are action areas of the strategy to secure the skills base.</p> <p><u>Thuringia</u>: The Thuringia Alliance for Vocational Training and the Development of the Skills Base was formed on 26 March 2016 to respond to the changes on the Thuringia labour market – drop in unemployment since 2009, high rate of employment and participation, increasing demand for skilled staff and labour. In addition to the departments of the Land government responsible for work, education and the economy, the partners to the Alliance include the Thuringia Association of Business, the Chambers of Industry and Commerce and the Chambers of Crafts, the Federal Employment Agency and LIGA, the non-governmental welfare organisation. The aim, in particular, is to make better use of existing potential and unlock new potential. The scope of the agreement ranges from career orientation and initial and further training through to the integration of refugees. In addition, training at third-level institutions has also been integrated. Specific goals have been defined and actions developed to address these goals. The partners to the Alliance have formulated the following objectives:</p> <ul style="list-style-type: none"> – Educational links to obtain a training qualification – Training opportunities in Thuringia for everyone interested in training – Expansion of the portfolio of continuing training and skills development of employees and the unemployed – Fully unlock existing potential – Immigration and migration as factors that contribute to securing the supply of skilled labour – Maintain and develop attractive conditions and policies for the training of skilled staff in the academic system <p>It is also planned to include the topic of Work 4.0 in 2017.</p>	<p>The Alliance is initially envisaged to operate up until 2020.</p>
2.	<p>Measures adopted by the <i>Länder</i> to improve conditions for reconciling professional and family commitments and to increase the rate of female labour market participation</p>	<p><u>Bremen</u>: Bremerhaven model - prospects for families This model tests an approach to support families claiming benefits under Book II of the Social Code through the institutionalised collaboration of job centres and youth welfare offices at a common access point. As a result, labour market support and family support are provided by a single source. This measure is provided by the council of the city of Bremerhaven.</p> <p><u>Bremen</u>: JobKick – Work and Child – Making Both Possible The JobKick project is geared towards women and men who require particular support in entering/re-entering the labour market due to their family situation (single parents, following parental leave). The aim is to develop employment opportunities for single parents and women with children under three. Realistic prospects are developed in individual and group coaching sessions and the participants receive support in the gradual implementation of these goals. The project is implemented by the non-profit employment and skills development company <i>Waller Beschäftigungs- und Qualifizierungsgesellschaft mbH (WaBeQ)</i>.</p> <p><u>North Rhine-Westphalia</u>: Under the Land investment programme for the over-threes, the state of North Rhine-Westphalia is making €100 million available for the expansion of daycare places for children over three from the funds resulting from the discontinuation of childcare benefit for home-based care. Funds of around €36 million recovered under the Land investment programme for the under-threes are still available for the expansion of childcare places for children under three.</p> <p><u>Rhineland-Palatinate</u>: “New opportunities” advisory centres: information, advice and support services surrounding the gainful employment of the “hidden labour force reserve” of inactive persons.</p>	<p>Runs from August 2015 to January 2017</p> <p>Originally due to run from April 2016 to March 2017; recast in August 2016 and extended through to January 2018</p> <p>Programme duration for over-threes: 2016-2019 Programme duration for under-threes: 2015-2019</p> <p>Ongoing since 1 January 2015 (ESF-funded)</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
		<u>Rhineland-Palatinate</u> : Labour market policy programme: Guidance for working women and men who are not claiming either unemployment benefit I or II and who have taken a career break of at least 3 years for the purpose of child rearing or to care for a family member.	Ongoing since 1992 with various modifications
		<u>Saxony-Anhalt</u> : “Continuing Education DIRECT” programme: The programme is implemented with a specific focus on disadvantaged groups of workers in the labour market to improve their employment prospects.	Already running
3.	Measures to expand childcare facilities	<p>The Federation is supporting the <i>Länder</i> and the municipalities in financing the expansion of childcare facilities for the under-threes with the “special fund to finance childcare”: In the period to 2016 alone, the Federation provided the <i>Länder</i> with €7.3 billion for investment and towards operating costs. In 2017 and 2018, the Federation is increasing its annual contribution towards operating costs, a permanent fixture with effect from 2015, from €845 million per year to €945 million per year. The existing “special fund to finance childcare” was also topped up again by €1,126 million for 2017 through to 2020. Further to this, the Federation is providing around €2 billion to the <i>Länder</i> between 2016 and 2018 for measures to improve the provision of childcare facilities. This is financed through funds that have been freed up from the discontinuation of the childcare benefit for home-based care.</p> <p>Aside from the investment programmes, the Federation has been promoting the better quality of childcare services with three federal programmes since January 2016:</p> <ul style="list-style-type: none"> – With the federal programme “Chatter Matters: Because Language is Your Key to the World” (<i>Sprach-Kitas: Weil Sprache der Schlüssel zur Welt ist</i>), €400 million are provided from 2016 to 2019 for speech and language development at child daycare facilities. The focus here is on inclusive education and collaboration with families. Up to 4,000 additional positions for qualified staff can be created in the childcare facilities and for specialised counselling. The programme is geared towards child daycare facilities with an above-average percentage of children in particular need of speech and language development and support, including many facilities already caring for children from refugee families. – The federal programme “Childcare Plus: Because Good Care is Not a Time Issue” (<i>KitaPlus: Weil gute Betreuung keine Frage der Uhrzeit ist</i>) is aimed at offering childcare facilities for children from families with non-standard schedules at times outside the usual opening times of child daycare facilities and nursery schools. This programme particularly benefits single parents, shift workers and groups of professions who work outside the normal opening hours of childcare facilities. The programme will receive €100 million in funding from 2016 to 2018. – With the new federal programme “Child Daycare: Because Little Ones Need Care and Affection” (<i>Kindertagespflege: Weil die Kleinsten große Nähe brauchen</i>) €22.5 million will be provided between 2016 and 2018 for measures towards the structural and professional development of child daycare. – The federal pilot programme “Changing Careers – Men and Women in Child Daycare Centres”, which is financed by the European Social Fund (2015–2020), is funding 12 pilot projects that trial and improve adult-appropriate and gender-sensitive training courses to become state recognised educators while holding a job requiring compulsory social insurance payments at a childcare centre, and thereby enable and facilitate efforts to change career and move into this professional field. This helps increase the pool of skilled workers. 	In force
4.	Further development of the right to part-time work	<p>In future, the aim is that workers should not only have an entitlement to part-time employment for an unlimited period, which is already in place, but also an entitlement to part-time employment for a limited period. At the end of the agreed period of part-time employment, they return to their previous work-time arrangements. For existing part-time employment relationships, the Act on Part-Time and Fixed-Term Employment (<i>Teilzeit- und Befristungsgesetz</i>) places the burden of proof more on the employer. The outcome: workers have greater flexibility to arrange their work times around situations in their personal lives, and removal of existing disadvantages for part-time workers.</p>	The bill is being coordinated internally.

No.	Action name	Description of action and anticipated impact	Status and schedule
5.	Federal Participation Act (<i>Bundesteilhabegesetz</i>)	<p>The Federal Participation Act:</p> <ul style="list-style-type: none"> - Requires the providers of rehabilitation measures to identify imminent disabilities early on and offer preventive measures specifically targeting the problem. The aim is to prevent a chronic disease or disability by taking suitable preventive action. The Federation is promoting pilot schemes in the remit of basic security benefits for job-seekers and statutory pension insurance in order to support rehabilitation providers develop innovative measures and courses of action. - Removes integration allowance from the social welfare system and introduces a new procedure linked to income tax law starting in 2020. The cash exemption limit will then be at around €50,000. Partners' income and assets will be disregarded. - Strengthens representative bodies for employees with severe disabilities: The participation of people with disabilities in in-company representative bodies for employees with severe disabilities is improved through greater entitlements to leave and training courses. The dismissal of an employee with a severe disability without the involvement of the representative body for employees with severe disabilities will not be valid in future. The rights of workshop councils in workshops for people with disabilities are strengthened. In future, workshops for people with disabilities will have officers for women's affairs, who are to be available as a point of contact for female workshop employees and assist them in exercising their rights on their own. 	<p>Adopted: December 2016</p> <p>Gradual entry into force in 2017, 2018, 2020 and 2023</p>
6.	Alliance for Initial and Further Training 2015 – 2018	<p>The Federation, the business community, trade unions, the Federal Employment Agency and the <i>Länder</i> have agreed to increase the importance and appeal of vocational training, strengthen the dual system of vocational training in Germany and promote the equality of vocational and academic education. Everyone interested in vocational training is also to receive a "roadmap" of the fastest track to obtaining a vocational qualification, with priority given to in-company training. Since the Alliance was established, the partners to the Alliance have rolled out the following main measures:</p> <ul style="list-style-type: none"> - Significant increase in the range of in-company training places registered with the Federal Employment Agency - Joint strategy for the placement and second-round placement of young people in training - Assisted training as a new instrument to support young people with difficulties finding a training position and to support companies providing training - Better access to training-related assistance <p>Further to this, the Federation, the <i>Länder</i> and the Federal Employment Agency have also agreed to develop coherent career orientation strategies – also at upper secondary level (<i>Gymnasium</i>) – and to build on measures to ensure a better transition from school to training. With its joint declaration "Together for Prospects for Refugees" of September 2015 the partners to the Alliance also responded early on to the influx of people seeking refuge in Germany, particularly young people. Together, they have agreed specific job preparation and training measures to support refugees. At the annual summit meeting on 23 March 2017, the partners to the Alliance for Initial and Further Training again pledged their joint commitment to vocational training with a view to local young people and young refugees.</p>	<p>Further implementation of the measures through to the end of 2018</p>
7.	Act to Reform the Caring Professions (<i>Pflegeberufereformgesetz</i>)	<p>Demographic change presents fundamental challenges to the nursing and long-term care professions: the care requirements at hospitals and care homes are changing, and the importance of the out-patient sector is increasing. The growing demand for nursing professionals comes up against increasing competition from other sectors of the economy. The reform, which is currently going through the legislative process, responds to the changes in the care structures and nursing needs in the areas of acute care and long-term care. The Act to Reform the Caring Professions aims to merge the nursing training programmes for elder care, nursing care, and paediatric care - which are currently regulated separately in the Act on Geriatric Care and Nursing - into a common three-year general nursing training programme.→ A wide range of job opportunities and additional prospects of promotion, as well as free training for trainees, which is guaranteed by the new funding system, make the new nursing training programme more appealing. Complementing the vocational training, there are also plans to introduce a nursing training programme at third level.</p>	<p>Cabinet decision: 13 January 2016</p> <p>Opinion of Bundesrat: 26 February 2016</p> <p>Cabinet response: 9 March 2016</p> <p>First reading in the Bundestag: 18 March 2016</p> <p>Open consultation: 30 May 2016</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
8.	Joint initiative for new nursing training and the caring profession	Nursing is an employment sector experiencing dynamic growth with a high demand for skilled staff and staff shortages nationwide. Therefore, building on the experience of the Training and Skills Development Programme for Elder Care, the reform of the system of nursing training will be accompanied by a joint initiative for new nursing training and the caring profession. The joint initiative is to encompass the entire area of elder care, nursing and paediatric care, as structured to date, with the various authorities in charge at the federal, <i>Länder</i> and municipal level, the associations, the Federal Employment Agency, funding agencies and labour unions. The aim is to move forward with improvements to the areas of training, employment and the profession, which are needed alongside the reform of nursing training programme, and raise awareness for the new nursing profession - with the potential it offers for employment and career-building.	Start of preparations with partners: 2017 (planned)
9.	Vocational Training 4.0 initiative	The Vocational Training 4.0 initiative aims to create new measures for future-oriented, attractive and competitive vocational training and to dovetail it with other digitisation initiatives, such as the special programme to promote digitisation in inter-company vocational training centres and centres of excellence, or the programme for “Digital Media in Vocational Training”. Based on selected occupations, the “Professional Qualifications and Skills for Tomorrow’s Digitised Working World” research strategy launched in April 2016 aims to identify the impact of digitisation on qualification requirements early on across multiple sectors and - where necessary - set down appropriate recommendations for action at the regulatory level, and also for the further training of trainers.	April 2016: “Professional Qualifications and Skills for Tomorrow’s Digitised Working World” initiative started as part of Vocational Training 4.0.
10.	Third Act to Amend the Upgrading Training Assistance Act (<i>Drittes Gesetz zur Änderung des Aufstiegsfortbildungsförderungsgesetzes</i>)	The Third Act to Amend the Upgrading Training Assistance Act makes careers in vocational training more attractive. In addition to better benefits, the main new developments include increased support opportunities (including the opening of upgrading training assistance to third-level graduates with a bachelor’s degree, and to university drop-outs) and modernised structures ranging from the introduction of an online application service to the reduction of compliance costs for the business community and administration through flat-rate calculations and a variety of simplified procedures. The focus is also on the better reconciliation of family and work commitments and upgrading training measures.	In force since 1 August 2016
11.	Changes to the general minimum wage	The statutory gross minimum wage of €8.50 per hour worked has been in place in Germany since 1 January 2015. The minimum wage level can be altered by a Federal Government ordinance at the suggestion of a standing committee of the social partners (Minimum Wage Commission). On 28 June 2016, the Minimum Wage Commission issued its recommendation to the Federal Government for an increase in the general minimum wage to €8.84 per hour. The recommendation was implemented by the Federal Government’s Ordinance to Adapt the Minimum Wage (<i>Mindestlohnpassungsverordnung</i>) of 15 November 2016 (Federal Law Gazette I p. 2530) with effect from 1 January.	In force since 1 January 2017
12.	Rhineland Palatinate Centre for Equal Pay	Raising awareness for the issue of equal pay and qualifications to identify and remove pay discrepancies in SMEs.	Ongoing since 1 January 2015
B. Improving the conditions for innovation, research and development			
13.	“Innovative Third-Level” funding initiative	The joint Federal/ <i>Länder</i> initiative to promote research-based idea, knowledge and technology transfer at German universities – “Innovative Third-Level” – strengthens the strategic role of third-level institutions in the regional innovation system, raises their profile with regard to the transfer of information, and strengthens the strategic development and expansion of collaborative efforts between universities and the business community and other civic stakeholders in associations, networks and in innovative formats. In so doing, the initiative concentrates on the “third mission” of universities in the knowledge triad of education, research and innovation. The funding initiative places a particular focus on universities of applied sciences and smaller and medium-sized universities. Subject to the provision of funding by the legislative bodies, the Federation and the <i>Länder</i> will provide up to €550 million to the initiative for a period of ten years starting in 2018. Funding will be provided on a ratio of 90:10 by the Federation and the particular state in which the third-level institute is located. Decisions on the applications will be made in a science-led selection process.	Decision in June 2016, funding to commence in 2018 Will run until 2027

