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Access to essential services for low-income people

Germany

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European Social Policy Network (ESPN)

**ESPN Thematic Report on
access to essential services for
low-income people**

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CONTENTS

| | |
|---|----|
| SUMMARY | 4 |
| 1 OVERVIEW OF NATIONAL/SUBNATIONAL MEASURES AIMED AT SUPPORTING LOW-INCOME PEOPLE IN ACCESSING ESSENTIAL SERVICES | 5 |
| 1.1 Definition of “essential services” | 5 |
| 1.2 Definition of “low-income people” used in the context of access to services | 6 |
| 1.3 Measures for facilitating access for low-income people to services | 7 |
| 1.3.1 Access to water | 7 |
| 1.3.2 Access to sanitation | 8 |
| 1.3.3 Access to energy | 8 |
| 1.3.4 Access to public transport | 9 |
| 1.3.5 Access to digital public services | 10 |
| 1.4 Access to financial services (Directive 2014/92/EU) | 11 |
| 2 NATIONAL/SUBNATIONAL POLICY FRAMEWORKS AND REFORMS | 13 |
| 2.1 National/subnational policy frameworks | 13 |
| 2.2 Ongoing or announced reforms..... | 14 |
| 3 A FOCUS ON ACCESS TO ENERGY | 16 |
| 3.1 Energy poverty | 16 |
| 3.2 Energy supply disconnections (as an extreme form of energy poverty) | 17 |
| 3.3 Impact on overall social inclusion..... | 18 |
| 3.4 Policy against energy poverty..... | 19 |
| REFERENCES | 21 |
| ANNEX 1 | 25 |
| Table A1: Essential service – Water | 25 |
| Table A2: Essential service – Sanitation | 26 |
| Table A3: Essential service – Energy..... | 27 |
| Table A4: Essential service – Public transport..... | 28 |
| Table A5: Essential service – Digital public services | 29 |
| Table B1: Essential services – Summary table..... | 30 |
| ANNEX 2 | 31 |

Summary

In Germany, there is no binding national legal definition and no national regulation covering all areas of essential services. The type and scope of the service areas are nowhere defined as binding.

Since the laws regulating the provision of essential services at national or subnational level in Germany make no mention of low-income people, there is no common definition of what constitutes a low-income person. Low-income people are normally not a target group for special regulations or tariff variations in the provision of essential services. Measures for facilitating access and providing financial reliefs for low-income people are mainly provided in the form of cash benefits paid through the German minimum income benefit system.

It is the responsibility of the *Länder* to ensure that essential services are available to every citizen under comparable conditions. While federal legislation lays down the framework for individual services, it is up to the *Länder* and local authorities to specify and implement them.

In the area of essential services, the dominant principle is that all citizens should be charged the same, based on usage. This applies to national as well as to subnational regulations. The only charges that vary by income level are the "social tickets" for local transport, a municipal initiative partly financed by the *Länder*.

Income is taken into account only indirectly through the granting of minimum-income benefits under Social Code Books II (Basic Income Support for Job-Seekers) and XII (Social Assistance). Water, sanitation and part of energy (heating) costs are covered as part of total housing costs, including rent, ancillary costs (including water and sanitation) and heating. These costs are covered up to a reasonable level as measured against local housing costs.

The remaining energy costs (electricity and gas) are covered by a flat-rate sum included in the standard benefit as part of consumption category 4 (housing, energy, apartment maintenance). The same applies to the costs of (local) public transport (category 7: transportation) and to the use of digital services (category 8: telecommunications). The costs of financial services are also covered by the standard benefit (category 12: other goods and services).

Essential services are not an element of a national or subnational strategy for poverty reduction in Germany. They are only indirectly involved through the provision of minimum-income benefits. In direct form, only non-economic services of general interest (e.g. childcare services) are part of poverty policy.

There is currently no debate on the reform of essential services with a view to taking into account users' income situation (with the exception of local public transport).

Energy supply is the area in which fuel poverty among low-income people, as well as options for avoiding or preventing it, have been most intensively discussed in recent years and for which a number of studies and reports are available. Because empirical data on energy efficiency are not available, firm statements on energy poverty in Germany are difficult to make.

Even though fuel poverty or the loss of energy supply through disconnection have serious negative effects on people's lives, the current German government sees no need for reform.

