

Opening Remarks:
Discussion Panel on

Vouchers, Contracting-Out and Performance Standards

Market Mechanisms in Germany's active labor
market policy

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Training Vouchers

- Access to further training programs for the unemployed
- Participants in further training 2007: 340,000 entries;
124,000 avg. participants
- Expenses 2007 around 950 Million €
- Evaluation of further training: rather positive
- Draft law: no change intended

Placement Vouchers

- Access to private placement agencies
- Placement agency receives 1,000 € if job lasts at least six weeks and another 1,000 € (1,500 € for long-term unemployed) if job lasts at least six months
- Redeemed vouchers 2007: around 70,000
- Expenses 2007: around 100 Million €
- Evaluation: partly positive effects

- Draft law: no change intended

Contracting-Out

- Contracting-out placement services / integration measures
- Several purposes: ease capacity constraints; serve difficult customer groups
- Participants 2006: avg. Participants around 112,000; entries around 335,000
- Expenses 2006: around 120 Million €
- Evaluation: does not speed up leaving unemployment
- Draft law: combine different measures in a more general and flexible measure: *Measures for Activation and Integration*

Flexibility

- Program mix is decided at the local level. Local agencies receive budget for integration programs.
- Local agencies use small share of their integration budget to test programs
- Draft law: reorganize this option to test innovative programs
 - Unemployment insurance system can use 1 percent of its integration budget
 - Means tested benefit system can use 2 percent of its integration budget

Performance Standards

- Yearly agreement on objectives between ministry of labor and federal employment agency about objectives in the means tested benefit system
- Performance indicators
 - Sum of benefits paid to recipients
 - Share of customers integrated into work
 - Share of young customers integrated into work or education
 - Processing time for new claims
 - Cost per integration (not working due to lacking data)
 - Number of long-term recipients (new for 2009)
- Regular discussions about performance
- Draft law: introduce agreement on objectives in unemployment insurance system