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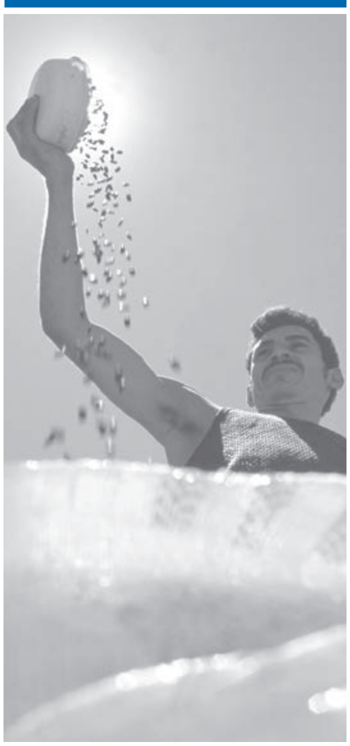

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Robert Holzmann, Michael Fuchs, Seçil Paçacı Elitok, and Pamela Dale♣♠

Abstract

The portability of social benefits is gaining importance given the increasing share of individuals working at least part of their life outside their home country. Bilateral social security agreements (BSSAs) are considered a crucial approach to establishing portability, but the functionality and effectiveness of these agreements have not yet been investigated; thus importance guidance for policy makers in migrant-sending and migrant-receiving countries is missing. To shed light on how BSSAs work in practice, this document is part of a series providing information and lessons from studies of portability in four diverse but comparable corridors: Austria-Turkey, Germany-Turkey, Belgium-Morocco, and France-Morocco. A summary policy paper draws broader conclusions and offers overarching policy recommendations.

This report looks specifically into the working of the Germany-Turkey corridor. Findings suggest that the BSSA between Germany and Turkey is broadly working well, with no main substantive issues in the area of pension portability and few minor substantive issues concerning health care portability and financing. Some process issues around information and automation of information exchange are recognized and are beginning to be addressed.

JEL-Code: D69, H55, I19, J62.

Keywords: acquired rights, labor mobility, migration corridor, administration, evaluation

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♠ The study was initiated at the World Bank International Labor Migration team at the Marseille Center for Mediterranean Integration (CMI) and led by Manjula Luthria - now back to headquarters in Washington, DC, and working as international labor mobility team leader in the Global Practice on Social Protection & Labor. Robert Holzmann served as conceptualizer and senior research advisor, and Axel Boersch-Supan and Ulrich Becker (both Munich), Florence Legros (Paris), and Bernd Marin (Vienna) assisted in supervising the teams and offered guidance in the study development. All corridor studies went through the Bank's internal review process.
The study profited enormously from interviews with representatives from public and social security administrations, and migrants' NGOs in Germany and Turkey. Their experience and views helped the team better understand the complexity of issues and task at hand. All errors are, however, the authors' own.

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Acronyms and Abbreviations

BSSA	Bilateral social security agreement
CMI	Marseille Center for Mediterranean Integration
DRV	Deutsche Rentenversicherung
EU	European Union
KVdR	Krankenversicherung der Rentner
OECD	Organisation for Economic Co-operation and Development
UHI	Universal health insurance

1 Motivation, Purpose, and Key Results

The share of individuals residing outside their home country amounted in 2015 to 3.3 percent of world population and is rising (UN 2015). Non-European Union (EU) citizens residing in the EU-28 in 2013 amounted to 4 percent of the EU population; the share of the foreign-born population in 2013 was 7 percent, totaling over 11 percent of foreign residents (Eurostat 2015). While impressive, these figures mask the much larger share of individuals who will spend part of their working life outside their home country. For the EU, the future scope of current workers with foreign residency experience is estimated at around 20 percent (Holzmann 2015).

During their stay abroad, international migrants often acquire rights to current social benefits that they want to export to their families left behind or to future social benefits –particularly old-age pensions and health care when old – that they want to take with them when they move. It is this phenomenon that gives rise to the issue of portability of social benefits: i.e., the ability to preserve, maintain, and transfer vested social security rights independent of nationality and country of residence.

Transborder portability of social benefits may be achieved in various ways. The most prominent way is bilateral social security agreements (BSSAs), in which two countries agree on which social security benefits they will offer mutual access to migrant workers and their families in the residence and home country. BSSAs are the norm between most OECD countries but are used much less frequently between developed and developing countries even when a major migration corridor exists. Only about 23 percent of international migrants profit from BSSAs and their functioning has not yet been systematically investigated.

This country corridor paper is part of a project to explore the working of BSSAs in four popular migration corridors – Morocco's agreements with Belgium and France, and Turkey's agreements with Austria and Germany. Each corridor study follows the same structure, is based on the same methodological approach, and draws country-specific conclusions. Each paper offers a qualitative assessment based on available data and information, including interviews with responsible parties in social security institutions and migrants' organizations. A summary policy paper was prepared as part of the project and is best read in parallel.

Findings suggest that the BSSA between Germany and Turkey is broadly working well, with no main substantive issues in the area of pension portability and few minor substantive issues concerning health care portability and financing. Some process issues around information provision in Turkey and automation of information exchange to speed-up benefit processing are recognized and are beginning to be addressed.

2 International Migration and Benefit Portability

In 2015, 244 million people worldwide, or 3.3 percent of the global population, were international migrants; i.e., they resided outside of their home country (United Nations 2015). The majority of migrants are from countries in the global South. They are slightly more likely to migrate to other countries in the South than to countries in the North (82.3 million versus 81.9 million migrants, respectively, in 2013), though as a whole, developed countries are home to a larger number of global migrants (United Nations Department of Economic and Social Affairs and the OECD 2013). The reasons for initial migration can include family reunification, humanitarian or political purposes, education, or economic incentives, though movement often occurs between these categories (e.g., educational migrants may seek employment in their host country after graduation). [1]

As workers increasingly spend a portion of their careers outside their country of birth, particularly with the expansion of the European Economic Area,[2] the number of workers acquiring pension insurance periods in more than one country is also on the rise (PVA 2013a). Consequently, individuals and policy makers are grappling with how to make acquired benefits portable between two or more countries. As defined in Cruz (2014), portability is the ability to preserve, maintain, and transfer vested social security rights independent of nationality and country of residence. It is predominantly North-North migrants who enjoy access to and portability of social protection benefits, whereas migrants moving within low-income regions, where formal social protection is less developed, have little access to portability.

At its most successful, portability should render labor mobility, labor supply, and residency decisions independent of social benefit considerations. Though little definitive research exists on how portability, or the lack thereof, impacts labor mobility, the inability to transfer acquired rights is presumed to influence labor market decisions, as well as the capacity of individuals and families to adequately manage social risks and lifecycle planning (Holzmann and Koettl 2012). If benefits are not portable, individuals may decide not to migrate or return or may offer labor in the informal sector instead, with implications for the overall tax revenues and economic growth of both the host and home countries. Furthermore, insufficient portability conflicts with individuals' rights to social protection, as enshrined in various international agreements.[3]

A variety of methods are used to ensure portability of benefits, including multilateral agreements, which establish a general framework for a group of countries, and bilateral

[1] For a recent book on the theory and policy of economic migration, see Bodvarsson and Van den Berg (2013).
[2] The 28 member countries of the European Union, plus Iceland, Lichtenstein, Norway, and Switzerland.
[3] Including, *inter alia*, the Universal Declaration of Human Rights and the International Covenant on Economic on Social and Cultural Rights.

agreements between individual countries that offer specificities. The most elaborate regulations on multilateral level are the European Union (EU) decrees[4] that establish the principles of design and implementation of portability (Holzmann and Koettl 2012; Jousten 2012; Jacob 2015). Social security portability rights within the EU are coordinated primarily through Regulation (EC) No. 883/2004 and Implementing Regulation (EC) No. 987/2009, which update EU provisions on social security coordination that have existed since 1958 (European Commission 2014). While maintaining the sovereignty of national social security systems, these regulations and their predecessors establish principles of social security coverage within the EU-28, Iceland, Liechtenstein, Norway, and Switzerland, and ensure benefit portability and totalization of employment periods in different countries for vesting purposes. BSSAs specify multilateral agreements, where they exist, or form the basic document that regulates portability between two sovereign countries, but with widely varying range of content and coverage across countries. Both multilateral and bilateral agreements are more common between high-income countries, as seen in Table 1.

Though these agreements are presumed to offer the best guarantee of portability of acquired social benefits, little evidence exists of how they function in practice. To fill this information gap, the World Bank International Labor Migration team at the Marseille Center for Mediterranean Integration (CMI) launched a study examining the implementation of BSSAs in four popular migration corridors – Morocco's agreements with Belgium and France, and Turkey's agreements with Austria and Germany. This study examined the provisions in these four agreements and their evolution over time, and collected data and information from social security institutions and experts, policy makers, and migrant associations who provided their insights on BSSAs' effectiveness in promoting portability.

[4] Strictly speaking, within the EU there exists no multilateral agreement. There are respective EU-decrees which represent supranational EU-law.

Table 1: Global migrant stock estimates by origin country income group and portability regime, 2000

Origin country income group	Regime I (portability)	Regime II[a] (exportability)	Regime III[b] (no access)	Regime IV[c] (informal)	Total
Low-income countries (#)	850,985	36,720,832	5,293,338	10,757,086	53,622,241
% of total	2	68	10	20	100
Lower-middle-income countries (#)	11,312,511	47,224,671	3,476,163	14,473,805	76,487,150
% of total	15	62	5	19	100
Upper-middle-income countries (#)	3,521,212	10,724,671	189,357	7,203,975	21,639,215
% of total	16	50	1	33	100
Non-OECD high-income countries (#)	2,063,914	3,534,415	192,987	57,809	5,849,125
% of total	35	60	3	1	100
OECD high-income countries (#)	24,778,310	3,658,850	291,007	189,802	28,917,969
% of total	86	13	1	1	100
Total (#)	**42,526,932**	**101,863,439**	**9,442,852**	**32,682,476**	**186,515,699**

Source: Holzmann and Koettl 2012, based on Avato et al. 2005 and Holzmann, Koettl, and Chernetsky 2005.
Note: [a] Legal migrants with access to social security in the host country in the absence of a bilateral or multilateral arrangement; [b] Legal migrants without access to social security in their host country; [c] Undocumented immigrants.

To allow for comparability of outcomes, the study assessed each these four BSSAs against the same three criteria:[5]

- Fairness for individuals: a successful portability arrangement will not result in a benefit disadvantage for migrants or their dependents (e.g., via lower pensions or gaps in health care coverage);
- Fiscal fairness for countries: neither the host nor home country should experience a negative fiscal effect or an unfair fiscal advantage at the expense of the other country; and
- Bureaucratic efficiency: administrative provisions should not cause a bureaucratic burden for the institutions involved and should be accessible to migrants.