1 Overview of national/subnational measures aimed at supporting low-income people in accessing essential services

According to Principle 20 of the European Pillar of Social Rights (EPSR), everyone should have “the right to access essential services of good quality, including water, sanitation, energy, transport, financial services and digital communications”. Moreover, support for accessing such services should be available for those in need.¹ The importance of ensuring access to essential services is also well established globally in the framework of the United Nations 2030 Agenda for Sustainable Development and its 17 related Sustainable Development Goals (SDGs) which was endorsed in 2015 by all UN countries including all EU countries.² This report investigates the extent to which Principle 20 of the EPSR has already been implemented in the six services under scrutiny in Germany. The group of “those in need” is restricted in the report to people on a low income and low-income households.

1.1 Definition of “essential services”

In Germany the EU terms “essential services” or “services of general economic interest” as part of “services of general interest” – exactly translated as “*Essentielle Dienste*” or “*Dienstleistungen von allgemeinem wirtschaftlichen Interesse*” – are generally described by the term “*Daseinsvorsorge*” (or “*öffentliche Daseinsvorsorge*”). The concept of *Daseinsvorsorge* may be broadly similar to that of services of general interest since, in addition to services of general economic interest, it also covers non-economic services of general interest (Weiß 2013).

The concept of (*öffentliche*) *Daseinsvorsorge* is the result of a national development of its own, which began with the first municipal constitutions at the beginning of the 19th century and gained tangible expression at the beginning of the 20th century – under the influence of the English Fabian Society – in the idea of municipal socialism. Its programme focused on providing the population with a comprehensive range of infrastructure services at acceptable prices (Heinrich Böll Stiftung 2015; see also Kersten, Neu, Vogel 2015). There is no binding national legal definition of (*öffentliche*) *Daseinsvorsorge*. The term is used in German laws, but it is an indefinite legal term and covers activities of the state which provide a basic supply of essential goods and services to the population. The answer to the question of which goods and services must be provided by the state is, however, controversial and is subject to social change, as is the definition of “public services of general interest” itself.

Basically, there is no national regulation covering all areas of essential services. Even if there are national laws for the different areas under scrutiny, the provision of essential services is a primary competence of the *Länder* and – above all – of the municipalities. According to Article 28 (2) of the German Basic Law it is the responsibility of the municipalities to regulate all affairs of the local community within the national legal framework; this includes ensuring an adequate provision of essential services for the local population. Similar regulations can be found in state and local constitutions. Traditionally, municipal utilities (*Stadtwerke*) founded at the beginning of the 20th century were responsible for at least part of this provision. Since the deregulation process of the 1990s and 2000s and the EU framework regulation, provision is split between public and private actors in different ways in the various service areas.

¹ The EPSR was jointly proclaimed by the European Parliament, the European Council and the European Commission on 17 November 2017. For more information on the EPSR, see: https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles_en.

² The SDGs and their targets seek to realise the human rights of all, by promoting an integrated notion of sustainable development aimed at creating synergies between economic, environmental and social policies and objectives. For more information on the SDGs, see: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>.

In principle, services of general interest are regarded as an essential building block in the establishment of equivalent living conditions and thus for securing cohesion in Germany. According to Section 2 (3) of the (federal) Spatial Planning Act (*Raumordnungsgesetz*), “the provision of services and infrastructures of general interest, in particular the accessibility of facilities and offers of basic services for all population groups, must be adequately guaranteed in order to ensure equal opportunities in the subregions; this also applies in sparsely populated regions”. This legal requirement was additionally specified in the Spatial Planning Report 2017 as the “supply of goods and services classified as essential to life in a supply area at socially acceptable prices, with a certain quality and an acceptable accessibility” (Bundesamt für Bauwesen und Raumordnung 2017: 22f). The type and scope of the service areas are nowhere defined as binding. The last Spatial Planning Report listed in addition to water, sanitation, transportation also waste disposal, health, education, culture, sports, security and order. The actual design of service provision in the various areas is regulated in *Länder* laws and plans and the regional and local plans of the municipalities or municipal associations.

According to Germany’s federal structure, the *Länder*, in passing legislation implementing the national framework laws in the various service sectors, should guarantee, among other things, the equal participation of all citizens in essential services. This legislation provides for the financing of services through taxes and charges and stipulates that the services should be of adequate quality. This applies regardless of whether public or private actors provide the services (Heinrich Böll Stiftung 2015).

1.2 Definition of “low-income people” used in the context of access to services

Since the legislation regulating the provision of essential services at national or subnational level in Germany makes no mention of low-income people, there is no common definition of what constitutes a low-income person. Low-income people are not normally a target group for special regulations or tariff variations in the provision of essential services.