No.	Action name	Description of action and anticipated impact	Status and schedule
14.	Research at universities of applied sciences	Subject to the provision of the necessary budget funds by the legislative bodies, the “Research at universities of applied sciences” programme seeks to promote application-related research at universities of applied sciences. The aim is to accelerate the application-related transfer of knowledge and technology, particularly with small and medium-sized enterprises (SMEs) and other partners in practice. With the funding measure entitled “Strong universities of applied sciences – fresh momentum for the region”, support is lent from the start of 2017 onwards to ten research and innovation partnerships initiated and coordinated by universities of applied sciences and primarily with SMEs in a common area of research and development. Federal funding provided so far in the current programme has more than quintupled from approximately €10.5 million in 2005 to approximately €55 million in 2017. The <i>Länder</i> contribute towards programme financing by providing the standard infrastructure and equipment.	The programme has been running since 2003; in 2013 it was agreed to extend the programme through to 2018. Funding measure “Strong universities of applied sciences – fresh momentum for the region”: partnership development phase through to 2020
15.	NAKO health study	The Federation and the <i>Länder</i> are jointly funding the creation of a unique research resource in Germany for biomedical research through the NAKO (national cohort) health study. Within the framework of a representative, population-related long-term study with 200,000 test persons, the aim is to make solid statements on the causes of widespread diseases. Subject to the provision of funding by the legislative bodies, a total of €210 million will be provided to support the implementation of the project for a 10-year research period. Funding will be financed on a pro-rata basis, with up to €70 million contributed by the Helmholtz Associations that are involved in the health study, and with up to €140 mobilised from additional project funds of the Federation and the <i>Länder</i> on a 75:25 basis (Federation : <i>Länder</i>). The institutions involved in the study – higher education institutions and non-university research centres – have founded the National Cohort Society.	Runs from 2013 – 2022
16.	Excellence Strategy	The Excellence Strategy aims to strengthen universities by promoting scientific excellence, image-building and partnerships in the science system. Subject to the provision of funding by the legislative bodies, the Federation and the <i>Länder</i> are contributing €80 million in 2017, and a total of €533 million annually from 2018 onwards, to fund the entire programme. Funding will again be provided on a 75:25 basis, with the Federation providing 75 % of the funding, and the remaining 25 % provided by the home state of the universities selected for funding. This agreement is open-ended. The Excellence Cluster instrument provides project-related support to internationally competitive fields of research at universities or consortia of universities. In each case the funding is generally provided for two seven-year periods. The funding line of the universities of excellence serves to strengthen universities as an institution, or a consortium of universities, and to develop their leading international position in the field of research based on successful excellence clusters.	Summer 2018: Funding decision for excellence clusters Summer 2019: Funding decision for universities of excellence
17.	Third Pact for Research and Innovation	By continuing the Pact for Research and Innovation for the period from 2016 through to 2020, the Federation and the <i>Länder</i> intend to give the scientific organisations financial planning certainty. Subject to the provision of funding by the legislative bodies, they seek to provide an annual increase in funding of 3 % to the individual scientific organisations: the German Research Foundation (DFG), the Fraunhofer-Gesellschaft (FhG), the Helmholtz Association (HGF), the Max-Planck Society (MPG) and the Leibniz Association (WGL). Without prejudice to the Federation/ <i>Länder</i> funding keys permanently set down in the implementing agreements, the increase will be funded solely by the Federation in this period. In return, the scientific organisations commit to research policy goals and set forth how these goals will be pursued.	Runs from 2016 – 2020
18.	Innovative SMEs “From the initial idea to market success – all-in-one innovation policy”	The programmes for innovative SMEs, which are open to all technologies, apply to the various phases of the innovation process. They provide support in line with needs in the areas of innovative start-ups, innovation skills, technology transfer and market-oriented technology projects. The support instruments help small and medium-sized enterprises along the entire development path, from the initial idea to final market success, and also enable the businesses to work in several disciplines.	Ongoing

No.	Action name	Description of action and anticipated impact	Status and schedule
19.	SME-innovate funding initiative	The SME-innovate funding initiative helps SMEs with top-level research gain faster and easier access to technology-specific specialist programmes. The aim is to strengthen research-specific collaboration between SMEs and scientific institutions. With the SME-innovate programme, support is granted to research-intensive and young businesses in nine technological fields at present. The SME-innovate starter module also lowers the access threshold for SMEs with less experience with funding procedures.	2016/2017: increased number of technology fields and testing of a starter module
20.	“SME international” initiative	This initiative seeks to provide greater support to small and medium-sized enterprises in European and international partnerships in the field of research and development. One of its priorities is to develop the “2+2 project approach”, comprising bilateral projects with both an academic partner and an industrial partner from each of the two countries. The focus is on application-related research and development projects in key technologies (e.g. ICT, production, transport) and concerning global challenges (e.g. climate change, health and food security).	Implemented since January 2016
21.	“Think Small First” programme – the 10-point programme for more innovation in small and medium-sized enterprises	The programme aims to integrate research-intensive SMEs in central innovation pathways. In addition, it also seeks to reach out more to SMEs that have less research know-how so they can benefit from the results of public-sector research. The 10 points of the SME strategy address the following central action areas: <ul style="list-style-type: none"> – More SME involvement in the dynamic key areas of German and international business – particularly in the fields of digitisation, healthy living and sustainable economic activity. – Finding the right partners for SMEs – large corporations, other SMEs, universities, non-university research facilities and regional and international stakeholders, depending on the sector and situation. – Finding suitable skilled staff for SMEs – young talent or further in-company training. – Easier access to funding opportunities – particularly for SMEs with little experience in the area of funding. 	Implemented since January 2016
22.	SME innovation forums	The “SME innovation forums” funding measure aims to strengthen the innovative potential particularly of small and medium-sized enterprises (SMEs) and to improve conditions for the commercial exploitation of new ideas and research results.	In force since 4 July 2016
23.	SME-NetC: Strategic SME innovation associations in networks and clusters	The SME-NetC funding initiative addresses top-level research at SMEs within the context of networks and clusters, and enables businesses that still have little experience in collaborating in the field of research and development and public funding to develop research-based solutions in collaborative projects. The management and coordination skills of the German network and cluster landscape are utilised to this end, and the collaborative projects are aligned with existing innovation strategies or technology roadmaps.	In force since 2016 projects from the first round will start mid-2017 Second call for projects in early 2017 Currently due to run until 31 December 2022
24.	Measures adopted by the <i>Länder</i> to support research, development and innovation	The <i>Länder</i> support the research activities of business enterprises and research at universities and non-university research centres with the following measures for example: <p>Baden-Württemberg: Support is granted to three centres for applied research at universities of applied sciences in order to strengthen the research capabilities at universities of applied sciences and to develop long-lasting collaborations between the scientific community and the business sector. At these centres, third-level institutions team up with partners from the scientific and business community to conduct research into areas that are relevant for the future. The Land government is making total funding of €4.5 million (co-financed equally from ERDF and Land funds) available for this purpose initially for the next three years. A one-time two-year extension is possible. Additional funding of up to €1 million will be provided for this purpose.</p>	Current duration: March 2017 to February 2020 (extension to February 2022 possible)

No.	Action name	Description of action and anticipated impact	Status and schedule
		<p><u>Berlin</u>: The core elements of the “Science Buildings Investment Package”, worth a total of €1.2 billion, are the creation of planning certainty for science infrastructure, the strengthening of forward-looking investment to refurbish, modernise and renew buildings, research centres and large-scale facilities in the science landscape of Berlin, and the repurposing of Tegel Airport as a teaching, research and technology campus as part of Berlin’s major “Smart City” project.</p> <p>The funding volume of the Institute for Applied Research at Berlin Universities of Applied Sciences will be increased from the current level of €1 million per year to €2 million per year. Overall it comprises 41 collaborative projects for the promotion of business start-ups and technology transfer. In addition to the promotion of R&D projects at universities of applied sciences, the programme’s aims are also the qualification of students and academia staff for research, increased external funding per professorship and stronger partnerships with the business community.</p>	<p>In force since 1 January 2017; Programme duration: 2017 – 2026</p> <p>Increased funding on 1 January 2017</p>
		<p><u>Brandenburg</u>: As part of its innovation strategy, Land Brandenburg is supporting young business founders and successors (up to three years after the establishment/takeover of the business) during the start-up and growth phase of innovative small and medium-sized enterprises with the ERDF-financed “Innovative Start-up” funding programme. A business or a freelance activity is considered innovative if the object of the business or freelance activity is based on a novel product, process or service that is not yet available on the market, or in this format or combination. The business founders must have developed/improved upon the novel product, process or service themselves and provide evidence of above-average scientific development and employment potential. Funding is giving towards the personnel and material costs of innovative businesses in the clusters that are relevant for Brandenburg, including energy technology, the health sector, logistics, the food sector or metals. A grant of up to €100,000 can be provided.</p>	<p>Currently due to run from 18 March 2015 to 31 December 2017</p>
		<p><u>Hamburg</u>:</p> <ul style="list-style-type: none"> – The “Second Innovation Starter Fund” helps in the financing of young businesses; funding is given to the further development and implementation of technologically innovative business ideas with the goal of providing financial support to small enterprises. – Hamburg is investing an additional €40 million in the promotion of growth, diversity and top-level research at Hamburg’s universities and facilities with close links to the universities. This increases the core financing of art academies, the HafenCity University Hamburg, and the Hamburg State and University Library, and strengthens top-level research in selected priority areas and areas with potential in order to boost the competitiveness of Hamburg’s third-level institutions compared to the rest of the country and other countries. 	<p>Since 2016; will run from 2016 – 2020</p>
		<p><u>Lower Saxony</u>: With loans and grants from the ERDF and Land funds, the state of Lower Saxony lends targeted support to research and development in businesses in Lower Saxony. Support is granted to innovations of companies as either individual or collaborative projects, as well as collaborations with research institutes that aim to deliver new marketable products, production processes or services; pilot projects and demonstration projects can also be funded. Special low-threshold innovation funding absorbs some of the technical and economic risks facing SMEs and the craft sector when adopting new processes and techniques and when applying product adjustments to another field of application. Innovation funding is completed by funding for municipal advisory services regarding knowledge and technology transfer for SMEs, for innovation networks and non-university research institutions and for technology and start-up centres.</p>	<p>Will run until 2020</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
		<u>North Rhine-Westphalia:</u>	
		<ul style="list-style-type: none"> - The “SME.Innovative” programme promotes collaborations between SMEs and third-level institutes/research centres in North Rhine-Westphalia. The aim is to boost the innovative capacity of SMEs by transferring scientific outputs to the business sector. The programme comprises two funding lines, namely the innovation voucher (using the expertise and infrastructure of scientific facilities to develop new products, processes and services) and the innovation assistant (support in recruiting and employing young university graduates). 	Start: February 2017
		<ul style="list-style-type: none"> - The “NRW.Innovation Partners” programme seeks to strengthen the structures in place in the economic regions of North Rhine-Westphalia in order to boost the innovative capacity of SMEs. Two specific goals are pursued in this context: strengthening of regional innovation structures and increasing the quality of innovation advisory services for SMEs with a focus on innovation management, funding advice and technology transfer. - Here, the government of the state of North Rhine-Westphalia supports, inter alia, the digitisation of the economy, follows the digital transformation in the work environment and promotes research into digitisation. In terms of content, the “Digital Progress.NRW” programme addresses the promotion of research in the areas of IT security, digitisation in the medical sector, and the digitisation of society in order to help identify solutions to the numerous processes of change in everyday life. The aim is to shape change in such a way that as many people as possible not only benefit from it economically but also can take part in it in society. 	Three funding lines commenced at the start of 2017.
		<p><u>Saarland:</u> With the continuation of the Saarland innovation strategy for “Smart Specialisation”, the funding focus is trained on optimising the direction of the individual priority areas and cluster structures. The result is the definition of key areas of future innovation policy in Saarland – including promising links across the individual topics (cross-innovations) – in which strategic action areas have been identified and elaborated for the development of Saarland as a centre of innovation with the relevant recommendations. The new strategy is expected to stimulate more private R&D and other innovation activities, increase the depth of value add, and boost the level of cross-innovation across Saarland’s key areas of ICT, automotive/production and life science/materials in the next few years.</p>	The “Saarland Strategy for Innovation and Technology” has been in force since 1 January 2016, and applies for the period from 2016 through to 2023.
		<u>Saxony-Anhalt:</u>	
		<ul style="list-style-type: none"> - With its Regional Innovation Strategy for Saxony-Anhalt 2014 – 2020, the Land government seeks a substantial long-term increase in the R&D activities of businesses in the state. Activities focus on the following five lead markets for which roadmaps are being developed or roadmap implementation is commencing: energy/machinery and plant engineering/resource efficiency, health/medicine, chemical industry/bioeconomy, food/agriculture and mobility/logistics. Given that small and medium-sized enterprises are the mainstay of the economic structure in the state, the priority is to strengthen the innovative capacity of SMEs. €423 million from the European Structural and Investment Fund and €106 million from national funds are planned to finance the implementation of the Regional Innovation Strategy. The strategy will be implemented through specific programmes, such as the policy for the promotion of research and development, the promotion of innovation assistants and knowledge and technology transfer. Support is also provided by the system of transferring knowledge from third-level institutions to the business sector, such as the Skills Network for Applied and Transfer-oriented Research (KAT), and by various cluster management groups within the context of the lead markets of the Regional Innovation Strategy. 	The roadmap process will be completed in 2017.
		<ul style="list-style-type: none"> - Given the universal importance of the digital transformation for industry, the skilled crafts and service companies, Saxony-Anhalt is pursuing the “Business 4.0” approach. The transfer of knowledge and technology to the SME-based economy in Saxony-Anhalt is guaranteed under a “Business 4.0” partner network promoted by the state of Saxony-Anhalt and by the SME 4.0 Magdeburg Centre of Excellence, which is sponsored by the Federal Ministry for Economic Affairs and Energy and is due to start operations in 2017. European Union initiatives, such as digital innovation hubs, are also to be applied in Saxony-Anhalt. 	The “Business 4.0” partner network has been supported since 1 January 2017, initially for a period of one year.
			SME 4.0 Centre of Excellence is due to commence operations in the second half of 2017.