This document summarizes detailed information on the Germany-Turkey BSSA. Findings from the other three corridor studies can be found in parallel documents in this series. Common conceptual issues and broader policy lessons emerging from all four corridor studies are

[5] As developed by Holzmann, Koettl, and Chernetsky (2005), and Holzmann and Koettl (2012).

presented in a document entitled *Do Bilateral Social Security Agreements Deliver on the Portability of Pensions and Health Care Benefits? A Summary Policy Paper on Four Migration Corridors Between EU and Non-EU Member States* (Holzmann 2016). This summary policy document is best read jointly with a corridor study.

Each corridor document in the series starts with a summary of the applied methodology to provide a framework for further research on other corridors that will add to the knowledge base on BSSAs. The next sections provide profiles of migration, relevant social protection programs, and the BSSA for both countries in each respective corridor. A further section assesses the BSSA against the three criteria outlined above. Each document's final section presents key findings for the corridor and outlines broader policy considerations.

3 Methodology

Corridor studies are a useful tool for reviewing and comparing BSSAs to inform policy makers and social policy researchers on issues, effectiveness, and areas for improvement. They provide the opportunity to delve in substantial detail into the functioning of one particular BSSA while providing a comparative review of the agreement against a common set of criteria. For the present study, a multinational team of social security and migration experts developed a standard methodological framework for studying and measuring the extent to which BSSAs meet the three criteria (individual fairness, fiscal fairness, and minimal bureaucratic burden) introduced in the previous section.

BSSAs in four corridors were chosen for this study and the selection of corridors was guided by considerations of: (i) proximity of sending country pairs, to allow for better comparability of differences; and (ii) diversity with regard to experience. The Austria/Germany-Turkey agreements are considered mature and advanced, as they included health benefits from the beginning. The Belgium/France-Morocco agreements started with a more modest scope and were only recently reformed to include health care benefits.

The research focused on each BSSA's effectiveness in facilitating portability of pensions (old-age, survivor's, and disability) and health care benefits, as these are the core (or only) benefits typically covered by BSSAs between developed and developing countries. Thus the selected corridors provide a useful starting point for understanding the functioning of BSSAs, as their scope of coverage varies somewhat and over time, as do the history and relationship between the signatories, but the principles on which they are based are largely similar. Furthermore, one of the signatory governments (Morocco) specifically requested an analysis of the functionality of its BSSAs.

The corridor study approach comprised preparation of three main sets of background documents before the evaluation of each BSSA against the three criteria. The first set of documents concerns country and corridor profiles on relevant topics. The second set relates to development of a relevant dataset and selection of key performance indicators. The final set contains the minutes of in-depth interviews with key participants in the BSSA process.

For the first set of documents, the respective researchers established four types of profile documents relevant to the BSSA:

(i) A migration profile that sketches migration stocks and flows and key labor market characteristics for the corridor countries;

(ii) Social insurance profiles of each corridor country, with a focus on portability-relevant contingencies;

(iii) A profile of the BSSA, including benefits covered, rules/instruments applied to achieve portability, rules of coordination, motivation for the BSSA, trends and changes, and special issues; and

(iv) A profile of each country's national social insurance institutions and their administrative support for BSSAs, with a focus on administrative arrangements and processes (e.g., ICT support, application, decision, and disbursement), compared to national applicants and international best practice.

Work on the second set of documents started with identification of a wish-list of data considered desirable and relevant for the analysis, with the intent to develop a results matrix that would bring together the BSSA's objectives and outcomes (as measured against the three criteria) with the related inputs, including the BSSA's regulations. It soon became apparent that the desired data were extremely sparse and often simply not available or comparable across countries, impeding researchers' ability to implement this approach in full. For example, most countries' data do not distinguish whether host country nationals living abroad (to whom pensions are distributed) are return migrants or temporary/seasonal residents (snowbirds). Further, the level of naturalization across all corridors is remarkable, albeit not identical. All else constant, different levels of naturalization lead to different numbers of people remaining with a foreign passport, while the number of those born abroad is the same. As some countries do not allow collection of information about those born abroad, determining who receives a pension abroad gets complicated. As a result, the initial objective to develop and use key performance indicators needed to be dropped. [6]

The third set of documents consists of in-depth interviews that were undertaken with two types of participants in the BSSA process: (i) representatives from ministries and/or social security institutions in charge of BSSA implementation and design; and (ii) NGOs involved in the topic, such as migrants' associations. This qualitative research proved very productive to gain major insights into substance, process, and issues around portability and BSSAs. While the interviews are referred to in the corridor studies, for reasons of confidentiality they cannot be made public.

Based on these country-specific documents and a first joint assessment of BSSAs in the East corridor (Austria and Germany with Turkey) and in the West corridor (Belgium and France with Morocco),[7] individual corridor studies were prepared.

[6] The project participants strongly hope that in a future BSSA assessment data will come forward that allow not only the elaboration of a full results matrix but also a rigorous quantitative evaluation.

[7] For the East corridor, see Fuchs and Elitok (2014). For the West corridor, see Legros et al. (2014) and Wels, Bensaid, and Legros (forthcoming, in French).

The applied methodology would have profited from a benchmark against which each corridor could have been assessed. Such a benchmark could have been the best or an average BSSA corridor between two EU countries, or the best or an average South-North corridor between an emerging and a highly developed country. Unfortunately, none of these benchmarks are available and the project resources did not allow preparation of one. While internal EU BSSA corridors may be conjectured to work well, it is far from clear that each of them would get an A^+ under each of the three proposed criteria.

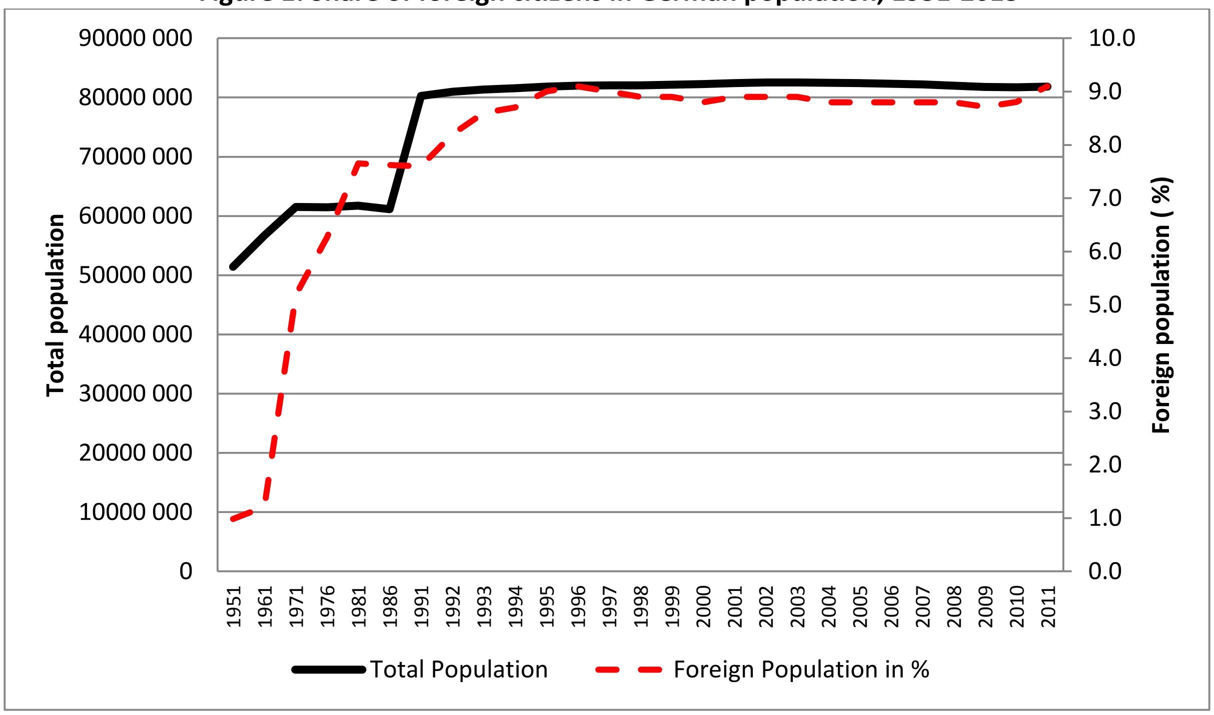
Despite all the restrictions in the implementation of the methodology, to the authors' knowledge this is the first study of its kind, and the data and lessons learned should provide a useful addition to the understanding of BSSAs and benefits portability. Hopefully the research methodology will be applied to other corridors with appropriate adjustments to test the findings' resonance and explore their broader applicability.

4 Size, Composition, and Labor Market Participation of Migrants in the Germany-Turkey Corridor

4.1 German Migration Developments and Turkish Migration to Germany

Since the 1960s, immigration has played a large role in demographic development in Germany (Figure 1). In the second half of the 1960s and at the beginning of the 1970s, the number of foreign persons increased substantially due to targeted recruitment of workers from the former Yugoslavia and Turkey. The latest increase in the number and share of foreign citizens took place around the fall of the Iron Curtain; since then the total German population and its share of foreign citizens have remained largely unchanged.

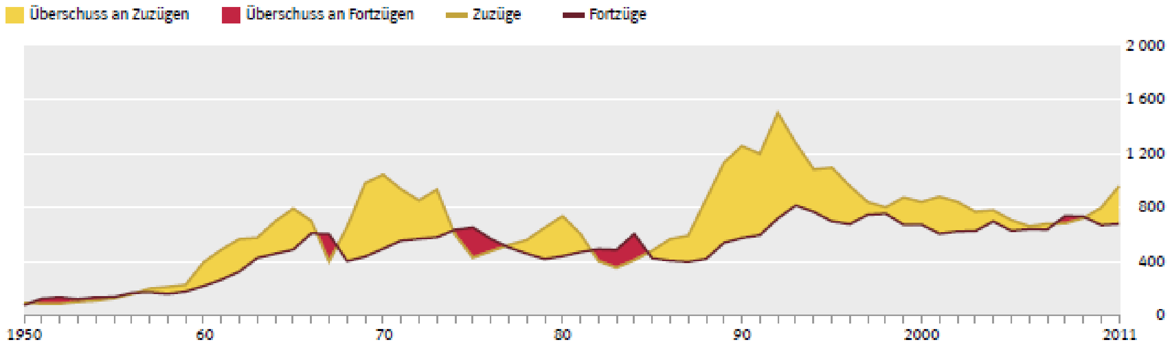
Figure 1: Share of foreign citizens in German population, 1951-2013



Source: Statistisches Jahrbuch 2013, Migrationsbericht 2012.
Note: Before 1991, West Germany total population only.