Measures for facilitating access and providing financial reliefs for low-income people mainly take the form of cash benefits paid under the German minimum-income benefit system according to Social Code Books II (Basic Income Support for Job-Seekers) and XII (Social Assistance)³. These means-tested minimum income benefits are supposed to guarantee a level of subsistence that enables recipients to participate in normal social life. These benefits include the following income support elements (Hanesch 2016; Federal Ministry of Labour and Social Affairs 2019):

- standard benefit covering the current minimum subsistence level;
- fixed allowances to meet additional requirements for certain groups or need situations (e.g. for single parents);
- one-off payments depending on specific actual needs (a few one-off payments are listed in the law; beneficiaries can apply for loans to cover additional needs);
- actual housing and heating costs are covered up to a reasonable level. The coverage of housing costs is based on the level of rents in the local housing market;
- while in receipt of benefits according to Social Code Book II, beneficiaries are compulsorily insured under the statutory health and long-term care scheme.

The standard benefit is calculated for each member of the “needs community” (persons living together and sharing and using their income in common) and varies between the different individuals in that community. The benefit level is calculated on the basis of the volume and patterns of consumption expenditure of lower-income households, as

³ The benefits according to the Asylum Seeker Benefits Act also belong to the minimum-income benefits. However, since they are mainly paid to persons in collective accommodation, they are not considered here.

measured every five years by the Sample Survey of Income and Expenditure. In the intervening years, the benefits are updated every year according to a mixed price and wage index. In the mixed index, the rate of change in prices has a 70% weighting, and that in net wages and salaries 30%. Expenditure on 12 groups of goods and services is the basis for calculating the standard benefit. Table C1 in Annex 2 shows the amount and structure of the standard benefit for a single adult according to the consumption categories of the Standard Rate Determination Act of 2016, last updated with the Standard Benefit Structure Ordinance of 2020. Similarly, the amounts and structures of the standard benefits are calculated for children and young people in three age groups. Table C2 in Annex 2 shows the range of standard benefits for the members of a needs community under Social Code Books II or XII. The overall level of benefits per person is made up of the respective standard benefit, the pro rata costs of accommodation and, where applicable, other benefits as mentioned above.

Low-income people whose income exceeds the minimum-income benefit level are eligible for housing benefits, a state subsidy towards housing costs for low-income households. Several factors determine whether applicants (tenants or homeowners) are eligible for housing benefit and the amount they receive: the number of household members, the amount of rent or mortgage payment that qualifies for support, and the total monthly income of all household members. If there is a claim, the housing benefit is a subsidy for the total housing costs, i.e. including ancillary housing costs (Federal Ministry of Labour and Social Affairs 2019).

1.3 Measures for facilitating access for low-income people to services

1.3.1 Access to water

Section 50 of the Act on the Regulation of the Water Supply (*Gesetz zur Ordnung des Wasserhaushalts – WHG*) of 2009 (in the 2018 version) stipulates that the water supply serving the general public (public water supply) is a service of general interest. The bodies responsible for public water supply are defined by *Land* legislation. For example, §30 of the Hessian Water Act (*Hessisches Wassergesetz*) of 2010 (in the 2018 version) provides that the municipalities must supply the population and commercial and other facilities in their area with sufficient drinking and process water. The municipalities may transfer the obligation to supply water to other public bodies or to private third parties, or use them to fulfil their tasks; they may also form water and soil associations or special-purpose associations and conclude public-law agreements.

Basically, the provision of water in Germany is part of municipal infrastructure services, which are made available to house-owners for a fee via the municipality itself or via public or private supply companies. The owners of the house or apartment bear the operating costs themselves. In the case of rented properties, the parties to the rental agreement generally agree in accordance with §556 of the German Civil Code (*Bürgerliches Gesetzbuch – BGB*) that the tenant bears the operating costs of the rented apartment. The federal government's Operating Costs Ordinance (*Betriebskostenverordnung*) of 2003 (latest version 2019) regulates which operating costs can be allocated to the tenant. Water is one of these operating costs (more specifically, the costs of operating the central hot-water supply system and of cleaning and maintaining hot-water appliances). Tenancy agreements usually include a monthly advance payment for ancillary costs in addition to the rent, which are then finally settled after the end of the year (in individual cases with additional payments or repayments).

Normally, the utilities do not provide for income to be taken into account in the tariffs. In this respect, there are no special regulations such as tariff variations/reductions or benefits in kind for low-income people. Only if they are entitled to minimum-income benefits under Social Code Books II or XII are the costs of their water consumption covered as part of housing costs up to a reasonable level. If low-income households with a higher income are

entitled to a housing allowance, the approved housing allowance is a subsidy towards total housing costs, i.e. rent, ancillary costs (including water supply) and heating.