No.	Action name	Description of action and anticipated impact	Status and schedule
		<u>Saxony:</u> In addition to the funding programmes “ERDF Promotion of Technology 2014 – 2020”, “ESF Promotion of Technology 2014 – 2020”, “ERDF Research InfraPro”, “ESF Third-Level and Research” and “Projects in the Field of Research,” the free state of Saxony also supports research centres in R&D projects as part of the “ERDF Sustainable Energy Supply” programme. Overall, grants of €53.6 million have been approved in the energy classifications of the Federal Ministry for Economic Affairs and Energy. Land funds of approximately €21 million in total were invested in energy research in 2015.	2014 – 2023
25.	ESF federal programme EXIST start-up culture	The “EXIST – University-based start-ups” funding programme seeks to improve the entrepreneurial environment at third-level institutions and non-university research centres and increase the number of successful technology-oriented and knowledge-based business start-ups. A new funding round (“EXIST Phase V”) aims to further develop and expand the structures that support start-ups at third-level institutions and research centres on the basis of findings from accompanying scientific research.	New funding guideline implemented up to the end of 2017
26.	German Accelerator	The German Accelerator supports German high-tech start-ups (particularly in the fields of ICT and clean-tech) to spend a period of 3-6 months abroad in order to validate their business model and, where necessary, adapt it to local needs to get ready to enter the market. There are currently three Accelerator centres in the United States, namely in San Francisco, Palo Alto and New York. With the Boston/Cambridge centre, the German Accelerator established and started a new centre in 2016 with a focus on life sciences. The aim in 2017 is to expand the German Accelerator model with a modified format for the South-East Asia/East Asia region.	Operations at the Boston centre commenced in 2016
27.	coparion	To strengthen the German venture capital market, the ERP special fund and the KfW have established the new coparion fund to provide funding to young, innovative business enterprises domiciled in Germany. As a prerequisite for investment, another lead investor must co-invest in the innovative business along with coparion at the same commercial conditions (pari passu approach).	Start of new fund: 15 March 2016
28.	ERP/EIF Growth Facility	The Federal Government has launched a €500 million Growth Facility in tandem with the European Investment Fund (EIF). This Growth Facility will invest as a co-investment fund together with successful VC managers/funds in innovative German growth enterprises and will thereby narrow the gap for larger growth funding.	Implementation: March 2016
29.	ERP/EIF mezzanine fund-of-funds for Germany	The mezzanine fund-of-funds for Germany, which has been set up in collaboration with the European Investment Fund (EIF), LfA Förderbank Bayern and NRWBank, the state development banks of Bavaria and North Rhine-Westphalia, respectively, participates in private professional mezzanine funds that primarily invest in German SMEs and younger growth companies. The volume of the fund was increased from €200 million to €600 million in November 2016.	Implementation: November 2016
30.	Increased ERP/EIF fund-of-funds/European Angels Fund	The ERP/EIF fund-of-funds, which was set up in unison with the European Investment Fund (EIF), invests in venture capital funds that acquire an interest in German tech businesses, in particular, in the early and growth phase. The European Angels Fund is another funding module that co-finances the investments of selected and experienced business angels and other non-institutional investors. The fund volume for both funds was increased by €1 billion in July 2016, to €2.7 billion in total.	Implementation: July 2016
31.	INVEST – venture capital grant	The first step of the expansion of the INVEST programme, which was adopted in the key issues paper for venture capital, was implemented in 2016. This includes doubling the maximum volume of support to €500,000 and an exit grant to compensate for the tax charged on capital gains. The programme funding has been set at €184 million for the 2017-2020 funding period. The budget has therefore been considerably increased to ensure long-term implementation of the programme. As a second step, additional improvements are planned this year. These include increasing the group of eligible applicants to venture capital companies and financial compensation of losses.	New funding guideline entered into force on 1 January 2017. Implementation is planned for the first half of 2017.

No.	Action name	Description of action and anticipated impact	Status and schedule
32.	Market Incentive Programme	<p>Market Incentive Programme for the promotion of electric mobility:</p> <ul style="list-style-type: none"> – Promotion of the expansion of the charging infrastructure: €300 million for the period from 2017 to 2020 (approx. €200 million for high-speed charging infrastructure and approx. €100 million for normal charging infrastructure). – Environmental bonus of €4000 granted for the purchase of new all-electric passenger cars or comparable zero-emissions vehicles, and of €3000 for plug-in hybrids or for vehicles with maximum emissions of 50 g CO₂/km (financed with a total of €600 million from the Federal Government plus €600 from the automotive industry) until 2019 at the latest. <p>Accompanying tax measures:</p> <ul style="list-style-type: none"> – Under the Income Tax Act, employees who charge an electric or hybrid electric vehicle at their employers' place of business or at an affiliated business and who use in-company charging facilities temporarily for private purposes can treat this as a tax-free benefit (Section 3, number 46 of the Income Tax Act). Employers can also apply a 25 % flat income tax rate for non-cash benefits deriving from the free or reduced-rate provision of charging facilities and for grants towards employee expenses for the purchase and use of a charging facility (Section 40 (2), sentence 1, number 6 of the Income Tax Act). The new regulations apply from 1 January 2017 through to 31 December 2020. – In the case of motor vehicle tax, a 5-year exemption from motor vehicle tax has applied since 1 January 2016 to 31 December 2020 to all-electric vehicles registered for the first time. This tax exemption is extended to ten years with retroactive effect from 1 January 2016. The ten-year tax exemption is extended to motor vehicles which have been converted to all-electric vehicles in an appropriate technical manner and authorized under vehicle law. 	<p>Cabinet decision on the expansion of the charging infrastructure and the environmental bonus on 18 May 2016</p> <p>Act for the Tax-based Promotion of Electric Mobility in Road Traffic (<i>Gesetz zur Steuerlichen Förderung der Elektromobilität im Straßenverkehr</i>) of 7 November 2016 (in force since 17 November 2016)</p>
33.	Amendment to the Charging Station Ordinance (<i>Ladesäulenverordnung</i>)	<p>The Charging Station Ordinance implements the EU Directive (2014/94/EU). Accordingly, all recharging points accessible to the public are fitted at least with type 2 or combo 2 connectors according to the European combined charging system. The Federal Network Agency is responsible for compliance with the technical requirements and for keeping a reliable registry of all recharging points accessible to the public. The Charging Station Ordinance will be updated in order to regulate the requirements of the EU Directive which have not yet been implemented, especially rules governing recharging on an ad hoc basis. The amendments to the Charging Station Ordinance set down access and payment terms for the ad hoc recharging of electric vehicles such that electric vehicle users can charge their vehicles at recharging points accessible to the public even if they have not entered into a contract with an electricity supplier. The first ordinance amending the Charging Station Ordinance is to enter into force by the end of this legislative term.</p>	<p>Bundesrat participation and Cabinet expected in the first half of 2017</p>
34.	SME Digital	<p>Ten <i>Mittelstand 4.0</i> centres of excellence, one centre of excellence for digital skilled crafts and four <i>Mittelstand 4.0</i> agents for cloud, trade, communication and processes support small and medium-sized enterprises – the German <i>Mittelstand</i> – in making the digital transformation. The centres of excellence offer extensive information, testing and training services to SMEs in Germany. The <i>Mittelstand 4.0</i> agencies teach successful technology transfer methods and impart special digitisation knowledge to disseminators such as associations, chambers and organisations providing support to business.</p>	<p>Additional topic-specific <i>Mittelstand 4.0</i> centres of excellence to be set up in 2017</p>
35.	“go digital”	<p>The pilot project supported external advisory services to businesses with up to 100 workers in the areas of “IT security”, “Internet marketing” and “digitised business processes” initially in two pilot regions – Saxony (including the Halle area) and the Ruhr area – up until the end of 2016. In this context, support ranged from an initial analysis in the business to the implementation of specific measures. Total support of €2.6 million was provided to roughly 200 businesses up until the end of 2016. go digital is to be launched as a nationwide funding programme from 2017 onwards.</p>	<p>Pilot project ended on 31 December 2016</p> <p>2017 funding programme to start in the first half of 2017</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
36.	“Microelectronics from Germany – Driving Innovation in the Field of Digitisation” – Federal Government research and innovation framework programme	The framework programme promotes the potential of microelectronics in order to boost the innovative dynamism of the German economy further. With this framework programme, the Federal Government is also supporting the European Commission’s strategy for microelectronic and nanoelectronic components and systems of May 2013, which seeks to significantly increase the value add of electronics in Europe by 2025. As part of an Important Project of Common European Interest, the Federal Government along with other EU Member States is triggering a high volume of investment in the European microelectronics industry. In Germany, the project is to have a budget of around €4.5 billion, with funding of €1 billion. In addition, the Federal Government is also investing in the resources of commerce-related microelectronics research institutions. The Federation has set aside total funding of €1.7 billion for both in the financial plan for 2015 to 2020 with the aim of supporting the digitisation of the economy and thereby strengthening the innovative capacity and international competitiveness of German industry.	Programme duration: 2016 to 2020
37.	First Act to amend the eGovernment Act (<i>E-Government-Gesetz</i>)	The Act aims to lay the foundations for the active provision of data from federal authorities. The regulation is based on internationally recognised open data principles, as described, for example, in the International Open Data Charter (IODC). Open data already forms part of the “Digital Administration 2020” government project under which the first Federal Government Action Plan for the implementation of the open data charter of the G8 states was created. The planned legislation change aims to accelerate the process and, on the basis of a law, make federal administration the front-runner in the provision of open data in uniform machine-readable formats under free licensing conditions.	Cabinet decision: 25 January 2017
C. Reducing greenhouse gas emissions, increasing energy from renewables and energy and resource efficiency			
38.	2020 Climate Action Programme	The Federal Government adopted the 2020 Climate Action Programme in December 2014. Containing over 100 individual measures, this Programme aims to close the climate change mitigation gap which was identified beforehand and reach the climate target set for 2020, namely that of reducing greenhouse gas emissions in Germany by at least 40 % compared with 1990 levels.	Cabinet decision: 3 December 2014
39.	Measures adopted by the <i>Länder</i> in the area of climate change mitigation and the energy transition	Numerous measures are in place in the <i>Länder</i> to strengthen climate change mitigation, e.g.: Baden-Württemberg: The Act for the Promotion of Climate Change Mitigation in Baden-Württemberg (<i>Gesetz zur Förderung des Klimaschutzes in Baden-Württemberg</i>) creates the framework for climate policy in the state. Under this Act, greenhouse gas emissions are to be reduced by at least 25 % by 2020 compared with 1990 levels, and a reduction of 90 % is sought by 2050. For further implementation, an Integrated Energy and Climate Change Concept with central goals, strategies and measures for a climate change mitigation policy has been developed in a broad participation process. The Concept will be updated every five years on the basis of monitoring reports. The inevitable impacts of climate change are to be limited with actions to adapt to the effects of climate change and a state-wide adaptation strategy. The Land government intends to set an example for climate change mitigation and aims for the state administration of Baden-Württemberg to be largely climate neutral as early as 2040. Progress towards the goal will be monitored in a carbon footprint report published every three years.	Decision of the <i>Landtag</i> : 17 July 2013 Decision on Integrated Energy and Climate Change Concept: July 2014

No.	Action name	Description of action and anticipated impact	Status and schedule
		<p><u>Berlin:</u> Under the “Climate-Neutral Berlin 2050” strategy, the Berlin Senate pursues the long-term goal of making Berlin a climate-neutral city by 2050 and of reducing carbon dioxide emissions by at least 85 % compared with 1990, the baseline year. To reach the goal, the Senate has already completed or initiated a great deal of preparatory work. For example, the Berlin Energy Transition Act (<i>Berliner Energiewendegesetz</i>), which entered into force on 6 April 2016, provides a legislative framework for action for energy and climate policy in Berlin. This also places an obligation on the Senate to present a Berlin Energy and Climate Action Programme to the Berlin House of Representatives containing the specific strategies and actions to deliver on the climate neutrality goal. The Berlin Energy and Climate Action Programme 2030 contains measures in the action areas of energy, transport, buildings and urban development, business as well as private households and consumption for the implementation period through to 2020 and the development timeframe of 2030. The version of the Berlin Energy and Climate Action Programme which was already adopted by the Berlin Senate on 7 June 2016 is currently being revised according to Section 4(2) of the Berlin Energy Transition Act and will be presented for decision to the newly elected Berlin House of Representatives. Measures that are currently being prepared or implemented include a strategy with uniform guidelines for the creation of modernisation schedules for public properties and the development of an energy management system, as well as an action plan for carbon-neutral administration. In addition, Berlin will oversee the work of the new Berlin utility company (Berliner Stadtwerke) founded in 2014 to implement projects for the local generation of renewable energy close to consumers. An energy atlas is currently being developed for the state of Berlin which, among other things, will visualise the current energy situation in Berlin and the potential for the expansion of renewable energy in the state.</p>	<p>Senate decision on the Berlin Energy and Climate Action Programme expected in April 2017.</p> <p>Concepts for paragraph 2(1) are available, implementation to be completed by 2019</p> <p>The Act to Amend the Berlin Public Services Act to Clarify the Remit and Expand the Field of Activity of Berlin Waterworks Company <i>Berliner Wasserbetriebe</i> – Public Agency – regarding the Business Operations of <i>Berliner Stadtwerke</i> (BSW) is going through the parliamentary procedure.</p>
		<p><u>Hesse:</u> According the guidelines of the state of Hesse on the promotion of energy under the Hesse Energy Act (<i>Hessisches Energiegesetz</i>) of 2 December 2015 (funding guideline), support can be granted to the following: measures to boost energy efficiency and for the use of renewable energy, innovative energy technologies, energy strategies, energy efficiency plans and concepts for the generation and distribution of renewable energy, facilities and measures for energy-related advice and measures to qualify people for, and provide information about, specific technologies in the field of energy efficiency and renewable energy, in-company energy efficiency networks and acceptance measures as well as municipal energy information and acceptance initiatives. With the guidelines of the state of Hesse on the promotion of energy efficiency and the use of renewable energy in the municipalities of 10 February 2017 (municipal guidelines), support is granted to the implementation of relevant investment measures on the part of municipalities, counties and municipal undertakings in the state of Hesse.</p>	<p>Funding guidelines: 2016–2020 Municipal guidelines: 2017–2021</p>
		<p><u>Saxony:</u> With the funding guidelines on the provision of grants towards increased energy efficiency, the use of renewable energy, energy storage, the creation of smart energy grids, and towards research into innovative energy technologies (guidelines on a sustainable energy supply, Guidelines: Energy/2014) with a budget of €35 million, the Free State of Saxony is promoting a reduction in carbon emissions in the business sector by directly and indirectly achieving a reduction in the consumption of fossil fuels.</p>	<p>2014–2023</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
		<p>Schleswig-Holstein: Schleswig-Holstein is pursuing the goal of reducing greenhouse gas emissions by at least 40% by 2020 and 80–95% by 2050. Electricity generation from renewable sources is to be expanded to at least 37 TWh per year by 2025. By 2025, renewables are to cover at least 22% of final energy consumption in the heating sector. The Land government will serve as a role model in this context. The aim is to have a carbon-free supply of heating and electricity in properties owned by the Land of Schleswig-Holstein by 2050. In addition, ambitious energy standards (50 kW/m² per year) are to be introduced for major refurbishment efforts in Land-owned properties. Further to this, there are also plans to develop climate action strategies for buildings, procurement, green IT and mobility.</p> <p>To support municipal climate change mitigation and the energy transition in the heating sector, a legal basis will be introduced for municipalities to collect data for municipal heating planning to support the creation of municipal heating sector development plans. In addition, regulations will be introduced that are designed to deliver greater transparency in district heating supply. This includes Internet publication obligations with regard to price regulations, product information regarding heat generation and networks (total mix of energy sources, environmental impacts) and the primary energy factor in the specific network. The amendment to the official rules for Schleswig-Holstein will facilitate the creation of climate action strategies by making it possible to transfer responsibility from municipalities to government offices.</p>	<p><i>Landtag</i> decision to pass the Act on the Energy Transition and on Climate Action in Schleswig-Holstein (<i>Gesetz zur Energiewende und zum Klimaschutz in Schleswig-Holstein</i>) of 24 February 2017</p>
		<p>North Rhine-Westphalia (NRW): Under the NRW/EU programme entitled “Investment in Growth and Employment 2014–2020” (ERDF), the NRW Ministry for Climate Action has launched a range of funding competitions in collaboration with the NRW Science Ministry and the NRW Economics Ministry. The fundamental goal of all the climate action competitions is a specific innovative contribution to reducing greenhouse gas emissions. At the same time, in the competitions which are highly application-oriented the aim is to also support the expansion of renewables, increased energy efficiency and the stability of the grids with projects focussed primarily on experimental development and in demonstration and pilot projects. The fundamental goal of all the climate action competitions is a specific innovative contribution to reducing greenhouse gas emissions. For example, with the call for projects under Municipal Climate Action in NRW (<i>Kommunaler Klimaschutz.NRW</i>), support is given to the implementation of measures that reduce the level of greenhouse gas emissions in a municipality. In conjunction with measures to cut greenhouse gases, measures to adapt to the effects of climate change are also eligible for funding. €100 million are available to support the measures.</p>	<p>Call for projects: November 2016 to December 2022</p>
		<p>Thuringia: The Thuringia <i>Land</i> government is developing a climate law, which is intended to set greenhouse gas reduction targets, strengthen municipal climate change mitigation and enshrine the importance of the public sector leading by example. Thuringia supports the expansion of renewable energy in a variety of ways, including the new “Solar Invest” programme set up in 2016. The aim of the funding programme is to support the continued expansion of photovoltaics in Thuringia. Support is granted to photovoltaic installations if they generate electricity for own consumption or direct local consumption and do not feed into the public grid. One focus of the new funding possibilities is support for “tenant electricity models” where decentralised, locally produced solar power is used directly by the tenants of residential buildings and commercial spaces. The funding programme also supports citizens’ energy cooperatives that want to take part in auctions under the 2017 Renewable Energy Sources Act.</p>	<p>Climate Act: Cabinet decision planned for first half of 2017</p> <p>“Solar Invest” guideline: in force since Q4 2016</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
		<i>Multiple Länder:</i> At the initiative of Baden-Württemberg with California, the <i>Länder</i> are also active at the international level and have created an ambitious network of sub-sovereign entities that are publicly committed to decarbonisation with the Under2 Coalition. In the Under2MOU, the signatories declare their commitment to reducing their greenhouse gas emissions by 80–95% of 1990 levels or to two cubic meters of CO ₂ equivalent per head by 2050. From Germany, the states of Bavaria, Baden-Württemberg, North-Rhine Westphalia, Hesse, Schleswig-Holstein and Thuringia have signed up to the agreement so far. The network brings together the support of over 165 states, provinces, regions, metropolises and national governments, and thereby represents over one billion people and a third of the global economy. The Climate Group has served as the network secretary since 2016.	Memorandum of Understanding signed in May 2015 Ongoing development: additional regions are added on an ongoing basis
40.	Reform of the European emissions trading system (ETS)	The Federal Government has called for the strengthening of emissions trading as a market-based instrument of climate change mitigation. At the same time, the situation facing energy-intensive businesses which are highly exposed to international competition must also be addressed. It is also important to ensure that the reform of emissions trading adopted with the market stability reserve (MSR) is implemented and continued and that the MSR is not weakened.	Ongoing negotiations in the EU Environment Council and the European Parliament
41.	Effort Sharing Regulation (ESR) for greenhouse gas reductions outside the scope of the emissions trading system	With the ESR, the aim is for Member States to reduce their greenhouse gases by 30% on average compared to 2005 levels in the sectors outside the scope of the ETS. To this end, a reduction target for 2030 is set for every Member State. In addition, annual emissions allocations will be set for the Member States on the basis of the ESR.	Ongoing negotiations in the EU Environment Council and the European Parliament
42.	Revision of the Renewable Energy Sources Act 2017 (<i>Erneuerbare-Energien-Gesetz, EEG 2017</i>)	As a result of the Renewable Energy Sources Act 2017, the rate of necessary remuneration for electricity from renewable sources will be determined through an auction. Further renewable expansion will therefore be at competitive prices. The Renewable Energy Sources Act 2017 ensures better dovetailing between the expansion of renewables and grid expansion by temporarily limiting local onshore wind expansion in the grid expansion area.	In force since 1 January 2017
43.	Omnibus bill (<i>Artikelgesetz</i>) for the Renewable Energy Sources Act 2017 and CHP Act	For the area regulated by the Renewable Energy Sources Act 2017, the omnibus bill ensures a funding system designed in a way that respects state aid law, and better systematisation of the rules governing self supply. With vested rights adequately protected, existing installations will have to contribute partially to the EEG surcharge in the future if they undergo modernisation measures. In addition, the omnibus bill harmonises the reporting obligations for self-supply which were previously regulated by both the Equalisation Mechanism Ordinance and the Renewable Energy Sources Act 2014.	Cabinet decision: 19 October 2016
		For the area regulated by the Combined Heat and Power Act (CHP Act), the omnibus bill introduces individual changes to the CHP Act. The basic structure and funding approaches of the CHP Act are retained to a large extent. New developments include auctions for CHP electricity from new and modernised plants where the amount of funding will be determined in a competitive setting in the future. The provisions in the CHP Act are closely coordinated with those of the Renewable Energy Sources Act 2017 to ensure that the rules for the lower CHP surcharge for highly electro-intensive companies comply with the rules on state aid.	Completion of the legislative process: 16 December 2016 Entry into force: 1 January 2017
44.	Cross-Border Renewable Energy Ordinance (<i>Grenzüberschreitende Erneuerbare-Energien-Verordnung</i>)	With the Cross-Border Renewable Energy Ordinance, it is possible to open up auctions for renewable energy to installations abroad. On the basis of this Ordinance, a cooperation treaty for ground-mounted photovoltaic installations was signed with Denmark in July 2016 (pilot opening). From 2017, 5% of the annual capacity to be installed which is up for auction is to be open to installations located in other Member States. Efforts are currently being made to revise the Ordinance so that cross-border auctions for onshore wind installations can also be held in the future in addition to cross-border auctions for solar installations.	Cabinet decision: 11 July 2016 Cooperation treaty signed with Denmark: 20 July 2016 Announcement of open auction with Denmark: 12 October 2016