The strong relationship between economic developments in Germany, Europe, and the rest of the world and migration is evident in Figure 2, which presents gross migration flows (immigration and emigration) as well as the balances (surpluses are in yellow, deficits in red) for 1950 to 2011. The spikes (dips) correspond largely to periods of strong (slow/negative) growth associated with the developments in the late 1960s, mid-1970s, and mid-1980s and a very small effect from the 2008 worldwide financial crisis. The large migration surpluses around the 1990s, however, are largely determined by political and economic changes in central, southern, and eastern Europe.

Figure 2: Germany's migration balance ('000s), 1950-2011



Source: Statistisches Bundesamt (Destatis) 2013b.

Note: 1950-1956: Without Saarland; since 1990: Germany (before West Germany only).

In 2012, 16.3 million people, or almost 20 percent of the German population, had a migration background, defined as individuals born abroad or whose parents were born abroad. Of those residents with at least one foreign parent, the largest group is from Turkey, with a share of 18.3 percent, followed by Poland (9.4 percent), the Russian Federation (7.4 percent), Kazakhstan (5.6 percent), Italy (4.6 percent), and Romania (3.3 percent).

Turkey has traditionally been characterized by emigration, and has been a main source of migrant labor to Europe since the 1960s, with Germany the main destination of migrants (Holzmann, Koettl, and Chernetsky 2005). In 1961, the Federal Republic of Germany and Turkey concluded a recruitment contract. Originally planned to facilitate temporary stay for migrant workers, over time the recruitment programs led to permanent immigration, especially for those immigrants who stayed in Germany after guest worker recruitment was halted in 1974. The end of large-scale guest worker recruitment in the mid-1970s accompanied a shift towards family reunification-based policies, and many Turkish workers found permanent residence in Germany (DGB Bildungswerk 2003; Himmelreicher and Scheffelmeier 2012; Holzmann, Koettl, and Chernetsky 2005).

Of all 10.7 million immigrants to Germany, 69.3 percent came from Europe, 32.5 percent from the EU-27, and 13.9 percent (1.5 million people) from Turkey (Statistisches Bundesamt (Destatis) 2012a). However, in total, both for people with foreign citizenship and those with German citizenship, the migration balance with Turkey between 2007 and 2011 was negative, as shown in Table 2 (Statistisches Bundesamt (Destatis) 2009, 2011, 2012a, and 2013a).

Table 2: Migration ('000s) beyond the borders of Germany to/from Turkey, 2007-2011

Immigrating			Emigrating			Balance		
Total	Germans	Foreigners	Total	Germans	Foreigners	Total	Germans	Foreigners
148	14	134	179	23	156	-31	-9	-22

Source: Statistisches Bundesamt (Destatis) 2009-2013a.

As shown in Table 3, of the 29,000 persons with Turkish citizenship immigrating to Germany in 2011, a quarter were 18-25 years old, just over half were between 25 and 50, while 6.6 percent were older than 65. Of the 28,000 persons with Turkish citizenship emigrating from Germany in 2011, just over half were between 25 and 50 years old, while approximately 16 percent were older than 65 (Statistisches Bundesamt (Destatis) 2012b).

Table 3: Migration of Turkish citizens beyond Germany's borders by age group, 2011

Migration status	Total ('000s)	<18 years (%)	18-25 years (%)	25-50 years (%)	50-65 years (%)	65+ years (%)
Immigrating	29	7.7%	25.2%	53.7%	6.8%	6.6%
Emigrating	28	6.2%	14.6%	52.2%	11.0%	16.0%
Balance ('000s)	+1	+0	+3	+1	-1	-3

Source: Statistisches Bundesamt (Destatis) 2013a.

4.2 Population Size and Composition

4.2.1 Population size

As of 2010, 3.6 percent of the German population had a Turkish migration background. This figure includes 2.0 percent with Turkish citizenship in Germany (Statistisches Bundesamt (Destatis) 2012a, 2012b). As noted above, the majority of people with a migration background in Germany are from Turkey (18.5 percent).

4.2.2 Population composition

In Germany, people with a Turkish migration background are more likely to be male (52.3 percent) and are considerably younger (31.5 years of age on average) than German citizens (48.4 percent and 46.1 years of age, respectively) (Table 4). Only 6.3 percent of people with a Turkish migration background or 12.1 percent of those with Turkish citizenship (each about 190,000) are older than 65 years and thus in the regular pension age bracket. Immigrants from Turkey are 20 years old on average at the time of immigration, and the average Turkish migrant has resided in Germany for 27.1 years; 14.3 percent have lived there for more than 40 years (Statistisches Bundesamt (Destatis) 2012a). The average age of the 29,000 persons with Turkish citizenship immigrating to Germany in 2011 was 29.6 years old; of those, 2,000 persons were older than 65. By contrast, the average age of the 28,000 persons with Turkish citizenship emigrating from

Germany in the same year was 46.4 years old, and 16 percent of that population was older than 65 (Statistisches Bundesamt (Destatis) 2012b).

Table 4: Population in Germany by age group, 2011

Population	Total ('000s)	<20 years ('000s)	20-65 years ('000s)	65+ years ('000s)*	Average age (years)
Total	81,754	14,734 (18.0%)	49,899 (61.0%)	17,121 (20.9%)	44.0
Without migration background	65,792	10,197 (15.5%)	39,983 (60.8%)	15,611 (23.7%)	46.1
With migration background	15,962	4,537 (28.4%)	9,915 (62.1%)	1,506 (9.4%)	35.2
Migration background Turkey*	2,956	999 (33.8%)	1,773 (60.0%)	185 (6.3%)	31.5
Turkish citizenship	1,607	278 (17.3%)	1,135 (70.6%)	194 (12.1%)	39.3

Sources: Statistisches Bundesamt (Destatis) 2012a, 2012b.
Note: *Total number for 65+ seems to be underestimated (Microcensus data).

Overall, people in Germany with a migration background comprise a higher share of men (in 2011, 50.3 percent versus 48.8 percent for persons without migration background). For those with a Turkish migration background and Turkish citizenship, men comprise 52.3 percent and 52.2 percent of the respective totals (Table 5).

Table 5: Share of men in German population with Turkish migration background and Turkish citizenship, 2004, 2006, and 2011

	Turkish migration background		Turkish citizens	
	Total ('000s)	% men	Total ('000s)	% men
2004	2,493	52.4	1,764	53.5
2006	2,495	52.9	1,739	53.0
2011	2,956	52.3	1,607	52.2

Sources: Statistisches Bundesamt (Destatis) 2006, 2007, 2012a, and 2012b.

4.2.3 Return migration

A major portion of emigrating elder persons (65+) comprises persons with foreign citizenship who return to their home country after gainful employment. The main destinations of seniors emigrating from Germany are Turkey and the successor states of Yugoslavia. Seniors with German citizenship are most likely to emigrate to Spain, Austria, and Poland. The most frequent origin countries are Turkey as well as Poland, the United States, and Spain; those from Turkey and Poland predominantly hold foreign passports, while those from Spain mostly hold German passports (Statistisches Bundesamt (Destatis) 2011).

The primary reasons people migrate around the time of retirement are quality of life, local price and income levels, experiences during holidays, and transnational employment careers. Of pensioners with Turkish citizenship who began receiving pensions in 2009, less than 2 percent live outside of Germany, substantially less than the 17 percent of total German pensions paid to Turks residing abroad in 2012. This would seem to indicate that the return orientation of migrants from Turkey has diminished in recent years (Himmelreicher and Scheffelmeier 2012).[8] However, throughout the migration history, fewer Turkish migrants than expected returned to Turkey (Hauschild and Hopfe 2013) due to economic, social, and political reasons (e.g., the rise to power of a military junta) (Doganay 2013). Today, the majority of Turkish migrants have friends and family in Germany, likely contributing to the higher rates of stay in Germany post-retirement (Uluc 2013).

Many Turkish pensioners prefer to commute between Turkey and Germany. One of the decisive factors behind this pattern is the desire to keep full access to Germany's health services, which are generally superior to those available in Turkey, despite improvements in the Turkish health care system in recent years (Holzmann, Koettl, and Chernetsky. 2005). The fact that regular health care in Germany would no longer be accessible is perhaps the most important barrier to definitive return to Turkey (Uluc 2013).

The German residence law states that if a citizen from a third country leaves Germany for more than six months, his/her residence status is lost. An exception exists for persons who have a residence permit and are able to support themselves using their own means (e.g., pensions, capital income, rental income). In this case, they can receive a certification from the Foreigner's Department that enables them to stay abroad without time limits if the following preconditions are fulfilled:

- Five years of regular residence in Germany;
- Sufficient language knowledge;
- No previous conviction for a criminal offense;
- Five years of contributions to the legal pension insurance; and
- No reliance on transfer payments according to the social law with reference to provisions on a basic income guarantee for job seekers.

This final clause in particular incentivizes migrant retirees to remain in Germany, as many Turkish migrants have low pensions and rely on state support.

[8] However, it might be possible that pensions are transferred to a bank account in Germany, even if the pensioner resides outside Germany.

4.2.4 Naturalization

Of the total 2.2 million naturalized German citizens, 1.5 million people were naturalized between 2000 and 2011 (Weinmann 2012). On average, naturalized persons were 20.9 years old at the time of immigration and 46.5 years old at the time of naturalization, and had resided in Germany for 26.4 years (Statistisches Bundesamt (Destatis) 2012a). Since 1970, 0.6 million persons with Turkish citizenship have been naturalized in Germany. On average, the 0.3 million naturalized Turkish citizens who immigrated to Germany were 15.0 years at the time of immigration and 44.3 years at the time of naturalization. They resided for 30.2 years in Germany. At 26.4 years of age, the average age at the time of naturalization was substantially lower for the Turkish population born in Germany. The peak of naturalization of Turkish citizens was reached in the period 2000-2004, as depicted in Table 6.

Table 6: Naturalization of Turkish citizens, 1970-2011

Period	Total ('000s)	Born abroad ('000s)	Born in Germany ('000s)
1970-1979	6	6	0
1980-1989	17	17	0
1990-1994	44	32	12
1995-1999	164	100	64
2000-2004	196	114	82
2005-2009	97	49	48
2010-2011*	28	7	21
Total	557	327	230

Source: Statistisches Bundesamt (Destatis) 2012a.

Note: *As figures for 2011 for persons with own migration experience are not available yet, this number reflects 2010 only.

4.3 Migrants' Labor Market Participation

4.3.1 Labor market participation in Germany

People with a Turkish migration background have a lower labor force participation rate than those without a migration background in Germany (43.1 percent and 52.6 percent, respectively), and they are more than twice as likely to be unemployed (13.3 percent versus 5.1 percent as of 2011). Turkish migrants are also more likely to be low-skill and low-wage workers, and thus have a lower median income than German citizens (Table 7) (Statistisches Bundesamt (Destatis) 2012a).

Table 7: Household monthly net income by migration status of the main earner, 2011

	Total households	Without migration background	With migration background	Turkish migration background
€/month	**40,439,000**	**34,248,000**	**6,191,000**	**970,000**
<900 (%)	13.1	12.5	16.5	14.2
900-2,000 (%)	39.1	38.8	40.6	41.5
2,000-3,200 (%)	26.2	26.0	27.2	30.7
3,200+ (%)	21.5	22.6	15.6	13.5

Source: Statistisches Bundesamt (Destatis) 2012a.

Just 13.5 percent of households consisting of a primary earner with a Turkish migration background receive a net income of greater than €3,200 per month, as compared to 22.6 percent of households with no migration background and 15.6 percent of all households with a migration background (Statistisches Bundesamt (Destatis) 2012a). A substantially lower share of the population with a Turkish migration background receives a pension than in the population without this background (8.3 percent versus 25.4 percent), primarily a result of the age structure of Turkish migrants. However, persons with a Turkish migration background are much more likely to be dependents than wage earners or pensioners: 45.9 percent (34.7 percent of men and 58.1 percent of women) are dependents compared to 22.6 percent of the population without a migration background.

5 Overview of Pensions and Health Insurance

5.1 Germany

5.1.1 Pension system overview

In Germany, most individuals employed in the private sector are compulsorily insured. In addition, the following categories of workers are included in compulsory insurance:

- Apprentices;
- Mothers or fathers during child-rearing periods;
- Non-employed caretakers;
- Persons with disabilities;
- Persons in military service or in the federal voluntary service;
- Persons who receive replacement benefits for income maintenance (e.g., sickness benefit, unemployment benefit); and
- Students who are also employed.

Compulsory insurance also extends to: certain self-employed persons, including craft persons and those with home businesses; teachers, educators, midwives, and persons employed in the caretaking sector; artists and publicists; contractors; and maritime workers. The following categories of workers are exempt from compulsory insurance:

- Civil servants;
- Judges;
- Professional soldiers and temporary soldiers;
- Members of clerical cooperatives;
- Persons with minor employment (monthly income below €450); and
- Self-employed and other professionals not subject to mandatory insurance.

The main pension types are:

- Old-age pension: at age 65 with a minimum insurance period of five years (including child-raising periods: three years per child, which can be shared between parents). For persons born between 1947 and 1963, the pension age will be increased gradually to 67. For those born in 1964 or later, it will be 67 years of age.
- Old-age pension for long insurance periods: since 2012, this insurance type is available for insured persons born before 1953 who reach the age of 63 and have worked for 45 years with mandatory contributions (from employment or other qualifying insurance periods). This amount is paid without reductions.
- Old-age pension for long-insured persons: This pension is available at age 65 to pensioners with 35 insurance years. For persons born between 1949 and 1963, the

pension age will be increased gradually to 67. For those born 1964 or later, it will be 67 years. This pension can be claimed with a reduction of 0.3 percent per month (up to a maximum of 14.4 percent) after 63 years of age.

- Old-age pension due to unemployment: This pension is accessible after a minimum age of 63 years (before 65, subject to reductions of 0.3 percent per month). The person must be born before 1952, needs a minimum insurance period of 15 years (in addition, within the last 10 years, at least eight years of compulsory contributions for employment), and must be unemployed for 52 weeks after age 58.5 or must have undertaken at least 24 months of part-time work in old age.
- Old-age pension for women: Individuals are eligible for this pension after at least 15 years of insurance periods and after 40 years of age, with at least 10 years of compulsory contributions. The pension can be claimed from 63 years of age onwards, with a reduction of 0.3 percent per month, and at 60 years of age for those born before 1952.
- Old-age pension for severely disabled persons: This pension can be claimed from 60 years of age without reductions. The person needs a minimum insurance period of 35 years and must be severely disabled or – if born before 1951 – must be incapable of work (DRV 2013a).

All old-age pensions can be granted fully or partially (two-thirds, one-half, or one-third). The lower the partial pension, the higher the limits for additional incomes. In conjunction with early or late retirement and related reductions or bonuses, the insured person's pension amount and time of retirement is determined according to health status, labor market situation, and personal circumstances, within certain limits.

The basic requirements for entitlement to a pension in Germany are achievement of a certain age and fulfilment of the stipulated minimum insurance period. Each pension can only be granted upon application. The minimum insurance period is five years including child-rearing periods (DGB Bildungswerk 2003; DRV 2013a; Pensionsversicherungsanstalt (PVA) 2013a). For a year of contributions based on the average yearly wage (preliminary value in 2014: €34,857), one point of remuneration is earned. As of July 1, 2014, one point of remuneration amounts to a monthly pension of €28.61 (€26.39) in the old (new) federal states (DRV 2014). A tax-financed minimum pension top-up or basic income benefit for pensioners is granted in addition to a pension if the total income of the pensioner (and the spouse) does not reach the stipulated standard rates (DRV 2014).

Monthly pension contributions are shared by the employer and employee, and are collected by the health insurance funds from the employer (DRV 2014). The total contribution rate amounts to 18.9 percent. Individuals who are voluntarily insured and the self-employed (with the exception of artists and publicists) are responsible for the full contribution. In case of low-wage employment (monthly income of less than €450), only the employer pays contributions (15 percent). However, if the employee opts in, she/he is also required to contribute. Contributions are only due for wages up to the contribution of €5,800 per month in the old federal states and €4,900 per month in the new federal states (DRV 2014).

Pensions by the legal pension insurance are only granted on application (DGB Bildungswerk 2003). The application can be submitted ahead of time (e.g., three months before the relevant birthday) or within three months after the end of the month in which the preconditions are fulfilled. In case of later submission, the pension is only granted for periods after the submission date.

5.1.2 Health insurance for pensioners

The required insurance time is fulfilled if for at least nine-tenths of the second half of the time period between the take-up of the first employment and retirement, compulsory insurance (e.g., as an employed person), voluntary insurance, or family insurance existed with a legal health insurance. Persons with family insurance remain insured in the health insurance for pensioners (KVdR) without contributions if the required insurance period for compulsory insurance in the KVdR is not fulfilled and personal (total) income does not exceed €405 per month (as of January 1, 2015; Deutsche Rentenversicherung 2015). If the income limit is exceeded and the required insurance period is not fulfilled, voluntary insurance coverage in formal or private health insurance is possible. Compulsorily and voluntarily insured members of the legal health insurance for pensioners have to pay a pension-related monthly contribution of 14.6 percent of their pension, of which the share for the pensioner amounts to 7.3 percent (as of March 1, 2015; Deutsche Rentenversicherung 2015).

The announcement for the health insurance of pensioners is forwarded by the pension insurance agency to the responsible health insurance fund. Pensioners receive the same benefits as employed persons, with the exception of sickness benefits. The following individuals are excluded from the health insurance for pensioners:

- Civil servants and other insurance-free persons (e.g., professional soldiers or clerics);
- Persons who exceed the yearly income limit for the legal health insurance (in 2013, €52,200). Individuals above this income limit are eligible for voluntary or private insurance instead; and
- Insured persons with self-employment as their main occupation.

5.2 Turkey

5.2.1 Pension system overview

Before Turkey's 2008 reform, the institutional structure of the old social insurance system included three categories: workers employed under an employment contract (SSK); the self-employed (Bağ-Kur); and civil servants (Retirement Fund). The 2008 reform of Turkey's social security system aimed to remove differences and inequalities among these categories. A Green Card[9] was introduced in 1992 to cover the health costs of those without social security protection or the means to meet their health expenses. As a result of this reform, unconditional health insurance is provided for children under the age of 18. Furthermore, in 2012, a general health insurance regulation (Law 5510) was introduced, under which stateless persons and refugees are covered.

The following pension types are available in Turkey:

- Old-age pensions can be received after the age of 60 for men (58 for women), which will gradually increase to 65 by 2046 for men (2048 for women), after 7,200 days of contributions (or 9,000 days for civil servants and the self-employed).
- Early retirement is possible if special conditions are met (e.g., in occupations with a higher aging/stress factor).
- Disability pensions are available for workers based on their level of disability, completion of a certain number of years of work, and payment of insurance premiums for a stipulated number of days.

Pensions are paid based on a 2 percent accrual rate per year and average lifetime earnings up to a maximum replacement rate of 90 percent. All pensions are periodically adjusted accounting for the growth rate of wages and the consumer price index. Before 1999, there was no accrual rate and the pension was based on the salary 5-10 years earlier. Between 1999 and 2001, the accrual rate was introduced but started out high and then decreased, which created incentives for early retirement (Karadeniz 2010). A single, lump-sum payment is paid to those who have reached retirement age but have not made enough contributions. The old-age pension is partially payable abroad under reciprocal agreements.

The pension allocation formula is as follows:

$$\text{Pension} = \text{Average monthly earning} * \text{replacement rate} \qquad [1]$$

[9] Since the beginning of 2012, approximately 10 million people who have a Green Card and 1.7 million people who have no social guarantee have been included in universal health insurance. Source: Acar 2012; Turkish Review 2014.

Past annual earnings on which premiums are based are updated using the update coefficient pertaining to each year, until the present value of all past earnings at the time of the pension claim is found.

Average daily earnings = (Updated past earnings + current earnings) / total number of premium days [2]

Average monthly earnings=Average daily earnings * 30 [3]

The replacement rate is 2 percent for every 360 days covered by old-age, disability, and survivor's insurance. Periods of less than 360 days are taken into account proportionally. The old-age, disability, or survivor's pension allocated according to this formula cannot be less than 35 percent of minimum wage as of January of the year of death or pension claim (40 percent if the insured has a spouse or a child under his/her responsibility). Pensions are increased by the rate of inflation from the preceding six months.

Turkey has several provisions for its citizens working abroad. Most importantly, Turkish citizens can credit their time abroad, if greater than six months, towards their premium account after their definite return to Turkey. This is based on "The Assessment on Social Security Matters of the Time Spent Abroad by Turkish Citizens" (Law No. 3201), which dates back to 1985 and was amended in 2008 and 2014 (see Box 1). Through this law, Turkish citizens can earn eligibility for social security benefits despite not having worked in Turkey. Upon return, the person can request a credit for the amount of time spent abroad in employment, time spent as a housewife, or, to a certain extent, for periods spent out of employment. The person has to pay for forgone contributions and the debit sum is calculated based on 32 percent of his/her daily earnings, within a minimum and maximum range, and is to be paid within three months of the notification date. Partial pensions can be converted into full pensions by paying the determined debt.