No.	Action name	Description of action and anticipated impact	Status and schedule
45.	Electricity Market Act (<i>Strommarktgesetz</i>)	The aim of the Electricity Market Act is the continued development of the electricity market into an electricity market 2.0. This specifically includes strengthening of the market mechanisms, the removal of barriers to access for providers of demand side management measures, better grid planning, improved monitoring of the security of supply, more transparency in the electricity market, the introduction of a capacity reserve established separately from the electricity market, and the creation of a security standby reserve.	Cabinet decision: 4 November 2015 Completion of the legislative process: 8 July 2016 In force since 8 July 2016
46.	Report on the progress of grid expansion projects under the Energy Line Expansion Act	The report contains information on the state of implementation of the 22 grid expansion projects under the Energy Line Expansion Act (2009) by the end of Q2 2016. The report is presented to the German Bundestag every even-numbered year.	Cabinet decision: 28 September 2016
47.	Measures adopted by the <i>Länder</i> for power grid expansion	<u>Schleswig-Holstein</u> : To support the energy transition and to further reduce curtailment of electricity from renewable sources, the state of Schleswig-Holstein is resolutely continuing its grid expansion strategy and is making good headway on its central grid expansion projects. Schleswig-Holstein is exploring new avenues in order to involve all stakeholders in the complex procedures associated with grid expansion projects and to promote acceptance for grid expansion. In the context of the west-coast line and the east-coast line, the Land government decided against a regional planning procedure in favour of an innovative process of dialogue, and opted to examine these concerns in the planning approval process. Thanks to the intensive talks held with the parties concerned and the political decision-makers in the region, important changes to the power line routes could be taken into consideration even before the planning phase, a move that has made the remaining planning steps significantly easier. By encouraging early public participation, the aim of the Land government is to involve the public in the grid expansion projects to a broad extent, and to also ask critical questions so that changes can be made even before the formal planning approval process if necessary. This approach has proven entirely effective in Schleswig-Holstein.	The legislative proposal is going through the parliamentary procedure; current stage: hearing of the associations by the environmental and agricultural committee of the <i>Landtag</i> . The Act is planned to enter into force at the start of 2017.
48.	Amendment to the Incentive Regulation Ordinance (<i>Anreizregulierungsverordnung</i>)	The amendment to the Incentive Regulation Ordinance fundamentally modernised the investment framework for distribution system operators. In the face of the increasing share of renewables in the electricity mix, the distribution grids need to be expanded further in the coming years. At the same time, the costs for energy consumers must be kept to a minimum. Under the provisions of the new Incentive Regulation Ordinance, rising capital costs from investment can be factored into the grid costs without delay. Particularly efficient grid operators will receive a financial bonus. In return, energy consumers get to benefit from reduced capital costs more quickly.	In force since 17 September 2016
49.	National Action Plan on Energy Efficiency (NAPE)	The NAPE sets out a comprehensive programme of measures for the 18th legislative term. It defines immediate actions – the majority of which have already been implemented – as well as farther-reaching work processes. The NAPE should also contribute to meeting the energy savings obligations deriving from the EU Energy Efficiency Directive, which is binding for the Member States.	Cabinet decision: 3 December 2014
50.	Funding competition to leverage electricity efficiency potential (STEP up!)	The aim of STEP up! is to promote electricity-related investment measures across all sectors in a manner that is open to all technologies and stakeholders. Funding is awarded within a competitive framework to the projects that promise the best savings per “euro of funding”.	Programme commenced on 1 June 2016.
51.	Energy Efficiency Incentive Programme	The Energy Efficiency Incentive Programme promotes efficient package solutions (heating package including renewable energy and ventilation package) in the buildings sector and the introduction of fuel cell heating on the market. Annual funding volume of €165 million available from 2016 to 2018 inclusive.	Package solutions programme commenced in January 2016. Fuel cell heating programme commenced in August 2016.
52.	Programme to Promote High-efficiency Cross-cutting Technologies	The programme promotes investment in high-efficiency, broad-impact technologies that increase energy efficiency in businesses. The aim is for it to help make better use of existing energy reduction potential.	Programme commenced on 11 May 2016.

No.	Action name	Description of action and anticipated impact	Status and schedule
53.	Programme to prevent and utilise waste heat in commercial businesses	The “Programme to prevent and utilise waste heat in commercial businesses” forms part of the “Industry Package” of decisions by the leaders of the coalition parties of 1 July 2015. The aim is to achieve CO ₂ savings of 1 million tonnes through the programme by 2020. The programme is to provide the necessary incentive for businesses to make appropriate investments in waste heat prevention and utilisation. Open to all technologies, support is given to all investment made in the replacement, modernisation, expansion or new construction of facilities, provided that such action prevents waste heat or efficiently utilises previously unused waste heat both within and outside the business enterprises.	Programme commenced on 1 May 2016.
54.	National Top Runner Initiative (NTRI)	The aim of the NTRI is to improve product and power efficiency across all sectors. Measures for energy-efficient products are developed and implemented in close collaboration with central stakeholders. The NTRI is to bring energy-efficient top-quality products (top runners) to market faster and accelerate their market penetration.	Programme commenced on 1 January 2016.
55.	Energy Savings Meter pilot programme	The “Energy Savings Meter pilot programme” supports pilot projects and new business models geared towards saving energy. It is geared towards innovative energy advisory systems or automated and personalised energy saving systems with the aim of applying the potential of digital systems in various fields of application. The support granted is open to all technologies and stakeholders and depends on performance - funding is paid for each “meter-verified” kilowatt hour of energy saved. Total funding of €29 million is available in the period 2016 through to 2020.	Funding announcement: 20 May 2016
56.	National Efficiency Label for old heating systems	The aim of the efficiency label is to increase the rate of replacement of old, inefficient boilers. Starting in 2016, the new efficiency label applies for boilers that are more than 15 years old, and provides consumers with an individual assessment of the efficiency of their boiler system. In addition, consumers receive information about farther-reaching energy advisory services and funding programmes.	Programme commenced on 1 January 2016.
57.	Promotion of energy advice and energy efficiency networks for municipalities and non-profit organisations	Through “energy advice for municipalities”, the aim is to identify potential for energy savings in existing public non-residential buildings and to support energy-efficient measures in new buildings. The municipalities are to be supported in the decision-making process in the form of grants.	Programme commenced in January 2016.
58.	Efficiency Strategy for Buildings	The Efficiency Strategy for Buildings is the strategy paper for the energy transition in the buildings sector. It shows how the goal of a virtually climate-neutral building stock by 2050 can be achieved by combining energy efficiency and the integration of renewable energy.	Cabinet decision: 18 November 2015
59.	Energy-efficient Buildings 2050 – Innovative Projects for a Virtually Climate-neutral Building Stock in 2050	The Energy-efficient Buildings 2050 measure under the Efficiency Strategy for Buildings specifically aims to encourage and accelerate the transfer of results of research, with a view to broad implementation. To this end, support is given to innovative pilot projects to increase energy efficiency in the buildings sector, including the integration of renewable energy, that have a high level of innovative content. €35 million are available for the measure up to 2018.	Funding announcement published on 14 March 2016.
60.	Programme to promote heat optimisation	With this low-investment broad-based programme, the aim is to prevent 1.8 million tonnes of CO ₂ emissions on the short term by 2020. Support is given to the exchange of heating and warm water circulation pumps and hydraulic balancing. Approximately €1.9 billion are available through to 2020 to this end.	Programme commenced in August 2016.
61.	Customised renovation roadmaps for buildings	The customised renovation roadmap gives building owners a reliable strategy for energy-retrofitting their buildings. Besides strictly energy-related issues, the roadmap also focuses on the specific options available to the building owner. The standardised process for creating renovation roadmaps allows energy advisers to put the customised advisory service in a handy format for the building owner.	Planned to start in early 2017
62.	Further development of energy savings legislation for buildings	The Renewable Energies Heat Act (<i>Erneuerbare-Energien-Wärmegesetz</i>), the Energy Conservation Ordinance (<i>Energieeinsparverordnung</i>) and the Energy Conservation Act (<i>Energieeinsparungsgesetz</i>) are to be merged in a new act and a uniform system of requirements is to be put in place for energy efficiency in buildings and renewable energy. The EU Buildings Directive requires rules by the end of 2018 for the nearly zero energy standard for new non-residential public-sector buildings which are used in an official capacity, and for new private buildings by the end of 2020.	

No.	Action name	Description of action and anticipated impact	Status and schedule
63.	German Resource Efficiency Programme II (ProgRess)	With the adoption of the German Resource Efficiency Programme in February 2012, Germany was one of the first countries to commit to guiding principles and models for action to protect natural resources. With ProgRess, the Federal Government has committed to reporting on the development of resource efficiency in Germany every four years, assess the progress made and develop the resource efficiency programme further. ProgRess is a participatory document: in the annex to the document, 16 <i>Bundesländer</i> and 40 associations and institutions present their own contributions to resource efficiency under their own responsibility. In addition, a public dialogue was also held as part of ProgRess II. On the basis of the results of this dialog, the public formulated a citizens' recommendation, which was also included in the annex to the ProgRess II report. The first report is now available with ProgRess II.	The next report is due to be presented in 2020.
D. Improving education levels			
64.	Federal/ <i>Länder</i> programme for better study conditions and better quality of teaching (Teaching Quality Pact)	The Teaching Quality Pact promotes a wide range of measures to improve the staffing of higher education institutions, to support the skills development of teaching staff, and to safeguard and further develop high-quality third-level instruction. The Federation will provide up to €2 billion by 2020 to this end, subject to the provision of funding by the legislative bodies, while the <i>Länder</i> will guarantee overall financing. In the first funding period, support will be granted to 186 higher education institutions from all 16 <i>Länder</i> to improve their conditions for studying. In the second funding period, the Federation and <i>Länder</i> support applications for renewal on the basis of interim reviews of the measures funded so far. In total, 156 higher education institutions from all 16 <i>Länder</i> will receive around €820 million in funding from 2016 to 2020. The quality of the renewal applications demonstrates that the measures for the systematic further development of high-quality teaching were successful. The programme has increased appreciation for teaching as an area as important as research.	The funding programme has been in place since the 2011/2012 winter semester or the 2012 summer semester and is initially limited to a maximum of five years through to 2016. On the basis of an interim review, a decision was made in November 2015 on subsequent funding through to the end of 2020. Runs from 2011 – 2020
65.	Programme to Enhance the Quality of Teacher Training	Quality teaching staff are key to bringing about further improvements in the field of education. Therefore, the Federation and the <i>Länder</i> decided to further enhance the quality of teacher training in Germany with a joint programme. With a new generation of teaching staff entering schools, the Programme to Enhance the Quality of Teacher Training aims to provide impetus to improve the quality - both in terms of content and structure - of the entire teaching training process through to the initial work phase and continuing education and training. At the same time, the comparability of teacher training study-credits and teaching qualifications is to be guaranteed and equal access to, and equal employment opportunities in, practical training positions and teaching positions is to be ensured. This will support the better mobility of student teachers and teaching staff on a binding, lasting basis. Subject to the provision of funding by the legislative bodies, the Federation is providing total funding of up to €500 million. 49 projects in all 16 <i>Länder</i> are supported in the first funding phase from 2015 to 2018/2019. 59 third-level institutions are taking part in these projects, which translates to almost every second teacher-training college in Germany.	Runs from 2014 – 2023
66.	Federal/ <i>Länder</i> competition "Advancement through Education: Open Universities"	The competition promotes activities that develop, trial and prepare the implementation of CVET study programmes at universities on a lasting basis (CVET = continuing vocational education and training). With this approach, the programme helps secure the long-term supply of skilled labour and improve permeability between academic education and vocational training. At the same time, it helps towards an open system of higher education with CVET opportunities for various needs and target groups which, up to now, have not really been the focus of third-level institutions and the services they offer. Funding is currently being granted to a total of 122 grant recipients at 95 different German higher education institutions (60 universities of applied sciences, 35 universities) and four non-university research centres or other institutions in a total of 73 collaborative and individual projects. This means that roughly one higher education institution in four is on track to becoming an "open university" with an open system of higher education. Higher education institutions from all <i>Bundesländer</i> are represented. Subject to the provision of funding by the legislative bodies, the Federation will provide €250 million in total through to 2020 to finance the competition. Each Land guarantees the overall financing of their projects.	First round of competition: 2011 – 2017 Second round of competition: 2014 – 2020

No.	Action name	Description of action and anticipated impact	Status and schedule
67.	Investment by the <i>Länder</i> in education	The <i>Länder</i> spend substantial amounts on additional investments in education. For example, the investment made by the Land Mecklenburg Western-Pomerania is as follows: <u>Mecklenburg Western-Pomerania</u> : Land funding to support the next generation of scientific and creative talent (state graduate sponsorship programme) has more than doubled since 2016 (from €323,000 to €783,000 per year). This makes more doctoral degrees possible.	Since 2016
68.	ESF federal programme “Co-financing of Career Start Coaching pursuant to Section 49, Book III of the Social Code”	The core objective is to move young people into vocational training. Broken down, the aims of the individual steps in this programme are to i) obtain a school-leaving qualification; ii) improve career orientation and choice of careers (intermediate goals); iii) take up (primary goal) and stabilise a vocational training relationship. Career start coaches provide young people with continuous, individual support from school right through to vocational training. The measures start in the penultimate school year of general education schools and extend up to six months into the period of vocational training.	Runs from 15 November 2014 – 31 July 2022
69.	Measures adopted by the <i>Länder</i> to improve school education and reading and language skills	<u>Bavaria</u> : Seven regional STEM networks are being developed with existing and regional MINT offerings including additional out-of-school learning centres such as school laboratories or research centres for pupils. This aims to improve the education of young people, especially also those from a migrant background, in STEM subjects to counter the imminent shortage of skilled workers. <u>North Rhine-Westphalia (NRW)</u> : – The “NRW Schools of the Future” network is gradually putting individual support at the centre of the work of schools in North Rhine-Westphalia (NRW). Experts oversee the networks from the very beginning, the process is underpinned by various event formats and the active networking measures are coordinated and documented by reference schools that receive relief in return. This approach helps schools make individual support a fundamental educational principle of learning. The internet platform www.zukunftsschulen-nrw.de provides the latest updates from the regions and news about developments in individual support, enables schools to get information about best practices in other schools, and provides a platform for contacting and collaborating with such schools. The aims of the “NRW Schools of the Future” are to steer lesson development and school development towards a culture of individual support; facilitate, promote and support networking; and guarantee the sustainability and transparency of the results of networking activities. – The Land of North Rhine-Westphalia is providing additional language development funding totalling €25 million annually to the youth welfare offices for child daycare facilities attended by a particularly high proportion of children with particular speech and language development needs. The distribution key is based on the number of children under seven receiving benefits under Book II of the Social Code, and the number of children in which German is not the primary language spoken. As part of the local youth welfare planning system, the youth welfare offices decide on the distribution of the funds to the child daycare facilities, which receive at least €5,000 annually. <u>Saxony-Anhalt</u> : – The aim of the “Securing School Success” ESF programme is to ensure a high level of general education for all children and young people. The central focus is on reducing and preventing early school-leaving, and on the promotion of equal access to high-quality primary and secondary education, including (formal, non-formal and informal) education courses that enable individuals to return to general education and vocational training. – With the “productive learning” approach, a state-wide network of schools is offering a particular form of teaching directed at helping pupils to obtain a lower secondary school certificate (Hauptschulabschluss). This approach supports pupils acutely at risk of not obtaining a school-leaving certificate by providing methodical access to education that combines theory with a high percentage of practical knowledge acquisition. This gives the pupils the full set of tools to shape and take ownership of their education process, and helps them in making the transition from school to work. To implement selected modules of the “productive learning” approach in the regular system and to test out different ways to change the quality of learning, school-based projects focussing on the development of teaching and instruction are being supported with ESF funds in a school pilot programme.	Set up at 17 locations in the 2016/2017 school year Since January 2015 Since 2014/2015 2014 – 2020

No.	Action name	Description of action and anticipated impact	Status and schedule
70.	Measures adopted by the <i>Länder</i> to increase the rate of third-level graduates or individuals with an equivalent qualification	<p>A multitude of measures are in place in the <i>Länder</i> to increase the rate of third-level graduates or individuals with an equivalent qualification, for example:</p> <p><u>Baden-Württemberg</u>: With the “Study Successfully in Baden-Württemberg” fund, third-level institutions in Baden-Württemberg will receive support of €100 million from 2016 to 2021. The first tranche from 2016–2019 contains three funding lines:</p> <ul style="list-style-type: none"> – “Structural Models in the Introductory Study Phase” to individually support students in the introductory study phase with study structures, orientation and skills upgrading; – “Learning and Teaching Science” for the promotion of innovative pilot schemes that systematically implement active learning and teaching at third level; – “A Culture of Entrepreneurship in Studying and Teaching” to support innovative projects that encourage entrepreneurship among students. <p><u>Bavaria</u>: On 1 January 2017, Bavaria created the legal basis for carrying out study programme orientation processes at third-level institutions. In doing so, it has increased the range of tools for third-level institutions and potential students in line with their specific needs to ensure that the study experience is as successful as possible.</p> <p><u>Berlin</u>: The state of Berlin has launched a special programme entitled “Berlin Quality and Innovation Campaign 2016–2020”. This supports the objective of the Higher Education Pact to guarantee high-quality study programmes for additional first-year students, and supports measures to open up third-level education more to individuals with vocational qualifications. A total of €55 million will be provided to third-level institutions in Berlin through to 2020.</p> <p><u>Berlin</u>: The state of Berlin has launched a special programme entitled “Berlin Quality and Innovation Campaign 2016–2020”. This supports the objective of the Higher Education Pact to guarantee high-quality study programmes for additional first-year students, and supports measures to open up third-level education more to individuals with vocational qualifications. A total of €55 million will be provided to third-level institutions in Berlin through to 2020.</p> <p><u>North Rhine-Westphalia (NRW)</u>:</p> <ul style="list-style-type: none"> – To improve upon the strengths of the higher education landscape in North Rhine-Westphalia, a <i>Land</i> higher education development plan was established for the first time in 2016 dealing with all the key areas of development in the higher education system. The <i>Land</i> higher education development plan makes provisions for deeper cooperation among third-level institutions, describes measures to further improve study quality and academic success, and provides development stimuli for innovation priorities such as digitisation. The <i>Land</i> higher education development plan was drawn up in a participatory process over several months with the close involvement of third-level institutions, an external council of experts and other representatives of the academic system. The <i>Land</i> higher education development plan was adopted in agreement with the <i>Landtag</i>. – All third-level institutions are similarly affected by the many challenges and opportunities presented by digitisation. At the same time, digitisation in the teaching sector depends on the dissemination and further refinement of successful examples of digitisation. This is why third-level institutions and the Ministry for Science in the state of North Rhine-Westphalia have taken their collaboration in the field of digitisation to a new level with the creation of the Digital University NRW cooperation platform. Following from many successful initiatives that are already in place, the Digital University NRW is active in the area of research, teaching and infrastructure/management, and serves the joint planning and implementation of digitisation projects. One of the digitisation measures to recently start is the Fellowship Programme for Innovations in Digital Third-level Teaching, which the Ministry for Science launched in tandem with the Stifterverband für die Deutsche Wissenschaft (Donors’ Association for the Promotion of Science and Humanities in Germany). The aim is to enable the scientists supported under this programme to implement an innovative project in digital teaching. 	<p>2016–2021</p> <p>In force since 1 January 2017</p> <p>In force since 1 July 2017</p> <p>Applies from 1 January 2017</p> <p>Set up on 2 September 2016</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
		<p>– With its “Study with Success in NRW” 14-step strategy, the Ministry of Science, together with the third-level institutions, is implementing a range of measures to pave the way to a successful study experience for everyone willing and able to study. This is also linked to the goal of a medium-term reduction in the university drop-out rate. The measures focus on the sensitive transition phases from school to third-level and from third-level to the working environment. “NRW Paths to Study” – the joint integration model of the Land and third-level institutions – is a new component of this strategy, and will provide up to 12,600 places on university preparatory courses in the period 2017 – 2020 for refugees who are willing and able to study. In addition, staffing for the advisory structures at third-level institutions will be increased. The Land is making up to €30 million available annually for this purpose. The measure aims to teach refugees the linguistic and technical skills they need to be able to study within a period of one year, and thereby support the integration of refugees into a study programme at a third-level institution in North Rhine-Westphalia. 30 third-level institutions sponsored by North Rhine-Westphalia or refinanced by the Federal Government had submitted an application for funding to the German Academic Exchange Service (DAAD) - which has assumed responsibility for the integration model - by the end of October 2016, the closing date for applications.</p>	<p>“NRW Paths to Study”: Development of an approach and an invitation to tender (summer 2016) contract concluded with the third-level institutions and commencement of projects at the third-level institutions in January 2017</p>
71.	Measures adopted by the <i>Länder</i> in the field of continuing education and life-long learning	<p>Numerous measures are in place in the <i>Länder</i> to promote continuing education and lifelong learning, including:</p> <p><u>Baden-Württemberg</u>: The Alliance for Lifelong Learning with relevant providers of continuing education was defined in greater detail on 10 December 2015 by a Continuing Education Pact and is set to shape continuing education policy for the next five years. The Pact formulates 13 headline targets which the participating ministries and providers of continuing education are to deliver upon (see www.bIII-bw.de). The expansion of the Alliance is set down in the coalition agreement of the new Land government.</p> <p><u>Hesse</u>: The start of 2016 saw the launch of the new ESF funding programme for adult literacy and basic adult education in Hesse. The focus of the funding provided initially to five new basic education centres is the implementation of a regionally nuanced support structure for literacy skills and basic education for adults in Hesse. The approach taken is to reach people affected by poor literacy and basic education in their immediate surroundings, and to provide new learning opportunities to close this education gap. In addition to measures to improve basic reading and writing skills, it should be noted that support is also granted to improving the health education, numeracy skills and the basic social, cultural and political skills of the individuals concerned. Other aims of the centres are to break the taboo surrounding the issue and to advise, inform and qualify disseminators and other interested persons (“key persons” and “confidants”). By setting up five new basic education centres, Hesse, in conjunction with the EU, is making an important contribution to helping people whose poor reading and writing skills stand in the way of their full participation in society. A total of €3.6 million is available for the entire funding period. The five chosen education providers receive support from the Land of Hesse and the European Social Fund (ESF) for the period 2016 through to 2019.</p>	<p>Implementation and continuation in 2016</p> <p>In force since 1 January 2016 The first five basic education centres receive support from 1 January 2016 through to 31 December 2019.</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
72.	Measures adopted by the <i>Länder</i> to support career orientation	<p>Numerous measures are in place in the <i>Länder</i> to promote career orientation, including:</p> <p>Baden-Württemberg:</p> <ul style="list-style-type: none"> - The “Collaborative Career Orientation” project seeks to improve career orientation by providing opportunities for practical experience at a variety of places of learning so that candidates can compare their skills and aptitude against the professional and academic requirements of a wide range of disciplines. In this context, individuals are to reflect upon their professional goals, and realign them if necessary, genuine commitment to goals is to be examined and avenues opened to academic and non-academic training. Strategies for implementation help individuals take steps to bring them closer to their own professional ambitions and capabilities. Specific offerings can unlock the potential of certain groups, such as specific projects for (male and female) migrants or gender-related projects. - The aim of the “Internship Plus” project is to optimise in-school work placements as an instrument of career orientation, as the most effective internships are those that build on one another and are properly coordinated and interlinked. The project therefore focuses on trialling and developing internship-related processes and specific measures that take account of the career orientation elements at the relevant schools or types of schools and, with regard to pupils’ personal development, place particular importance on in-school work placements as cornerstones of career orientation. - The process to implement a skills and ability analysis at comprehensive schools (<i>Gemeinschaftsschule</i>) aims to identify pupils’ generic, job-related skills in order to promote individual support and career orientation for the pupils. The process is being developed and trialled as part of a three-year project and rolled out across the state for all grade 8 classes at comprehensive schools. - The “Transition to Training” project supports prevocational programmes at vocational schools by developing and implementing teaching modules to improve pupils’ self-guidance skills. By incorporating a job-specific exercise in the work placement, this allows the interns to reflect upon their (potential) choice of career and, based on the experience made during the exercise, determine whether their profile matches the requirements of the occupation requiring formal training. - The aim of the “BESTOR” project is the continued development and implementation of new modules for career guidance and study programme orientation at secondary level II in general-education upper secondary schools (<i>Gymnasium</i>). 	<p>The project is in its second year of implementation and will run for six years in total. Currently around 300 school projects are being implemented.</p> <p>The project commenced in November 2016 and will run for four years.</p> <p>The project is in the second year of implementation.</p> <p>The project commenced in 2016 and will run for six years. 55 classes are currently taking part in the project.</p> <p>BESTOR commenced in 2016 and will run for five years.</p>
		<p>Bavaria:</p> <ul style="list-style-type: none"> - With the career orientation measures of the “Career Orientation Module for Integration” over 1,300 pupils at middle schools (ages correspond to those of grades 7–9) who had to flee their country and have a solid right to remain receive continuous support through approximately 60 teaching units. In addition to compulsory content (language development in line with their choice of career, courses of education, support services before and after training), elective modules are also offered (preferences/interests, basic skills, intended professions, professional requirements of individual occupations, applications). In addition to familiarisation with school-based and vocational training (particularly the dual training system), the programme’s aims also include the acquisition of language skills (particularly specialised language), information literacy and the skills to make a reasoned career choice, as well as the development of strategies towards the placement of individuals in vocational training. - The offerings of the set of measures under the “Transition from Special School to Work” are aimed at pupils in vocational training classes of special needs centres with a focus on mental development, and corresponding classes in special needs centres with a focus on physical and motor development. The aim is to place the pupils concerned on the general labour market. This particularly benefits people who, under current practice, would generally be employed in a workshop for people with disabilities at the end of their school education. Participants receive intensive individual support with regard to career orientation, during internships and in preparing for a job for a period of up to three years. The set of measures was implemented as a pilot project up until 2009 and was then rolled out to 242 participants per school year in 2013, and extended again in 2016 to the current number of 260 participants. 	<p>2016 to July 2017</p> <p>In this context: Career orientation measure: total duration 15 December 2016 – 31 August 2019 Assisted employment: total duration 1 September 2017 to 31 August 2021</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
		<p><u>Hamburg:</u></p> <ul style="list-style-type: none"> <li data-bbox="461 495 1174 573">– Under the “Measures to Increase the Appeal of the Dual Training System” programmes, measures are developed in this regard, and possibilities analysed for obtaining additional qualifications in the dual training system. <li data-bbox="461 577 1225 741">– The aims behind the development of an “Integrated Vocational Training and Studying” collaborative model between vocational schools, companies providing training and state-owned universities include the reciprocal recognition of skills and the creation of an experience-based framework for deciding on alternative routes to continuing one’s training and education (vocational training, vocational training + bachelor, bachelor). <li data-bbox="461 745 1214 992">– The project for the “Placement and Integration of University Drop-outs in Vocational Training” is a lighthouse project for interconnected advice, placement and support of university drop-outs in vocational training in Hamburg. The aim is to set up an advisory and placement network for all the stakeholders involved in order to optimise the advisory services, the development of processes by means of which candidates receive credits for earlier academic work, in particular, in the vocational training programme (vocational schools and companies), and the development of collaborative structures particularly between advisory centres, vocational schools and companies to integrate university drop-outs into vocational training. 	<p>In progress, until July 2018</p> <p>In progress, until August 2018</p> <p>In progress, until 31 December 2018</p>
		<p><u>North Rhine-Westphalia (NRW):</u> The Skills Development and Skills Measurement in Vocational Education (KOMET-NRW) project, funded by the European Social Fund, had as its goal the development, identification and evaluation of skills in specialised classes under the dual system of education. This has resulted in the need for two follow-up projects: Taking the example of the following professions that require formal vocational training – electronics technicians for industrial engineering, electronics technicians for energy and building services engineering, automotive mechatronics technicians and medical assistants - the KOMET-NRW-LOK project (November 2015 to March 2017) looks at how learning situations jointly developed by apprentices and vocational education teaching staff under the KOMET skills model can promote and improve cooperation between in-company training and vocational schools as training venues. With the aim of identifying concrete recommendations for action, the structure-related KOMET-NRW-LOK project (November 2016 to July 2017) will look at the formats that can be used to put training-venue cooperation between companies offering training and vocational schools on a permanent footing. The format content is based on the learning situations from the KOMET-NRW-LOK project, which were developed according to the KOMET skills model. By dovetailing and cementing the content of common regional formats, and the resulting improvement in the quality of the learning processes this will deliver, the aim is to be able to visualise the skills development of trainees in a transparent manner. This provides important information for a further improvement in the quality of training and therefore in the development of skills among trainees.</p>	<p>Continuation with a focus on collaboration between learning venues:</p> <p>1 November 2015 to 31 March 2017</p> <p>Focus on the structure formats of collaboration between learning venues:</p> <p>1 November 2016 to 31 July 2017</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
		<u>Rhineland-Palatinate:</u>	
		<ul style="list-style-type: none"> - The “Land Strategy to Secure the Supply of Skilled Labour in Rhineland-Palatinate 2014 – 2017” contains a comprehensive approach to career choice preparation and higher education guidance, and to transitioning from school to professional life. The aim is to secure the next generation of skilled workers with measures ranging from harnessing untapped potential through to maintaining and expanding the skills workers already have. 	Runs from 2014 – 2017
		<ul style="list-style-type: none"> - The central initiatives for schools are set down in action area 1: “Securing the next generation of workers”. This includes the introduction of a “Career and Higher Education Guidance Day”. Alongside preparatory measures and follow-up work in class, this will also include an advisory session on the dual system of vocational training and study guidance, which is held by experts and based on guidelines that are standardised across the state. Other binding elements include the hosting of a parent-teacher conference and a “certificate of participation” for the pupils. The service must be provided in secondary level I and also consolidated in the upper secondary level. The legal basis is provided by the new administrative provision on “Rules for guidance on education, preparation for career choices and higher education guidance”, which entered into force on 1 February 2016. 	New administrative provision on “Rules for guidance on education, preparation for career choices and higher education guidance” entered into force on 1 February 2016.
		<ul style="list-style-type: none"> - The information campaign “Kompetent in eigener Sache – Zukunft läuft” together with the accompanying “Zukunft läuft” app won the German Award for Online Communication on 8 June 2016. This is the first app for career and higher education guidance to be issued by a ministry in Germany. Compared with other apps to assist in choosing a career, the “Zukunft läuft” app is innovative because – rather than suggesting specific professions – the integrated interest assessment encourages users in a fun and informative way to give real thought to areas that interest them and their own plans for the future. In the process, it provides information about the dual system of vocational training and graduate programmes in equal measure. 	A further development of the app is planned for the 2016/17 school year.
		<ul style="list-style-type: none"> - The Federation/Länder agreement signed in February 2016 seeks to interlink successful support instruments to create a holistic and coherent nationwide support system for career orientation and for the transition from school to work. All the measures under the “Educational Links to Obtain a Training Qualification” federal initiative and the projects set out in the Land Strategy to Secure the Supply of Skilled Labour are to be brought together to this end. In this context, the instrument of “personal development meetings” was introduced on a pilot basis at intermediate secondary schools (<i>Realschule plus</i>) in Rhineland Palatinate and in the city of Mainz as well as the administrative district of Birkenfeld in the 2015/2016 school year (<i>Realschule plus</i> schools are the result of the state measure to bring lower secondary schools (<i>Hauptschule</i>) and intermediate secondary schools (<i>Realschule</i>) under one educational and organisational umbrella). This instrument regulates cooperation between schools and the agencies for youth employment from the eighth grade. The aim is the early identification of pupils who are particularly in need of assistance and the provision of tailored support to meet their needs. As a diagnostic instrument for providing individual support, the “Profil AC” skills and aptitude analysis is also introduced at schools that offer education courses that lead to a “Berufsreife” qualification (after 9th grade, qualifies the holder to enter basic vocational training) in the period from 2016 to 2020. At this stage, the introduction of a potential analysis system has been piloted at 70 schools that offer education courses that lead to the “Berufsreife plus” qualification. The measure focuses on the upskilling of selected teaching staff who then develop and implement a strategy specific for their own school with close guidance from experts. The aim is to establish a strengths-oriented system of support at schools in the future that enables pupils to even better plan the path they will take through vocational training or a degree course. 	Federal/Länder agreement signed in February 2016 2015/16 school year
		<ul style="list-style-type: none"> - The “Gender-sensitive Career Guidance – Training and Coaching for Career Guidance Professionals” project aims to raise awareness for gender differences in career orientation among the professionals involved in helping young people choose a career path and to improve their advisory skills. 	2016 – 2020