Box 1: Blue Card Holders in Turkey

The blue card (formerly pink) is designed for former Turkish citizens naturalized in countries where dual citizenship is not recognized. Blue cards confer a non-citizenship status but blue card holders have various rights such as for residence, work, investment, or inheritance. The system intended to integrate Turks to their host country without losing their rights. The number of blue-card holders in Turkey is estimated at between 150,000 and 200,000.

Initially, it was promised that blue card holders would keep their special social security rights as well but this promise was not kept. However, a recent legal regulation (T.C. Resmi Gazete 2014) in Turkey ensures blue card holders' social security rights. In accordance with the "Law on Labour with the Amendment of Certain Legislative Decree and Law on the Restructuring of Receivables" (dated 09.11.2014, numbered 29116, and issued in the official gazette), former Turkish citizens who work abroad as (former) citizens of Turkey have the right to credit the period of their employment abroad. Previously the law granted the right only to Turkish citizens. The eligibility to this right is established through payment of contributions due and return to Turkey; i.e. re-establishment of residency.

Source: Pacaci-Elitok 2015.

5.2.2 Health Insurance for Pensioners

Universal health insurance (UHI) is compulsory in Turkey; everyone has to be insured either as an insurance holder or a dependent. Benefits include medical as well as dental treatments, including preventive health care, emergency care, inpatient and outpatient consultations and treatment, laboratory work, rehabilitation, and other services.

Foreigners residing in Turkey have to be insured with the SGK (Sosyal Güvenlik Kurumu; i.e., the Social Security Institution), if they work in Turkey and are not covered by any other social security system. Foreigners residing in Turkey for more than one year are eligible to enter the general health insurance system. The base premium for voluntary membership in UHI is 12 percent of earnings. Dependents are not included. Students can voluntarily pay UHI contributions during their education. If foreigners are covered by their home country's social security system, they are exempt from paying contributions and becoming part of the Turkish system. Nevertheless, the arrangements made by the Germany-Turkey BSSA may call for a different procedure and always take precedence. Tourists and other short-term visitors are excluded, as are illegal immigrants. Moreover, the Ministry of Health excludes the treatment of foreigners with pre-existing chronic diseases (Aydin et al. 2011).

6 Background and Content of BSSAs

The background of BSSAs is legal, both in their collective history and in the specific content of each bilateral agreement. The following exposition provides a brief presentation of the legal aspects of BSSAs.

6.1 Brief Introduction to BSSAs

BSSAs serve multiple objectives, including:

- Defining which social benefits will be coordinated ("material scope") – e.g., only pension and health care benefits or family and unemployment benefits also;
- Defining the individuals covered under the agreement ("personal scope") – e.g., only nationals or also assimilated persons with legal residence such as refugees;
- Establishing the depth of coordination (from time-limited exemptions to contribute to the host scheme to exportability of benefits to full-fledged coordination); and
- Establishing coordination on eligibility criteria, benefit calculation, disbursement, service delivery, financing, and processes of application, decision, and information.

Effective BSSAs should ensure, *inter alia*:

- Equality of treatment: This refers to the principle that all workers engaged in remunerated labor should enjoy equal provision of social security; this provision can also be extended to workers' dependent family members.
- Payment of benefits abroad (exportability): The portability principle provides for any acquired right, or right in the course of acquisition, to be guaranteed to the migrant worker in one territory even if it has been acquired in another.
- Determination of applicable legislation: This principle ensures that the social security of a migrant worker is governed at any one time by the legislation of only one country; three basic rules apply:
    - Employees are covered by the legislation of the contracting party in which they work, even if they reside in the other contracting party;
    - Self-employed persons are covered by the legislation of the contracting party in which they perform their economic activity;
    - Civil servants are covered by the legislation of the contracting party within whose administration they are employed.
- Maintenance of benefits in the course of acquisition (totalization): This principle – a centerpiece of most BSSAs – provides that when a right is conditional upon the completion of a qualifying ("waiting") period (say 15 years for pensions), periods of insurance by the migrant worker in each country are taken into account.

- Administrative assistance: This principle aims to provide for mutual administrative assistance between the social security authorities and institutions of participating members.

Though these principles are largely observed in most BSSAs, the content and implementation of BSSAs are highly variable. The rest of this section presents a comprehensive review of the content of the Germany-Turkey BSSA.

6.2 Germany-Turkey BSSA

6.2.1 Overview

Concluded in 1964, the Germany-Turkey BSSA is a typical recruitment agreement with a broad objective area of application, including health insurance.

6.2.2 Area of application

The benefit area of application for the BSSA includes (Bundesrepublik Deutschland; Republik Türkei 1984a; DGB Bildungswerk 2003):

- Health insurance and maternity protection;
- Work injury insurance;
- Pension insurance; and
- Child allowance for employees.

The BSSA applies to the following persons:

- German and Turkish citizens;
- Refugees and stateless persons, as defined by the Geneva Convention;
- Members of third states, if social security agreements exist between those states and one of the contracting parties; and
- Survivors whose entitlements are derived from persons mentioned above (Bundesrepublik Deutschland; Republik Türkei 1984a).

If the persons mentioned above have their usual residence in one of the contracting states, they are treated as equivalent to citizens for the application of the laws of one of the contracting parties (DGB Bildungswerk 2003).

6.2.3 Pensions

6.2.3.1 Application process

Persons who were insured in Germany and in other EU member or agreement states hand in their pension application at the responsible insurance agency in the residence state, where it is considered as an application for corresponding benefits from the other involved countries. The insurance agency in the residence state immediately initiates the pension application procedures at the other insurance agencies. However, a pensioner can only apply if she/he has reached the respective stipulated pension age in a certain country (Europäische Union 2011). The applicant can also request a deferral of the acquired entitlements in one of the countries concerned (Bundesrepublik Deutschland; Republik Türkei 1984a).

6.2.3.2 Option for refunding of contributions

Within the framework of the agreement, Turkish citizens are entitled to a refund of employee contributions on application if they have relocated outside of Germany. Additional preconditions are that: (i) a waiting period of 24 months has passed (starting with the discontinuation of compulsory insurance in the German pension insurance); (ii) no new pension insurance obligation has occurred in either Turkey or Germany; and (iii) no entitlement to voluntary insurance exists in the German pension insurance. Insured persons 65 years and older who have fulfilled the general precondition of a five-year insurance period for a pension entitlement are also entitled to a refund. In these cases, no waiting period applies. Survivors are entitled to a contribution refund even when the preconditions for a survivor's pension are not yet fulfilled.

In case of a contribution refund, the previous insurance relationship is abolished, and entitlements based on past insurance periods no longer exist. Even if a new insurance period in the pension insurance is acquired later, past insurance periods such as refundable contribution periods, credited periods, substituted periods, and child-rearing periods are no longer considered (DGB Bildungswerk 2003). In the 1980s (application possible until June 30, 1984), the German government granted an additional subsidy to returning Turkish migrants who applied for a contribution refund. Approximately 40,000 persons with Turkish citizenship made use of this law on return support (Himmelreicher and Scheffelmeier 2012; Holzmann, Koettl, and Chernetsky 2005). In 2012, 1,200 contribution refunds were made (Hauschild and Hopfe 2013).

6.2.3.3 Calculation of benefits

If the preconditions for an entitlement to a German pension are fulfilled solely using German insurance periods, the pension is "autonomously" calculated using the German base (Steiner 2014). If this is not the case, insurance periods in other states are also taken into consideration. The acquired insurance periods in Turkey and Germany are summed up as long as they cover at least 12 months and do not apply to the same time period. However, the summing up is only relevant for the fulfillment of the required waiting period and the other entitlement preconditions of the different pension types. According to the BSSA, the German pension amount is based on “direct calculation”: the contribution bases of German insurance periods are considered exclusively (Bundesrepublik Deutschland; Republik Türkei 1984a; DGB Bildungswerk 2003; Hauschild and Hopfe 2013). To calculate the monetary benefits of one contracting party, the dependent persons who reside in the other contracting state are also considered (Bundesrepublik Deutschland; Republik Türkei 1984a).

6.2.3.4 Insurance periods

Insurance periods for Germany cover contribution and equated periods (replacement, drop-out, or assignment periods) (Bundesrepublik Deutschland; Republik Türkei 1984a). The waiting periods for certain pension types can also be fulfilled with voluntary insurance. In brief, the preconditions for voluntary insurance (independent of citizenship) are that one must: (i) be above 16 years of age, (ii) reside in Germany, and (iii) have no compulsory insurance. However, German citizens may also pay voluntary contributions from abroad. For the duration of a regular residence in Turkey, Turkish citizens are only entitled to insurance if they have already paid at least one voluntary contribution before the commencement of the Supplementary Agreement (April 1, 1987) (DGB Bildungswerk 2003).

6.2.3.5 Tax-financed benefits

The German basic income guarantee for pensioners is financed by taxes. In old age or in the event of reduced employment capacity, pensioners are entitled to the benefit if the pension and any potential additional incomes do not provide an adequate means of subsistence. Persons without a pension entitlement can only access social assistance (DRV 2014).

Tax-financed benefits guarantee, *inter alia*, a minimum income to safeguard the means of subsistence, which is related to the economic and social environment of the respective country. Like social assistance benefits, those benefits are exclusively provided by the residence state to all entitled inhabitants and are not exportable. However, in cases where a similar benefit exists in the other residence state, a pensioner is entitled to this benefit, even if only a German pension is received.

6.2.3.6 Transfer and pay-out of benefits

A temporary stay abroad for a period of up to one year does not prevent the unlimited continuation of the German pension payment (DGB Bildungswerk 2003). In addition, any German citizen can receive a German pension without reduction in any other country of the world (Holzmann, Koettl, and Chernetsky 2005). Under the BSSA’s terms, Turkish and German citizens or equivalent persons receive the same pension amount whether they reside in Turkey or Germany. However, pensions related to reduced earning capacity are not transferred outside of Germany (DGB Bildungswerk 2003).

According to the BSSA's original terms, a Turkish national was only eligible to receive a full German pension while residing in the EU, Turkey, or another country with which Germany had concluded a bilateral agreement; in all other cases, only 70 percent of the pension was paid (Holzmann, Koettl, and Chernetsky 2005). However, this regulation was abolished in October 2013, as it applied to only a small number of persons (Hauschild and Hopfe 2013; Kruse 2013).