No.	Action name	Description of action and anticipated impact	Status and schedule
		<p><u>Saxony</u>: Special career counsellors in schools prepare pupils individually for professional life from the seventh grade onwards. The services of the career counsellors complement the work of the career guidance officers at the employment agency. They are additional members of staff, providing professional support for tailor-made career and higher education guidance – combined with support for the individual strengths of the pupils. The aim is to increase pupils’ skills and abilities for their choice of career. To this end, the special career counsellors perform a special test with the pupils with practical tasks in the form of individual work and group work. Each pupil is observed to see how he/she approaches and resolves the task and uses his/her potential. Using a special computer programme the career counsellor then creates a personal assessment chart from the test results. The development plan that follows is agreed with the pupils, their parents and class teachers. The “<i>Profil AC</i>” potential analysis procedure that is applied is a high-quality, scientifically evaluated procedure. The special career counsellors are financed through funding from the European Social Fund, the Federal Employment and the Free State of Saxony.</p>	Expansion since the 2016/2017 school year
		<p><u>Saxony-Anhalt</u>: The BRAFO programme, encouraging timely career choices and early orientation, is introduced as a compulsory programme at all schools across the state of Saxony-Anhalt (with the exception of special schools for pupils with intellectual, physical and sensory disabilities). To identify the personal interests and preferences of pupils and to provide support for career guidance and their later choice of career, from the 2016/2017 school year onwards pupils will be required to take part in a one-day computer-assisted skills and aptitude assessment process (BRAFO-KE) to identify their professional interests and preferences in specific environments and with regard to specific activities. Afterwards, the pupils can discover more about working in the four environments on four separate days. Three fields of activity are assigned to each environment. Each day the pupils explore a field of activity in one of the environments so that at the end of the four days they have experienced all four environments and completed one activity in each environment.</p> <p>In addition, the programme also focuses on the labour market potential of young refugees in order to support their early and successful integration into vocational training. To this end, measures and projects have been added to the BRAFO programme that are geared specifically towards young refugees. The programme combines traditional career guidance measures with measures to promote language acquisition under the youth integration courses.</p>	2015 – 2020 Starts in January 2017
73.	Higher Education Pact 2020	<p>The aim of the Higher Education Pact is to safeguard the opportunities of the young generation to enter a study programme and secure the next generation of young scientific talent which the country needs. Under the third phase of the Higher Education Pact, the Federation and the <i>Länder</i> seek to make a study place available for up to 760,033 additional first-year students by 2020 compared with 2005 levels, subject to the provision of funding by the legislative bodies. The Federation and the <i>Länder</i> consider €26,000 to be the amount needed for each additional first-year student. Of this amount, the Federation will provide €13,000 over a four-year period according to a fixed amount model. In future, the higher education institutions are to channel 10% of the funds into quality-assured measures to help students successfully complete their studies. Another important goal is to open up third-level education to more individuals with vocational qualifications. With the second pillar of the Higher Education Pact, overhead funding for the German Research Foundation (DFG) will be continued through to 2020, and from 2016 onwards will be increased to 22% in total for new DFG projects. The funding serves to cover the indirect, additional and variable project expenses associated with support for projects.</p>	2016: Start of the third and final programme phase of the Higher Education Pact 2020
74.	Programme to Promote the Next Generation of Scientists	<p>With the Programme to Promote the Next Generation of Scientists adopted in 2016, the Federation and the <i>Länder</i> want to improve the planning and transparency of the career paths of junior academics at universities. The Federation and the <i>Länder</i> will establish tenure-track professorships to this end. To finance the programme, starting in 2017 the Federation will provide total funding of up to €1 billion for the entire duration of the programme up to 2032, subject to the provision of funding by the legislative bodies. The details are set out in the administrative agreement of 16 June 2016.</p>	Adopted in June 2016

No.	Action name	Description of action and anticipated impact	Status and schedule
75.	“Education in a Digital World” strategy	With the adoption of their “Education in a Digital World” strategy, the Standing Conference of <i>Länder</i> Ministers of Education and Cultural Affairs has presented a binding plan of action for shaping one of the biggest challenges facing society. Learning in the context of the increasing digitisation of society and the working environment, and critical reflection on this development, will become integral parts of the educational mandate. Digital media offer enormous potential for the development and application of new teaching and learning processes, they help to individually encourage and advance pupils even more, and therefore support efforts for more equality of opportunities through education. The adoption of the strategy with its clearly formulated goals and common direction in terms of content for all 16 <i>Bundesländer</i> was preceded by an intensive and transparent coordination process in which expertise from academia, associations, employers and trade unions played a substantial role.	The strategy was adopted by the Standing Conference of <i>Länder</i> Ministers of Education and Cultural Affairs on 8 December 2016. In collaboration with all other stakeholders, the <i>Länder</i> will take swift action to introduce the next steps to implement digital learning.
76.	Measures adopted by the <i>Länder</i> to improve the education level of disadvantaged persons	<p>Numerous measures are in place in the <i>Länder</i> to raise the level of education of disadvantaged persons, including:</p> <p><u>Mecklenburg Western-Pomerania:</u> In the context of Article 1 of the Directive of the Federal Ministry of Labour and Social Affairs for the “Inclusion Initiative – Improving the Participation of People with Severe Disabilities in Working Life on the General Labour Market of 9 September 2011”, the Social Affairs and Education Department and the North Germany regional office of the Federal Employment Agency are implementing the core elements of career orientation taking into account the particular needs of pupils with severe disabilities on their way to employment requiring compulsory social insurance payments through the specialist integration services in the state of Mecklenburg Western-Pomerania. The programme is being continued in a cost-neutral manner for the 2016/2017 school year through the special Land fund – “compensatory levy under Book IX of the Social Code” – after federal funding through the national rehabilitation fund (Section 78 of Book IX of the Social Code) was ruled out. Negotiations between the cooperation partners in the state to put the agreement on a permanent footing are still ongoing.</p> <p><u>Saxony:</u></p> <ul style="list-style-type: none"> – To increase equality of opportunity for children with particular learning difficulties and complications in their lives, the Free State of Saxony is supporting projects in selected child daycare facilities with a particularly high proportion of disadvantaged children, with co-funding provided by the European Social Fund. These projects and the role of the additional staff assigned to these facilities focus, in particular, on identifying the need for help and support among the children, on helping educational staff to provide services that benefit the children’s development, on activating and strengthening parental involvement, and on the development and consolidation of networks with other skilled professionals. The aim is to strengthen the children’s development and compensate for development gaps so that the children can successfully shape their educational future. The measures in the selected child daycare facilities are overseen professionally by external advisory offices and centres of expertise. – The appointment of inclusion assistants to schools in Saxony gives long-term support to in-school inclusion processes and strengthens the equal participation of children and young people in the education system. To create a better “learning-together” environment for pupils with and without disabilities, and to prevent the development of special educational needs among children and young people, the European Social Fund and the Free State of Saxony are supporting the appointment of additional skilled professionals at selected public-sector schools and alternative schools in Saxony. The projects can be implemented at primary schools, high schools, upper secondary schools (Gymnasium), remedial schools and at vocational schools of all kinds. 	<p>Already running</p> <p>Started in the 2016/2017 school year</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
77.	Expansion of all-day services with the aim of providing greater education and support opportunities in the <i>Länder</i>	<p>The <i>Länder</i> continue to implement a variety of measures to expand all-day education, including in:</p> <p>North Rhine-Westphalia (NRW): By leveraging demographic effects and by creating new positions, improvements in quality have been financed in a variety of areas in the school system since 2015. For example, improvements in class sizes in primary schools (550 positions) were financed in 2015, and in 2015 – 2017 improvements in class sizes were financed in secondary level I at upper secondary schools (Gymnasium), comprehensive schools (Gesamtschule) and intermediate secondary schools (Realschule) (800 positions); in addition, between 2015 – 2017 multiprofessional teams for inclusion were established at vocational schools (400 positions) and the state has pressed ahead with the expansion of all-day schools with compulsory attendance for all pupils, and with non-compulsory attendance, with funding of approximately €161 million. Further to this, between 2015 and 2017 positions were created within the framework of the Training Consensus (210 positions) and for the comprehensive introduction of Islamic religious education (150 positions). In addition, in 2017 additional positions were created for end-to-end language learning, language development and intercultural school and curriculum development for integration through education (300 positions). Additional positions were also created in 2015-2017 for more school management time for multi-campus schools (76 positions).</p>	2015 – 2017
		<p>Rhineland-Palatinate: In the 2016/2017 school year, the state of Rhineland-Palatinate reached a level of all-day service provision that matches the needs of the pupils. 1,149 schools offer all-day services. The dense network of all-day schools can be increased if necessary. With a broader timeframe, it is possible to implement locally appropriate solutions with high-quality education programmes. Cooperation with non-school partners (currently 28 associations and institutions) helps teachers unlock the potential of their pupils. The all-day schools organise services to promote talented and gifted pupils as well as services to correct learning gaps. They give pupils support with reading and in foreign languages through additional measures that cannot be organised in half-day schools.</p>	2016/2017 school year
78.	Measures adopted by the <i>Länder</i> to improve the education level of refugees	<p>Numerous measures are in place in the <i>Länder</i> to increase the education and skill levels of refugees, including:</p> <p>Baden-Württemberg: The portfolio of education services for migrants and refugees at general education schools is being adapted to the current challenges and to findings and experience of science and practice. The plan is to create an orientation framework for preparatory classes containing the following elements as a support for schools: Framework plan for German as a target language for primary schools and secondary level I; framework plan for values-based basic political education; recommendations (guidelines) for the structure and organisation of preparatory classes. The remit also includes the creation of a concept for implementation and the qualification of disseminators. The orientation framework for preparatory classes aims to give school principals and teachers concrete guidance for the organisational implementation of preparatory classes and their translation to the classroom. The schools receive examples of successful implementation and training courses to this end. With special points of contact for refugees interested in studying, third-level institutions in the state of Baden-Württemberg are providing guides to assist refugees on their path towards third-level education. This addresses the good to very good educational background of many refugees. In turn, these points of contact at third level have recourse to Regional Coordinators for Refugees at Third-Level in each of the four administrative districts. Baden-Württemberg has therefore put the structures in place to provide all the key stakeholders with the necessary information and to enable the creation and maintenance of networks.</p>	Work on the orientation framework and the implementation concept is to be completed in July 2017.

No.	Action name	Description of action and anticipated impact	Status and schedule
		<p>Bavaria: SPRINT (= intensive German-language learning) at intermediate schools (<i>Realschule</i>): The SPRINT pilot project was extended from two locations (in the 2015/2016 school year) to 17 locations across Bavaria in the 2016/2017 school year. The project is geared specifically to pupils with a refugee or migrant background. The pupils are selected on the recommendation of teachers of transition classes in collaboration with the school boards and ministerial representatives. The pupils are first taken into regular classes as visiting pupils. At the start, however, they almost exclusively receive intensive German-language training and are then gradually integrated into regular lessons. Integration and inclusion in a regular class, and contact with other pupils in the Realschule, is therefore guaranteed from the start. A flexible timetable makes it possible to individually adapt the support measures to the needs of the pupils. The aim is to give young people with initially poor German language skills the opportunity to obtain an intermediate school leaving certificate (<i>Realschulabschluss</i>). The individuals must go through the regular admissions procedure before being finally accepted into the Realschule. However, special measures to promote language learning are also in place outside the SPRINT system. Budget supplements are provided for state Realschulen with a high proportion of pupils with a migrant background and for special educational projects geared at language learning. In the 2016/2017 school year, 58 state Realschulen will receive additional support with a total of 265 teacher week hours. Furthermore, supplementary tuition and remedial classes for German are offered at all state Realschulen, amounting to 881 teacher week hours (approx. 37 positions) in the 2015/2016 school year. This corresponds, on average, to approximately four teacher week hours per school.</p>	Set up at 17 locations in the 2016/2017 school year
		<p>Hamburg:</p> <ul style="list-style-type: none"> - Development and trialling of inclusive strategies for vocational schools: The project comprises the development and trialling of inclusive strategies at the transition between school and working life and for vocational schools, and the presentation of a decision paper regarding “inclusion in vocational training”. - Measures for integrated and additional German language development for refugees in the context of vocational training: Development of integrated and additional German language learning measures for dual and full-time school-based vocational training courses to increase individuals’ prospects of integration through the successful completion of a vocational training course. 	<p>In progress until July 2017, blueprint presented in January 2017</p> <p>Currently: Identification of immediate need for action, project development</p> <p>First system implementation from summer 2017</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
		<p><u>Hesse</u>: Overall concept for the promotion of German language skills in school, voluntary services under the “Hesse Action Plan for the Integration of Refugees and to Maintain Social Cohesion” and the School Integration Plan: The overall concept to improve German language skills is tailored to the individual needs of the target groups of different age categories, and takes into consideration their socio-emotional development and educational and cultural background as well as their very heterogeneous language learning requirements. The language services range from preparatory courses one year before school enrolment to intensive courses and partially integrated intensive courses at general education schools through to intensive classes at vocational schools (Integration through Integration and Qualifications – <i>InteA</i>). In this way, the overall concept for the promotion of German language skills in school developed by the Hesse Ministry of Education and Cultural Affairs supports children, young people and young adults with poor knowledge of German in acquiring and improving their German language skills far beyond the age of compulsory school education. By decree of 9 November 2016, it is possible for pupils educated through an <i>InteA</i> programme to earn an external lower secondary school leaving qualification (<i>Hauptschulabschluss</i>) and an external intermediate secondary school leaving qualification (<i>Realschulabschluss</i>) and rules have been added making it possible to do an internship for the purpose of career guidance and study programme orientation. With regard to intensive classes, monthly adjustments in the assignment of teaching positions provides additional resource security in the schools.</p> <p>The increasing number of individuals that are expected to transition from intensive classes to regular classes at general education schools from February 2017 onwards will be supported by the “School Integration Plan” of the Hesse Ministry of Education and Cultural Affairs. This is based on three pillars: the targeted control and distribution of transitions during the process of full integration into regular classes; increased resources at schools; and a comprehensive programme of further training and advice for teachers.</p> <p>Under the “Hesse Action Plan for the Integration of Refugees and to Maintain Social Cohesion”, additional voluntary services have also been created providing an additional portfolio of services for young adult refugees (within <i>InteA</i> classes and in the form of language development courses at schools for adults). Within the context of the Hesse Action Plan, €40 million have been additionally invested in education measures, around 800 new positions were allotted in the 2016 budget year for the support of pupils whose native language is not German, and – subject to the approval of the <i>Landtag</i> – another 1,100 positions are sought for the 2017 budget year. The measures are designed to help ensure that pupils who are not native German speakers receive the necessary support so that they can be taught alongside German-speaking pupils – according to their aptitude – and can achieve the same school-leaving qualifications. This is in line with the Hesse Education Act. Furthermore the measures are to make an important contribution to social integration and help ensure that the number of pupils leaving school in the state of Hesse without a school-leaving qualification continues to drop.</p>	<p>By decree of 9 November 2016 extended to include <i>InteA</i> in the vocational school system since the 2015/16 school year</p> <p>Voluntary German language development services under the Hesse Action Plan for the Integration of Refugees and to Maintain Social Cohesion implemented for refugees aged 18 and over since January 2016</p> <p>Implementation of the School Integration Plan from February 2017 onwards</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
		<p><u>North Rhine-Westphalia (NRW)</u>: Since 2015 the state of North Rhine-Westphalia has provided budget funds for childcare in special cases. The “bridging projects” have essentially been financed through these funds. These are low-threshold childcare services such as parent-child groups, or play groups, accompanied by qualified teachers, that seek to introduce children of families with a refugee background to the institutionalised system of childcare services. In addition to refugee children, the “bridging projects” are also geared towards children from families with comparable circumstances. In this respect, towns and cities in North Rhine-Westphalia that are particularly affected by immigration from southern European countries can also sign up projects for the care of children from these countries for the funding programme. In addition, support is also granted to professional services to support childcare staff in dealing with children who have experienced trauma, and in talking to parents. Children already receive individual support in the “bridging projects” and therefore will already have had this important experience when switching later to institutionalised childcare. This lays the groundwork for successful integration. In addition, relief is given to educational staff in child daycare facilities. Total budget funds of €33.2 million are available for “childcare in special cases” in the 2017 budget year. The state of North Rhine-Westphalia has also been providing additional funding to strengthen integration, prevention and the teaching of values in and through youth work and youth social work since 2016 (€6.25 million) and on a continuing basis in 2017 (€11.2 million). The aim is to introduce refugee minors to the regular services offered, provide support in overcoming asylum-related obstacles with the aim of participation in non-formal education, leisure activities and individual assistance, and to develop the regular services further by sensitising and training full-time and voluntary staff for the tasks.</p>	<p>Since May 2015, plans to continue the project in 2017.</p>
		<p><u>Saarland</u>: IntegraSAR plus: In collaboration with third-level institutions, the <i>Land</i> government is committed to ensuring that refugees who are able to study are integrated as quickly and successfully as possible in a study programme, and to opening up new opportunities for the future to academics who have fled their country. To perform these tasks, the higher education institutions have successfully raised funds in the INTEGRA and WELCOME programmes of the German Academic Exchange Service (DAAD). The IntegraSAAR plus funding programme seeks to support and complement the funding successfully raised through the DAAD. In this context, the support is based on three specific modules: education and study advice for students and academics across all third-level institutions; language courses to prepare refugees for higher education; and the design and development of a model to prepare refugees, who do not hold a qualification allowing them to directly enter university, for specialised studies at third-level institutions in the form of an individualised introductory study phase. Over the medium term this model is to be rolled out to all international students to make access to third-level education more personalised and more efficient. Looking ahead, the programme should enable the sustainable integration of the aforementioned target group into the Saarland, German and European labour market in this way.</p>	<p>Implementation commenced in 2015/2016 winter semester Expansion and further development of activities in the 2016 – 2017 academic years</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
E. Promoting social inclusion in particular by reducing poverty			
79.	Act to Strengthen Further Vocational Training and the Insurance Cover Offered under Unemployment Insurance (<i>Gesetz zur Stärkung der beruflichen Weiterbildung und des Versicherungs-schutzes in der Arbeitslosenversicherung</i>)	<ul style="list-style-type: none"> – Improve the opportunities of the long-term unemployed and of low-skilled workers to earn a professional qualification by strengthening the instruments of continuing vocational education and training (CVET) in Books III and II of the Social Code (including funding for the acquisition of basic skills and help with retraining, introduction of a further training bonus). – More flexible support of CVET measures in small and medium-sized enterprises. – Increased funding and support opportunities for measures centred on activation and occupational integration. – Better skills development opportunities while receiving transfer short-term allowance. – Cessation of obligations on employers to report lost work due to economic conditions in the case of seasonal short-term work. – Better insurance coverage in the unemployment insurance system for transitional periods in the labour market (periods of childcare and further training). – Support for the objective of the aforementioned Act through the further development of the “Future Starters” initiative (previously “Late Starters”), which aims to enable 120,000 young adults (aged between 25 and 35) to begin initial and further vocational training by 31 December 2020 with a view to obtaining a vocational qualification, and reduction of numbers discontinuing a training measure. 	In force since 1 August 2016
80.	Ninth Act to Amend the Second Book of the Social Code – legislative simplification – and for the Temporary Suspension of the Obligation to File for Insolvency (<i>Neuntes Gesetz zur Änderung des Zweiten Buches Sozialgesetzbuch – Rechtsvereinfachung – sowie zur vorübergehenden Aussetzung der Insolvenzantragspflicht</i>)	<p>Simplification of the benefits-related legislation and procedural law in Book II of the Social Code, particularly through:</p> <ul style="list-style-type: none"> – Relaxation of the interface between the Federal Training Assistance Act (BAföG) and Book III and Book II of the Social Code, thereby allowing trainees to claim supplementary benefits under Book II of the Social Code. – From 1 January 2017 onwards, the employment agencies – and no longer the job centres – will attend to individuals receiving benefits under Book II of the Social Code in addition to unemployment benefit under Book III of the Social Code. – Introduction of the option to extend the funding duration for subsidised work opportunities by a maximum period of 12 additional months, once only, after the end of the 24 month period. – Many other measures to simplify administration (including rules surrounding the imputation of income, the approval of benefits for housing costs, circumstances for reimbursement, and the extension of the general approval duration). 	In force since 1 August 2016 (partially in force since 1 January 2017)
81.	Measures adopted by the Länder to promote social inclusion, tackle poverty and discrimination	<p>Baden-Württemberg: The “Assisted Training for Professions in Nursing Care and Everyday Patient Care” project supports young people who would like to enter a caring profession but would have difficulties finding a training place and would probably not be able to successfully complete the training course. The programme contains a preparatory phase in which the participants get an overview of the nursing and caring professions, receive application training, and are supported in their search for a training position. The training begins in the second phase. During this time, youth-work contacts are always at the trainees side to answer any questions they may have in connection with the training programme. As they face particular disadvantages on the training and labour market, single parents are to be preferentially admitted to the pilot project. Equipped with around €1.6 million (ESF: €1.4 million; Land funds: €0.2), the funding programme will initially start as a pilot project.</p> <p>Bavaria: A system of support services provided by youth social work (youth social work at schools and work-related youth social work) makes an important contribution to equality of opportunities, social integration and the successful transition from school to work of socially disadvantaged young people, and young people facing particular individual barriers. These measures can also support the integration of young refugees. Given the needs of young refugees, starting in 2016 Bavaria increased the budget funds available to co-finance ESF-funded work-related youth social work by €1.5 million to an annual amount of approximately €5.5 million and delayed the planned expansion of youth social work at schools by one year.</p>	<p>Implementation period: September 2016 to August 2019</p> <p>Implementation at seven locations</p> <p>In force since 1 May 2016</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
		<p><u>Berlin</u>: Integration Masterplan The statutory benefits for the housing and care of up to 50,000 asylum seekers are included in the 2016 and 2017 Land budget for Berlin. Added to this are the investments to create housing and accommodation facilities and for child daycare centres and mobile extensions for schools. The following measures are planned in the area of academia/third-level: expansion of language courses and regular courses at preparatory college, expansion of bridging courses for first year students, expansion of advisory services and mentoring programmes for refugees, expansion of study places for the teaching profession, expansion of part-time programmes of study for social workers studying while working, creation of an institute for Islamic theology and a professorship for Alevi studies.</p>	In force since 1 May 2016
		<p><u>Berlin</u>: Berlin Action Plan for the Inclusion of Foreign Roma People (AP Roma) Improve the situation of many Roma people who have immigrated to Germany, including through:</p> <ul style="list-style-type: none"> - Outreach work (mobile drop-in centres run by Amaro Foro and Caritas), - Neighbourhood-related programme for work on the ground (with 14 projects in 2016), - Community building projects of the Roma organisations represented in Berlin, - Housing projects of housing associations and advice on tenancy law, - Temporary accommodation of families with children in emergencies, - Labour market integration projects (through the "Training Prospects" ESF programme), - Anti-discrimination projects (provided by LADS, the State Office for Equality and Against Discrimination), and - An emergency fund to finance childbirth care for women with an unclear insurance status (including advice). 	Ongoing implementation since 2013 Adopted on 16 July 2013
		<p><u>Bremen</u>: Advice and support for offenders and ex-prisoners towards their social and occupational integration geared towards the labour market and/or measures to facilitate access to work. The measure is sponsored by Hoppenbank e.V.</p>	January 2015 to December 2016
		<p><u>Hamburg</u>: Budget for employment</p> <ul style="list-style-type: none"> - Increase the transition of people with a severe disability from a workshop for people with a disability to employment requiring compulsory social insurance payments on the general labour market through the budget for employment. - Nationwide rollout of the budget for employment with the entry into force of the Federal Participation Act (Bundesteilhabegesetz) on 1 January 2018, and to put existing pilot projects on a permanent footing. 	Nationwide stabilisation/ introduction by 1 January 2020
		<p><u>Hesse</u>: Support for family centres The 130 family centres currently in the state are an important local, low-threshold place to go for all families, generations and cultures in Hesse. Here, people can socialise in a relaxed atmosphere of trust, and can avail of education, advice and support services.</p>	2016 – 2019