Pensions are either paid directly to the pensioner abroad or by the social security authorities (liaison agencies) of the country of residence. Benefits to a person who resides in the other contracting state can also be paid in the other contracting state's currency (Bundesrepublik Deutschland; Republik Türkei 1984a and 1984b). In practice, German pensions are transferred to a Turkish bank account. When the pension is paid out in Turkey by a Turkish bank in Turkish lira, no fees are due. However, when the pension is paid out in Euros, the process is fee-free only if the pension stays in the bank until the 21st of each calendar month (Hauschild and Hopfe 2013; Kruse 2013).

6.2.3.7 Taxation

The new double-tax agreement between Germany and Turkey (retroactively in effect since 2011) introduced a tax deduction at source. Previously, taxation was according to the rules of the residence state, with taxation at source only for the profit share of an annuity (which was usually so low that no taxation was due). Thus in case of residence in Turkey, a German pension can now be partially taxed in Germany. Taxation occurs only for pension income above €10,000 per year and the tax is only applied on income above this amount. A tax-free portion is fixed for each pension cohort on a continuing basis and will be gradually reduced from 50 percent to 0 percent by 2040. However, neither this basic tax allowance nor other tax relief measures are applicable to individuals not residing in Germany (Hauschild and Hopfe 2013; Infobest 2012).

6.2.4 Health care benefits

6.2.4.1 Responsibility

No unilateral provisions in German law relate to health care benefits. Thus the general rule in the absence of a BSSA is that retired migrants without a pension from the country of residence have no health care coverage. Reimbursements for health expenses in countries with which no agreement has been concluded are only granted in exceptional cases (e.g., to students who stay abroad for educational reasons and for others up to a maximum duration of six weeks). The prerequisite is that no private (travel) health insurance can be obtained for reasons of age or medical conditions (Holzmann, Koettl, and Chernetsky 2005).

Based on the BSSA's terms, health insurance for pensioners is primarily the residence state's responsibility. Pensioners and dependents have full access to in-kind benefits in the country of residence, conditional on national legislation.

The country of residence always covers the health expenses if at least a share of the pension is received from that country. Germany's health insurance for pensioners bears the cost for pensioners with permanent residence in Turkey in cases where they:

- Receive only a German pension;
- Are not insured within the Turkish health insurance through employment; and
- Fulfill the preconditions for compulsory insurance in the German health insurance for pensioners (Holzmann and Koettl 2012; DGB Bildungswerk 2003).

Insured persons with permanent residence in Turkey and their dependents are eligible to use urgently required medical assistance (whether provided by resident doctors or through institutional care) during a temporary stay in Germany at the expense of Turkey's health insurance agency. The principle is comparable to the European health insurance card and is valid for pensioners with pensions from one or both agreement states. Apart from emergency cases, serious medical treatments (e.g., heart surgery) and expensive auxiliary procedures are only performed in Germany when the responsible agency in Turkey consents in advance (Bundesrepublik Deutschland; Republik Türkei 1984a; Doganay 2013; Uluc 2013).

6.2.4.2 Reimbursements

The responsible agency reimburses the agency that provided the health care. Where agreed by the agencies involved, expenses can be partially reimbursed via across-the-board payments (Bundesrepublik Deutschland; Republik Türkei 1984a). The across-the-board accounting for a pensioner in Turkey comprises, independent from the real family size in each case, the pensioner and his or her dependents (based on the "family factor," which measures the average size of a pensioner's family in Turkey) (Bundesrepublik Deutschland; Republik Türkei 1984a).

6.2.4.3 Health insurance contributions

Since 2011, a health insurance contribution has been levied on pensions provided by any state that has concluded a BSSA with Germany if the pensioner is entitled to in-kind benefits provided by the German health insurance and maintains a regular residence in Germany. If the pensioner regularly resides in Turkey, compulsory contributions to the KVdR are withheld by the German pension insurance agency (DRV 2013b; Deutsche Verbindungsstelle Krankenversicherung –

Ausland (DVKA) undated). If the pensioner maintains a regular residence in Germany and is not compulsorily insured in the German health insurance due to non-fulfillment of the preconditions or release from the KVdR, she/he receives a subsidy for voluntary or private health insurance upon application. The subsidy is not paid in addition to a Turkish pension. For German and Turkish citizens or equivalent persons, a subsidy can also be granted in case of regular residence in Turkey (DGB Bildungswerk 2003).

6.2.5 Changes in the agreement

The Germany-Turkey BSSA concluded in 1964 was amended by the Changing Agreement on May 28, 1969, the Interim Agreement on October 25, 1974, and the Supplementary Agreement on November 2, 1987. These amendments served to adapt the agreement to legal developments in both states and to provide greater complementarity with newer agreements with other states (DGB Bildungswerk 2003). Despite multiple attempts and exchanges between the concerned ministries and liaison agencies in both states, no concrete changes have occurred in recent years (Hauschild and Hopfe 2013).

6.3 Comparisons with Relevant EU Decrees

How does this BSSA differ from the rules applied within the EU? Most differences between Turkey's agreement with Germany and the EU agreement are related to the objective of fairness for individuals. A pension transfer outside Germany is not possible for pensions tied to the reduction in earnings capacity. This regulation represents a major constraint compared to European law and is no longer included in newly signed bilateral agreements (Hauschild and Hopfe 2013).

Within the EU agreement, a theoretical amount is calculated for pensions as if all insurance periods were acquired in Germany. From this theoretical amount, German pensions are calculated on a pro-rata basis. This amount is compared with the amount resulting from the "direct method"; i.e., the pension benefit calculation based on German insurance periods only. Pensioners are entitled to the higher amount resulting from either the pro-rata method or the direct method (Europäische Union 2011). In contrast, only the direct calculation method is used under the Germany-Turkey BSSA. However, in many cases the two calculation methods produce the same result (Steiner 2014).

For the duration of a regular residence in Turkey, Turkish citizens are only entitled to voluntary coverage in the German pension insurance if they paid at least one voluntary contribution before the commencement of the Supplementary Agreement in April 1987. In other German agreements (e.g., with Israel and the United States), there is a principal entitlement to voluntary insurance under certain preconditions, even in case of residence outside Germany (Hauschild and Hopfe 2013).

Another difference lies in the BSSA's benefit area of application. Unlike the EU multilateral agreement, the Germany-Turkey BSSA does not provide for unemployment benefits. Additionally, child benefits are only covered for children residing in Germany. Another area where the BSSA provides a lesser benefit than the EU multilateral agreement is in the minimum insurance months required. According to the EU agreement, if less than 12 insurance months are available in one country, no independent pension entitlement is acquired for these months. However, these respective insurance months are considered by the responsible insurance agency in the other member or contracting state. By contrast, the Germany-Turkey BSSA does not contain a regulation for insurance periods of less than 12 months, so those periods are forfeited.

7 Pension and Health Care Transfers

7.1 Pension Transfers

In December 2012, the German pension insurance paid 355,000 pensions to Turkish citizens (1.4 percent of all pensions), of which 266,000 were direct pensions (1.4 percent of all direct pensions). Of the total 355,000 pensions to Turkish citizens, 83.7 percent were paid inside Germany. In total, Germany transferred 59,000 pensions, worth €346 million, to Turkey in 2012, of which 2,000 were to German citizens. The vast majority of Turkish pensioners living abroad have acquired insurance periods in another pension system (Himmelreicher and Scheffelmeier 20€12). Table 8 provides additional details.

Table 8: Stock of German pensions by type and citizenship (as of December 31, 2012)

Pension type	Citizenship of the insured person							
	German		Not German		Turkish		Total	
	#	€/ month	#	€/ month	#	€/ month	#	€/ month
Direct male	7,554,050	1,062	1,139,006	498	166,926	756	8,693,056	988
Direct female	9,957,902	580	743,204	352	99,110	442	10,701,106	564
Survivor's	5,158,732	556	627.536	254	88,670	352	5,786,268	523
Total	22,670,684	735	2,509,746	394	354,706	567	25,180,430	701

Source: DRV data; authors' calculations.

In 2012, the average direct pension was €756 per month for Turkish men and €442/month for Turkish women; the survivor's pension for Turkish citizens was €352 per month (DRV data). The wages and resulting average contribution bases/remuneration points of insured persons with Turkish citizenship are low compared to those of German citizens. In addition, their employment histories are shorter, possibly due to greater immigration in adulthood. Especially for Turkish women, the combination of low wages (often with reduced working hours) and rather short insurance histories leads to low old-age pensions (Himmelreicher and Scheffelmeier 2012). Thus the average pensions for Turkish citizens are clearly below those for German citizens.[10]

As shown in Table 9, the highest average pensions of Turkish pensioners were for those covered under treaty pensions in Germany (€676 per month), followed by non-treaty pensions paid abroad (€569 per month). Non-treaty pensions in Germany amounted to €541 per month on

[10] However, it must be borne in mind that the available statistics for treaty pensions show only the German part of the total pension. Despite various attempts, no information about the Turkish part of the total pension was received.

average, and treaty pensions paid abroad were €478 per month (DRV data). Pensioners residing abroad received somewhat lower wages than pensioners residing in Germany. This could be due to the fact that long-term employment histories (career paths, seniority remuneration) are more uncommon among pensioners living abroad. However, the available statistics for treaty pensions show only the German part of the total pension (Himmelreicher and Scheffelmeier 2012).

Table 9: Stock of pensions by payment in Germany and abroad, treaty pensions and non-treaty pensions, and citizenship (as of December 31, 2012)

	Citizenship of the insured person							
	German		Not German		Of which Turkish		Total	
	#	€/ month	#	€/ month	#	€/ month	#	€/ month
1/Non-treaty pension abroad	48,888	597	31,855	419	2,016	569	80,743	527
Thereof in home country	-	-	27,981	428	1,894	577	27,981	428
2/Treaty pension abroad	169,341	422	1,457,827	244	55,792	478	1,627,168	263
Thereof in home country	-	-	1,369,163	245	55,332	480	1,369,163	245
Non-treaty pension Germany	21,419,160	738	565,378	583	201,797	541	21,984,538	734
Treaty pension Germany	1,033,295	722	454,686	635	95,101	676	1,487,981	695
Total	22,670,684	735	2,509,746	394	354,706	567	25,180,430	701

Source: DRV data.
Notes: 1/ Pension benefit not based on treaty/bilateral agreement paid abroad; 2/ Pension benefit based on treaty/bilateral agreement paid abroad.

Of the 59,000 pensions paid to Turkey, only 2,000 (3.4 percent) are paid to German nationals residing in Turkey (who may have Turkish migration background as suggested by the pension level). The average pension of foreign citizens paid to Turkey amounts to €480 per month, and that of German citizens to €550 per month.