No.	Action name	Description of action and anticipated impact	Status and schedule
		<p><u>North Rhine-Westphalia (NRW)</u>: In the 2016/2017 kindergarten year, there are around 3,400 child daycare facilities in North Rhine-Westphalia that are organised as a family centre. This corresponds to more than a third of all child daycare facilities in North Rhine-Westphalia. With the family centres, prevention starts early. Here, targeted preventive action is taken and children's development is specifically encouraged in order to ensure that all children have the same opportunities. To achieve this goal, family centres have been developed primarily in socially disadvantaged areas since the 2012/2013 kindergarten year on the basis of a state-wide provision of services in North Rhine-Westphalia which was initiated in 2006. The distribution of the centres to the districts of the youth welfare offices is based on a social index which itself is based on two parameters: "children under seven in a joint household pursuant to Book II of the Social Code" and "school-leavers without a school leaving qualification".</p> <p>Project funding in the state of North Rhine-Westphalia for "publicly subsidised employment in NRW" with ESF and Land funding:</p> <ul style="list-style-type: none"> - As part of the Land employment policy, which is co-financed by the ESF, the Land of North Rhine-Westphalia provides support to: project management, individual coaching, job- and occupation-related skills development. - The job centres finance individual wage subsidies (for a maximum of two years and up to a maximum of 75 % of the pay). - The municipalities contribute with municipal integration services under Section 16a of Book II of the Social Code, such as psychosocial support, debt counselling or addiction counselling, and, for the most part, with funds from savings on housing expenses, which are put towards material costs that are not covered, for example, or to finance an increase in the number of participants. <p>€38.1 million in Land and ESF funding and approximately €74.7 million from the job centres have been invested in total since 2013. 105 projects with approximately 2,460 participant places have been/are being supported. An evaluation of the programme by the Institute for Employment Research (IAB) has demonstrated that participation in pilot projects for publicly subsidised employment in North Rhine-Westphalia has a considerable impact on the social participation of the individuals supported through the project. However, among the long-term unemployed there are also groups of individuals who need permanent support and are unlikely to be brought sufficiently close to the labour market within two years to have prospects for integration into the labour market.</p>	<p>Pilot projects from the start of 2013, guideline-based support since 2013.</p> <p>Additional projects are being planned. Applications can be made on an ongoing basis.</p>
		<p><u>Saxony</u>: With the new ESF programme launched by the Saxony State Ministry for Social Affairs and Consumer Protection entitled "Employment and Social Integration for People Facing Particular Disadvantages on the Labour Market - Step by Step", Saxony has been supporting projects since 2016 that aim to improve the employability of men and women furthest from the labour market (long-term unemployed) who have serious or complex problems and whom other projects in the past have been unable to reach. The aim is to lay the foundations for individuals to take part in further measures aimed at integration into work.</p>	<p>Funding period from 2016 to 2020.</p>
		<p><u>Saxony-Anhalt</u>: The projects for "Social Participation: Job Prospects for 58+", which commenced with the creation of a "social labour market" in Saxony-Anhalt in 2016, will be continued in 2017. The concept of a "social labour market" will be expanded to include additional elements to give people with serious placement difficulties a chance of employment. Based on the experience with family integration coaches in the "Strengthen Families - Create Prospects" projects, the project also offers social services and solutions for structuring and dealing with everyday life and oversees and supports publicly subsidised employment.</p>	<p>Ongoing implementation; further expansion from 2017.</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
		<p><u>Thuringia</u>: Projects to promote social and occupational integration and to combat poverty under the Thuringia ESF activation guidelines. In three different areas eligible for funding under the guidelines, jobless persons who have been unemployed for more than one year, or who are unlikely to be introduced to the labour market within a year on account of serious or multiple barriers to placement, are to be brought closer to the training and labour market over a long-term period through the creation of opportunities for social participation.</p> <ul style="list-style-type: none"> – Advice centres for younger people: Youth and young people up to the maximum age of 30 receive support at the advice centres to tackle their personal problems through low-threshold, outreach work. Once the situation of these young people has stabilised, the aim is to get them involved in follow-up services and measures that provide support in the sense of a support chain to continue their development. – TIZIAN: The Thuringia Initiative towards Integration and Combating Poverty in a Sustainable Context (TIZIAN) was developed in 2009 as a measure to combat family and child poverty with the help of the ESF. TIZIAN is geared towards long-term unemployed parents who are at the margins of the labour market, and their children. With close collaboration between youth welfare services and the job centres, the aim is to integrate the parents at a social and occupational level, to strengthen their parenting and family skills, and to support the children’s development. – TIZIAN plus: Similar to TIZIAN. However, the participants do not need to be parents. In addition, certain specific problems which the participants face can be addressed with a low-threshold approach. – Practical measures for young people: With group measures and individual measures combined with youth worker support, the aim is to stabilise young people and young adults (up to a maximum age of 30) through local services that provide structure to their day, and make the individuals ready (again) for training and employment within a period of 12 to 18 months. <p>The <i>Land</i> programme for “Publicly Subsidised Employment and Work of General Interest” has been launched and implemented as an indispensable and essential complement to existing instruments of labour market policy. The aim is to combat long-term unemployment through “passive/active transfers”, i.e., by financing publicly subsidised employment instead of financing unemployment. This programme creates offerings that give this target group the opportunity to take part in society. The financing of work of general public interest is seen to provide an important opportunity for the integration of long-term unemployed persons, and is also a significant plus for the community.</p>	<p>Activation guidelines have been in force since 2 December 2014.</p> <p>Funding period: October 2015 to December 2019</p>
82.	<p>Act on Federal Participation in the Costs of Integration and on Further Relief for the <i>Länder</i> and Municipalities (<i>Gesetz zur Beteiligung des Bundes an den Kosten der Integration und zur weiteren Entlastung von Ländern und Kommunen</i>)</p>	<p>The Act contains extensive relief for the <i>Länder</i> and municipalities by the Federation:</p> <ul style="list-style-type: none"> – To relieve the burden on the <i>Länder</i>, they will receive an annual lump sum for integration amounting to €2 billion for the years 2016 to 2018. – The municipalities receive full relief for the costs of accommodation for people with the recognised right to asylum and protection. The relief amounts to €400 million in 2016, and is expected to amount to €900 million for 2017 and €1,300 million for 2018. – The <i>Länder</i> will receive additional funds for housing construction amounting to €500 million in both 2017 and 2018. – From 2018 onwards, the municipalities will receive an additional €5 billion in annual relief through the share of the municipalities in value added tax, the federal share of costs for housing and heating, and the share of the <i>Länder</i> in value added tax. – Based on the final accounting of actual amounts incurred for the period January to August 2016, and a new instalment for September to December 2016 for relief of expenses for asylum seekers, the <i>Länder</i> receive another €2.55 billion, and an instalment of €1.16 billion for 2017. 	<p>In force since 7 December 2016</p>

No.	Action name	Description of action and anticipated impact	Status and schedule
83.	Act to Complete the Extension of Pension Legislation to the New Federal States (<i>Rentenüberleitungs-Abschlussgesetz</i>)	The pension amounts are to be aligned in seven stages, which are associated with annual pension adjustments. The first alignment step is to take place on 1 July 2018. Here, the current pension amount (east) will be increased from currently 94.1% to 95.8% of the western pension amount, irrespective of wage development in eastern Germany. The next steps towards alignment will be taken on 1 July of each year from 2019 to 2024, with an adjustment of 0.7 percentage points each time, until 100% of the western pension amount is reached. The contribution assessment ceiling and the reference figure in eastern Germany will be increased accordingly on 1 January with the annual ordinance governing key calculation parameters and will reach levels in western Germany in 2025. The conversion factor is to be reduced with a half year delay and be discontinued completely from 1 January 2025. From 1 January 2025 onwards, uniform values will apply for calculating pensions in the east and west.	Cabinet decision: 15 February 2017 Legislative procedure planned to be completed before the 2017 summer interim. Entry into force: 1 January 2018
84.	Bill to Improve Benefits under Pensions due to Reduced Working Capacity (<i>Entwurf eines Gesetzes zur Verbesserung der Leistungen bei Renten wegen verminderter Erwerbsfähigkeit</i>)	People with a reduced working capacity are better protected as a result of the gradual increase in the non-contributory supplementary period (added period) to the age of 65. This means that people with reduced earning capacity will be treated as if they had worked three years longer – in line with the evaluation of their added period.	Cabinet decision: 15 February 2017 Legislative procedure planned to be completed before the 2017 summer interim. Entry into force: 1 January 2018
85.	The Act to Strengthen Corporate Pension Provision and to Amend other Acts (<i>Act to Strengthen Company Pensions</i>), (<i>Gesetz zur Stärkung der betrieblichen Altersversorgung und zur Änderung anderer Gesetze (Betriebsrentenstärkungsgesetz)</i>)	The social partners will have greater scope to design company pension systems that are simple, efficient, cost-reliable and thereby specifically tailored to the needs of businesses and workers. For example, in future the social partners will be able to agree defined-contribution schemes, decide on the benefits of the implementing organisations, and introduce option models or opt-out systems in the businesses and enterprises with legal certainty. In addition, a specific tax-based corporate pension assistance model is introduced for low-earning workers and the promotion of corporate pension schemes and the “Riester” pension through tax incentives will be simplified and improved. Finally, new incentives for the development and expansion of corporate pension schemes particularly for low wage earners will be provided in social legislation.	Cabinet decision: 21 December 2016 Legislative procedure completed before the 2017 summer interim. Entry into force: 1 January 2018
86.	Compensatory funding from the Federation arising from the discontinuation of previous federal financial support for the promotion of social housing	The promotion of social housing plays an important role in the expansion of the housing stock particularly for lower-income and socially disadvantaged households. In connection with the Asylum Summit between the Federal Chancellor and the <i>Länder</i> heads of government on 24 September 2015, payments from the federal budget which the Federation has been paying to the <i>Länder</i> since 2007, and which are due to continue through to 2019 inclusive, to compensate for the discontinuation of previous federal funding (compensation/unbundling funds) are increased by €500 million annually for the 2016-2018 period to €1,018.2 million. In return, the <i>Länder</i> have agreed to use this funding to expand the stock of social housing and report to the Federation on the use of the funding. In July 2016, the Federal Chancellor and the <i>Länder</i> heads of government also agreed that the Federation will provide an additional €500 million per year in 2017 and 2018 for the purpose of social housing construction. Therefore, the compensation payments in 2017 (and in 2018) will exceed €1.5 billion.	Article 12 of the Act to Expedite Asylum Procedures, in force since 24 October, and Article 3 of the Act on Federal Participation in the Costs of Integration and on Further Relief for the <i>Länder</i> and Municipalities In force since 7 December 2016
87.	Housing benefit reform	The housing benefit reform forms part of the Federal Government’s overall strategy for affordable housing (particularly the Alliance for Affordable Housing and Construction). The housing benefit has been increased to provide relief for housing costs to people on a low income. The benefit amount and the maximum rents have been brought into line with the developments in housing costs and income since the last housing benefit reform in 2009.	In force since 1 January 2016

No.	Action name	Description of action and anticipated impact	Status and schedule
88.	Amendment to the Building Code	<p>The bill is designed to adapt the Building Code to the new Environmental Impact Assessment Directive. In addition, it also serves to strengthen inner urban development. To this end, “urban areas” is to be added as a new category of building area in the Federal Land Utilisation Ordinance. At the interface between urban development law and pollution control legislation, the municipalities are to be given more flexibility in order to facilitate building in densely built-up urban areas.</p> <p>The bill also addresses other urban development issues and defines a legal regulation for them: For example, accompanying rules are included in the bill that make it possible to prevent or reduce the consequences of incidents in the vicinity of upper-tier establishments through regulations in construction planning law. With regard to holiday homes and secondary residences, legal uncertainties are removed and the municipal control framework expanded. In addition, facilitations are created for housing construction.</p>	Cabinet decision on 30 November 2016 Probable entry into force in early 2017
89.	Urban development promotion: “Social Integrative City” programme and interministerial Social Integrative City strategy entitled “Strengthening Neighbourhoods - Working together in the Community”	<p>With the “Social Integrative City” urban development promotion programme, the Federation has been providing support since 1999 to the stabilisation and improvement of economically and socially disadvantaged urban neighbourhoods and districts that are structurally weak and at a disadvantage in terms of urban planning. Urban planning-related investments in the residential environment, the infrastructure and the quality of housing ensure more equity between generations in the neighbourhood and a more family-friendly environment, and improve the prospects of participation and integration for people living in these areas. The primary goal is to promote vibrant neighbourhoods and strengthen social cohesion.</p> <p>The interministerial “Social Integrative City” strategy to strengthen neighbourhoods – “<i>Strengthening Neighbourhoods – Working together in the Community</i>” – aims to bring together funding from other departments in areas with high integration needs. The strategy sets the stage for continued cooperation between the federal ministries concerned with improving neighbourhoods with particular social integration needs. A regular report will be submitted to the Federal Cabinet on progress of the implementation of the strategy.</p>	Cabinet decision on interministerial strategy: 31 August 2016
90.	Investment Pact: Social Integration in the Neighbourhood	<p>The “Social Integration in the Neighbourhood” investment pact will be relaunched in 2017 to support municipalities due to increased integration needs. Its aims are:</p> <ul style="list-style-type: none"> – The modernisation, remodelling and replacement of the social infrastructure (child daycare facilities, schools, sports venues, the creation of anchor points in residential areas, neighbourhood centres, community halls, repurposing of vacant properties for social use etc.), – To make these facilities/infrastructures “places of integration” for all segments of the population, – Alongside investment measures, the promotion of “integration managers” to build a bridge between facilities and the community (same as “neighbourhood management”). 	Implementation as federal financial assistance according to Article 104 b of the Basic Law; procedures as per urban development assistance: Separate Federation/ <i>Länder</i> administrative agreement (Investment Pact Administrative Agreement).