Table 10: Stock of pensions according to type of pension, German and non-German insured persons, and payment country (as of December31, 2012)

	Payment country							
	Germany		Abroad		Turkey		Total	
	#	€/ month	#	€/ month	#	€/ month	#	€/ month
German insured								
All pensions	22,452,455	738	218,229	461	2,000	555	22,670,684	735
Direct male	7,471,233	1,067	82,817	595	535	816	7,554,050	1,062
Direct female	9,878,333	581	79,569	382	594	536	9,957,902	580
Survivor's	5,094,359	557	55,804	375	870	408	5,150,163	555
Non-German insured								
All pensions	1,020,064	606	1,489,682	248	57,459	483	2,509,746	394
Direct male	454,009	799	684,997	298	22,756	683	1,139,006	498
Direct female	350,195	503	393,009	218	5,419	352	743,204	352
Survivor's	214,967	367	411,641	194	29,281	352	626,608	253

Source: DRV data; authors' calculations.

Note: Abroad is defined as any country other than Germany and Turkey.

7.2 Health Care Transfers

In 2012, Germany requested €4.7 million in health care costs from Turkey (2011: €3.5 million) for the treatment of Turkish residents visiting Germany, while Turkey requested €85.7 million in health care costs from Germany (2011: €46.2 million) for the treatment of Turkish residents with pensions from Germany.

8 Findings on Criteria Fulfillment

This section presents the findings of the BSSA's evaluation against the three criteria outlined at the beginning of the document: fairness for individuals, fiscal fairness for countries, and minimum bureaucratic burden for all involved.

8.1 Fairness for Individuals

8.1.1 Gaps in regulations and implementation problems

As a result of the law related to the promotion of migrants' return to Turkey in the BSSA's 1987 Supplementary Agreement, voluntary insurance in the German pension insurance system is only possible for Turkish citizens who have continuous insurance as a result of a pension entitlement in Germany. For returning migrants, a refund of insurance contributions is the only option (Hauschild and Hopfe 2013).

At present, short-term benefits under the BSSA do not apply to civil servants or the self-employed. From Turkey's perspective, because these workers are included under the umbrella social security system (as of a 2008 reform) and are contributors to social security in both Germany and Turkey, they should be eligible for benefits under the BSSA. However, Germany's social security institutions argue that self-employed workers' contributions to social security are relatively low and civil servants receive social security from the government. Germany would therefore prefer to maintain more limited coverage for the BSSA. Discussions between the two countries regarding potential expansion of coverage are ongoing, and the issue remains unresolved.

8.1.2 Disparities between regulations and reality

The social security agencies in the two countries regularly exchange information and incorporate feedback into the legal regulations to improve their implementation in practice (Hauschild and Hopfe 2013; Garibagaoglu 2013). For example, before 2009, cases occurred in which Turkey, due to foreign currency regulations, did not transfer Turkish pensions to Turkish citizens in Germany. Pensioners had to find an appointed agent in Turkey to whom the pension was transferred. Since October 2008, however, pensions are transferred to Germany after the persons concerned submit a formal statement with the obligation to bear all transfer costs (Hauschild and Hopfe 2013). Despite efforts to adjust the agreement in response to observations about its functionality in practice, some differences remain between regulations and reality, as discussed below.

8.1.3 Potential problems related to non-take up of pensions

According to interview respondents, effective non-take-up of pensions owed should be restricted to a very limited number of cases (Hauschild and Hopfe 2013). Most Turkish migrants are used to the administrative procedures surrounding pensions due to their longstanding history of migration, and are aware of sources of information and support (Uluc 2013). The information level on entitlements is relatively high. A number of consultation days exist in both Germany and Turkey. The German pension insurance distributes pension information and is obliged to provide advisory services. Turkish language information is available on the internet, and information is communicated via guest worker networks and trade unions (Hauschild and Hopfe 2013).

One interviewed expert from a migrants' organization observed that the documents of Turkish pension applicants are often incomplete, however. Often this stems from gaps in information on previous work experience or lack of documentation of past work. Furthermore, pensioners from rural areas of Turkey lack experience in bureaucratic processes and often have limited knowledge of the German language. In these cases, migrants' organizations can provide support to migrants and can assist in contacting the respective insurance institutions to verify eligibility and past insurance contributions (Doganay 2013).

Some Turkish migrant workers may be unable to access pensions either because they worked in the informal (uninsured) labor market in the 1970s or because they applied for a refund of employee contributions at some point. Respondents indicated that a considerable number of migrants regret the decision to opt for a refund rather than receiving pensions, indicating a need for better counseling on pension payment options for migrant workers (Erdem 2013).

8.1.4 Potential problems related to health care benefits

Specifically related to health insurance for pensioners, it was reported that some persons (due to insufficient knowledge of the German language or other barriers) do not indicate the age at which they started working. In these cases, it is assumed that they were employed as of their 16th birthday; thus the reference period may be artificially inflated. If in addition their employment was not subject to social insurance contributions in the last years before their pension application, they might not be entitled to health insurance for pensioners. As a result, in some cases individuals pay a contribution to voluntary insurance even though they are entitled to compulsory insurance (Doganay 2013).

For Turkey, the main concern related to health care benefits relates to new health levies imposed on pension income by the EU, which changed its internal regulations in 2002 and introduced supplementary premiums from the pensions for health services. Turkey has argued that this practice is at odds with the provisions in the BSSA and unfairly impacts residents of states that are not members of the EU common social security system.

8.2 Fiscal Fairness for Countries

Evaluating fiscal fairness requires a benchmark against which to assess the impact of the BSSA/full portability of benefits. The simple version of such a benchmark states that no participating country should have a fiscal advantage or be harmed by the agreement, but the meaning of this needs to be assessed in context. Fiscal neutrality for both countries does not mean that both do not economically benefit from the agreement vis-à-vis the situation in its absence (e.g., through higher labor market formality).

8.2.1 Financial fairness - pension regulations

Portability of pensions means that income generated in one country is transferred to another country, not dissimilar to remittances sent from migrant-receiving to migrant-sending countries; i.e., a shift in purchasing power (Jousten 2012). It corresponds to the export of factor income (labor, and for funded pensions, also partially capital) from the factor-using to the factor-providing country. As such, fiscal neutrality is not harmed. However, inasmuch as tax privileges have been granted to pensions during the accumulation phase (e.g., through non-taxation of contributions and interest earned) that would be recovered through the taxation of benefits when disbursed, fiscal neutrality may be hurt but not under all circumstances. The non-taxation of returns on retirement savings may not be a privilege, but simply the taxation principle under a consumption-type tax treatment. Furthermore, the taxes levied in the new recipient country may simply pay for the public goods and services provided. But the tax transfer mechanism may include age-related transfers when beneficiaries are young (for example, child allowances and housing subsidies) that are recovered when they are older, including when drawing a pension. Then the pension-sending country would lose and the pension-receiving country would gain.

The situation gets complicated in the Germany-Turkey corridor, since as of 2011 German pensions transferred to Turkey have been in principle subject to a source tax but without any mitigating allowances and deductions. As taxation starts only from an annual pension income of €10,000 (€833 per month), few individuals are affected. On the other hand, pensions are not considered taxable income in Turkey, indicating further fiscal losses for Germany but no direct gains for Turkey. Yet Germany incurred some tax expenditures through the (historically limited) deductibility on contribution payments during the long accumulation phase of pension (and health) rights that are not recovered at disbursement, which conceptually increases Germany's fiscal flows abroad. And the income tax is not the only fiscal revenue in both countries and Turkey is likely to gain through indirect taxes generated by pension recipients' consumption abroad.

The amount of tax expenditure in Germany and how the taxation rights of pensions in disbursement should best be arranged between source and residency country are empirically unknown and conceptually and operationally unclear. This area of international coordination of financial flows has until now been left largely to the legal profession and to its treatment in double taxation treaties – the BSSA equivalent for taxation issues. The international taxation of portable pensions and how best to establish individual and fiscal fairness with minimal bureaucratic hassles is still *terra incognita*. Yet to clarify the concepts and get a better understanding of the flows involved, some first research steps have been launched.[11]

The post-return voluntary pension contributions represent an anomaly according to Turkish law. After their return to Turkey, Turkish citizens and since 2014 also registered former Turkish citizens (blue card holders; see Box 1) are entitled to make voluntary contributions to the Turkish pension insurance for periods working abroad (regardless of whether or not they are entitled to a German pension). Although these contributions result in an entitlement to a Turkish pension, the Turkish authorities' point of view is that these contributions do not represent pension contributions but rather contributions to a type of life insurance. Thus they cannot be subsumed under the Germany-Turkey BSSA and are not reported to Germany to be considered as retirement income when the guaranteed minimum income is determined. As a further consequence, if no other contributions led to an entitlement to a Turkish pension, these contributions do not establish the Turkish health insurance system's responsibility for the returned retiree, but rather that of the German health insurance system if the retiree is eligible, with fiscal consequences for Germany. Discussions on this are ongoing; as of 2012, it seemed that the Turkish authorities were prepared to reconsider their position on this issue (Hauschild and Hopfe 2013).

8.2.2 Financial fairness - health care regulations

Public health care systems are typically designed to give everyone access to a comprehensive set of services. Contributions are typically flat or a fixed share of income, while expenditures rise strongly with age. When developing countries send more young net contributors abroad and receive more elderly net beneficiaries, their public health systems are burdened. However, worldwide there is no arrangement to share the savings components of health care provisions of a migrant who contributed to the public health institutions of various countries (Holzmann, Koettl, and Chernetsky 2005; Holzmann and Koettl 2012; Werding and McLennan 2011).

[11] A project with two scheduled seminars by CESifo (Munich) and CEPAR (Syndey) in November 2014 (Sydney) and September 2015 (Munich), respectively, addressed the issue of the taxation of pensions, including those of portable accrued rights and benefits in disbursement. See http://www.cepar.edu.au/ and https://www.cesifo-group.de/ifoHome/events/Archive/conferences/2015/09/2015-09-03-tag15-Holzmann.html. The revised papers are published as CESifo Working Papers: https://www.cesifo-group.de/ifoHome/publications/working-papers/CESifoWP.html

In the present case, the Turkish health insurance agency is financially responsible for persons residing in Turkey with a German and a Turkish pension. Thus given current trends, the more frequent and more expensive health care benefits for those of pension age have to be financed although those individuals' health insurance contributions went to Germany. The costs for pensioners with only a German pension are covered via reimbursements. From Germany's point of view, there are no disproportional financial burdens. For a pensioner residing in Germany, health insurance contributions from the Turkish pension are collected, whereas Turkey does not collect any health contributions from pensioners.

The BSSA more or less represents a zero sum game for Germany's social insurance institution. However, this is not true for Turkey due to settlement/clearance issues originating from different calculation systems. Three calculation methods exist for clearance processes between countries party to a BSSA. The first one uses the real costs incurred by the insured ("actual values"). The second method is based on "average values" calculated for four quarters of the year. The final one uses an "across-the-board"/"lump sum method," by which countries fix an average value. For instance, in Germany in the case of disability insurance, outpatient treatment is fixed at €59. In the case of health benefits, the Turkish social security institution prefers the payment on actual values, which is also aligned with EU norms and is the form of clearance used for reimbursement of health premiums for temporary stays. However, at present, Turkey pays on the basis of actual values for permanent stays, whereas Germany pays on a lump sum basis. From Turkey's perspective, the disharmony in calculation methods causes dualities when transferring rights between countries and problems in the actual implementation of BSSAs.

Due to these imbalances in the payment systems, from Turkey's point of view, the BSSA fulfils the fiscal fairness criteria to a lesser extent. The German position is more sanguine.

8.2.3 Potential misuse of pensions

In rural areas of Turkey, the registration of the civil status of persons (officially in place since 1927) was neither very widespread nor accurate. It is thus difficult in some cases for Turkish retirees to know their birthdate or year with precision. To remedy this, Turkish residents were offered a single opportunity to change their birthday without submitting any proof. In some cases, it is suspected that this provision was exploited to allow for changes of the birthdate and German insurance number to claim a retirement pension at an earlier date. This was particularly the case in the 1990s, as a result of which legal regulations were changed. Currently, a change in the German insurance number is only possible if the change of birthdate with the Turkish registration office was already applied for before the assignment of a German insurance number.

8.3 Minimal Bureaucratic Burden

Critical elements required to keep the bureaucratic burden low for migrants and social security institutions are appropriate information for the potential beneficiary, timely records on insurance periods, and electronic communications and file exchange between institutions. Room for improvement seemingly exists for all three elements.

8.3.1 Available information sources for migrants

Though German pension advisory services are generally reviewed positively, Turkish migrants' familiarity with the details of the social security regulations have some deficits (Garibagaoglu 2013). Media of any kind as an information source is reportedly underused. Migrants may face greater challenges in using traditional, paper-based information sources, as they may be less literate in German and therefore unable to read through the documentation or complete the necessary forms without assistance. To overcome these information barriers, the social attaché of the Turkish embassy advises Turkish citizens on pension and health insurance issues (Garibagaoglu 2013). Representatives from the German pension insurance and the health insurance fund visit migrants' organizations several times each year to support migrants, assist with applications, and advise on any special concerns or issues that arise (Uluc 2013). Germany also holds consultation days for insured Turkish citizens and provides application forms in Turkish (Hauschild and Hopfe 2013). However, more bilingual administrative staff who have experience with both Turkish and German legal and pension systems are needed to fully meet Turkish pensioners' needs (Doganay 2013). In Turkey, social insurance institutions also offer advisory services, but their lack of familiarity with the German pension system and coverage under the BSSA remains a problem.

8.3.2 Delays in the application process

It takes longer to process cross-national pension applications than those of national pensions. Frequent delays occur during the confirmation of the extent of insurance periods in Turkey, as Turkish institutions must generate individual insurance data from documents provided in paper form by regional offices. The list of insurance periods is collected only at the time of a pension application, and account clearances with yearly entitlement announcements do not exist. Thus, the pension application for the German part is processed very quickly, but in Turkey the process may last several months (Hauschild and Hopfe 2013).

8.3.3 Electronic data exchange and modernization

Turkey’s portability data are processed manually, which severely limits their quality and availability. Recipient numbers and transfer amounts are extremely difficult to calculate in the absence of digitized data, as applications and benefit amounts must be processed one-by-one.

9 Conclusions

The review of the German-Turkey migration corridor and its BSSA invites corridor-specific conclusions as well as broader reflections on BSSAs for developing countries. The latter draw on the summary policy paper (Holzmann 2016).

9.1 Corridor-specific Conclusions

The findings of the Germany-Turkey corridor study suggest that the BSSA between these countries is broadly working quite well, with no main substantive issues in the area of pension portability and few minor substantive issues concerning health care portability and financing. With regard to pensions, the recently introduced source tax in Germany on pensions paid abroad may become a future issue once the transitory and cohort-based tax free share tapers off, albeit taxation will still only occur at taxable revenues of €10,000 and above. The health care-related issues mostly center around the rules of access to services and cost coverage for migrants and their families when they return temporarily to Germany, and compensation for health costs for eligible beneficiaries between both countries and the use of different approaches. Turkey pays on the basis of actual values for permanent stays, whereas Germany pays on a lump-sum basis; the disharmony in calculation methods causes dualities when transferring rights between countries and problems in the actual implementation of the BSSA. Some process issues around information and automated exchange of information with modern information technologies have been recognized and are beginning to be addressed. Such information modernization, including the role of data security and personal data protection, will be the main driver of a likely revision of the BSSA envisaged in the coming years.

Beside the main topics raised in this summary report and its associated background papers, a number of other minor issues call for attention, as follows (see also Fuchs and Pacaci-Elitok 2014):

- According to the BSSA, only the direct method is used to calculate pensions, not the double method and the subsequent granting of the better benefit; in many but not all cases, no differences result from the pro-rata method used at the EU level.
- The BSSA does not contain a regulation for insurance periods of less than 12 months; thus those periods are forfeited.
- Differences in the definition of “permanent residence” between the countries and over time create inconsistencies.
- “Third country issues“ remain unsolved in practice; it is unclear how to address these conceptually and they are not covered by the BSSA.
- Differences in duration (i.e., the minimum and maximum days of contribution to be insured) are not uniform across both countries.

- From Turkey's point of view, the alliance/collusion between Germany and Austria is perceived as an obstacle in the BSSA's implementation.
- It appears that in some cases, contributions to voluntary health insurance are paid even when pensioners are entitled to compulsory health insurance.
- Settlement/clearance issues due to different methods used to calculate health service claims cause fiscal imbalances.
- Due to the Turkish social security reform, a legal change in the BSSA is considered necessary by both parties, and negotiations are ongoing.

This corridor study and the evaluation of the Germany-Turkey BSSA are essentially based on qualitative information, including some useful available data, comparison of regulations, and interviews with responsible bureaucrats and migrant representatives in Germany and Turkey. The original ambition of having an elaborate results framework with key performance indicators – such as the average time between application submission and first benefit payment, survey indicators on consumer satisfaction, and measures of fiscal fairness that are all tracked over time – was abandoned rather quickly. It was not possible to establish comparable data across the four corridor studies to produce simple performance indicators. Yet such a rigorous evaluation approach is needed to more objectively identify issues and assess policy changes in agreements, while the discussion of such a results agreement and the data should become part and parcel of the periodic meetings between countries. Even without this ambitious goal, further corridor studies such as this one would be useful to broaden the overall information base and to help identify emerging issues of increasing importance.

9.2 Broader Reflections on BSSAs

From a policy perspective, a number of questions not fully addressed in this paper (if at all) include:

Does portability or its absence matter?: If so, is it for labor mobility or social risk management, and for what phase of labor mobility – departing, staying, or returning, and for what part of risk management – pension, health, etc.? The findings in the corridor studies are consistent with sparse empirical evidence that departure consideration may be little influenced by the presence or absence of portability (even if the reviewed BSSAs from the 1960s were considered an important competitive element); e.g., no BSSAs exist between Mexico and the United States, or between Asian and GCC countries, although these have the largest migration corridors on earth. This suggests implications for the risk management of migrants (forcing own provisioning) and home countries (offering special arrangements such as health care by Mexico and a range of support programs by the Philippines).

Portability arrangements seem to have some but limited effect on return migration while some specificity of pension and health care provisions may make many migrants stay on: for pensions it is top-ups that seem to matter, while for health care it is access to high-quality care if needed. It would be interesting and relevant to experiment with limited portability of top-ups and/or selective access to health care to former host countries for return migrants (including visas) to explore the mobility effects.

What are the conclusions, if any, for low-income countries/minimum requirements? For a BSSA to be worthwhile, a developing country needs to have a sizable migration corridor that offers its migrants access to receiving countries' social security systems (often not the case in the GCC, Malaysia, Singapore, etc.). But the developing country should also have a (perhaps small) functioning social security system or at least one or two well-operating schemes. Similarity between host and home country' schemes also helps, or the host country will have limited interest in engaging in a BSSA and no credibility with and interest by its own migrants to participate at home and abroad. Furthermore, operation of the relevant scheme should be computerized (ideally with a unique personal identification number), have birth and death certificates, and have an institutional set-up that takes care of its migrants for departure, during their stay, and upon return.

What should developing countries pursue a narrow or an ambitious approach to BSSAs? A narrow approach with a focus on few benefits, particularly on pensions (old-age, disability, and survivor's), work injury, and health care for family members left behind and visiting has higher chances of early success. Renegotiating the BSSA for broader benefits such as family allowance and health care in retirement when the migration corridor intensifies and domestic equivalents are created is possible but requires a more lengthy process. Striving from the very beginning for a comprehensive BSSA and benefit coverage as within the EU may not be very promising and would need to build on a very strong migration corridor. Current signals from the EU indicate a reluctance to include health care in future third country agreements.

Are private sector provisions easier to make portable? Not necessarily, and in any case this would only be relevant for long-term contingencies – retirement and health care. Of course, private saving offers a first defense against many financial risks in life and money should be easy to carry along when moving from country to country. But finding reliable financial institutions at home and abroad to park the money is often a challenge. And private sector pension arrangements often profit from tax privileges during the accumulation phase that countries increasingly ask back when leaving the country and the exit tax may be sizable. Private health care insurance is little portable between countries (or even within countries) so that sizable savings elements get lost when moving. Even within the EU, private provisions (for pension and health care) are much less portable than public and mandated ones. This has given rise to pan-European or international private programs in health and preparation of a pan-European fund for supplementary pension benefits.

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Abstract

The portability of social benefits is gaining importance given the increasing share of individuals working at least part of their life outside their home country. Bilateral social security agreements (BSSAs) are considered a crucial approach to establishing portability, but the functionality and effectiveness of these agreements have not yet been investigated; thus importance guidance for policy makers in migrant-sending and migrant-receiving countries is missing. To shed light on how BSSAs work in practice, this document is part of a series providing information and lessons from studies of portability in four diverse but comparable corridors: Austria-Turkey, Germany-Turkey, Belgium-Morocco, and France-Morocco. A summary policy paper draws broader conclusions and offers overarching policy recommendations.

This report looks specifically into the working of the Germany-Turkey corridor. Findings suggest that the BSSA between Germany and Turkey is broadly working well, with no main substantive issues in the area of pension portability and few minor substantive issues concerning health care portability and financing. Some process issues around information and automation of information exchange are recognized and are beginning to be addressed.

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