If the tenant does not pay rent for two consecutive months or does not pay a substantial part of it without good reason, the landlord may terminate the lease without notice. The same applies if the tenant pays only part of the rent over a longer period and is in arrears for a total of more than two months' rent. In this case, they are at risk of losing the apartment. Many municipalities have made agreements with the large housing companies that they will be informed in advance if there is a threat of eviction in order to be able to initiate measures to avoid this. These include consultation and possible financial assistance under Social Code Books II and XII or the housing allowance law (e.g. Henke, Busch-Geertsema 2019; Busch-Geertsema, Henke, Steffen 2019).

To sum up, a basic supply is ensured by the fact that federal law obliges each municipality to provide a water supply to all households. In principle, an interruption of the supply can only occur when people lose their homes. A total or partial reduction of the costs of water supply for low-income people (in this case, low-income households) is provided in the form of minimum-income benefits (total) or housing benefits (partial). If there is a risk of eviction (including loss of access to water provision), municipal support in the form of consultation and possible financial assistance is provided by many municipalities.

1.3.2 Access to sanitation

The provision of sanitation is regulated and organised in much the same way as the provision of water. According to §55f of the WHG, wastewater must be disposed of in such a way that the welfare of the general public is not impaired. Wastewater is to be disposed of by the legal entities under public law that are obliged to do so under *Länder* law (wastewater disposal obligors). In the case of the *Land* of Hesse, §37 of the WHG stipulates that sewage disposal is the responsibility of the municipalities in which the wastewater is produced, unless it has been transferred to other public bodies. They are responsible for the disposal of wastewater produced in their area, unless a binding wastewater disposal plan specifies otherwise.

The provision of sanitation is also part of municipal infrastructure services, which are made available to householders for a fee via the municipality itself or via public or private supply companies. Here too, the utility companies do not provide for income to be taken into account in their tariffs. In this respect, there are no special regulations such as tariff variations/reductions or benefits in kind for low-income people. Only if they are entitled to minimum-income benefits under Social Code Books II or XII are the costs of sanitation covered as part of the housing costs up to a reasonable level. If low-income households with a higher income are entitled to a housing allowance, the approved housing allowance is a subsidy towards total housing costs, i.e. rent, ancillary costs (including sanitation) and heating.

To sum up, a basic supply is ensured by the fact that federal law obliges each municipality to provide a sanitation service for all households. In principle, an interruption of the supply can only occur when people lose their homes. A total or partial reduction of the costs of sanitation provision for low-income people (in this case, low-income households) is provided by cash benefits in the form of minimum-income benefits (total) or housing benefits (partial). In the case of threatened eviction from accommodation (including loss of access to sanitation), support in the form of consultation and possible financial assistance is provided by many municipalities.

1.3.3 Access to energy

The aim of the Energy Industry Act (*Energiewirtschaftsgesetz – EWG*) of 2005 (in the 2019 version) is to achieve the safest, cheapest, and most consumer-friendly, efficient and environmentally friendly supply of electricity and gas to the general public via pipelines; this supply of energy is increasingly based on renewables. The energy is supplied by

companies within a competitive framework with free price formation. In principle, the same requirements apply to the supply of gas. Although consumers are free to choose their energy supplier, a large number of households still purchase electricity or gas from the local basic supplier. The basic service supplier is the provider that supplies most households in any one network area. The basic service supplier must in principle supply every household customer with electricity or gas (obligation to contract), at publicly quoted prices published on the internet.

The regulatory authorities are the Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railways (Federal Network Agency: *Bundesnetzagentur*) and, in accordance with paragraph 2 of the EWG, the *Land* regulatory authorities. According to §42a of the EWG, a contract for the supply of electricity to final consumers may not be part of a contract for the rental of residential premises; rather, tenants conclude independent supply contracts with an energy supply company. Since end-customers today can freely choose their electricity supplier, the electricity tariffs cannot be dictated to them. However, it is difficult for customers to understand the system of tariffs.

In principle, the energy supply companies do not offer tariffs graded by income. Thus, there are no special tariffs for low-income households. Tariffs are usually based on electricity consumption, with bulk consumers receiving cheaper tariffs than small consumers. There are providers of "low-cost" tariffs. However, for low-income earners it is difficult to benefit from them, since most of these providers do not accept households with a negative Schufa record⁴. With the rise in electricity prices in recent years, electricity supply has become a problem for many low-income households. One indicator of this is the increase in the number of households disconnected by the energy companies (Jahn, Ecke 2019; see Section 3).

Assistance with energy costs for low-income people is possible only if they are entitled to minimum-income benefits under Social Code Books II or XII (total) or housing benefits (heating costs: partial). The standard benefits for individual household members include a flat-rate amount for household energy (gas and electricity). Heating is covered as part of the total housing costs up to a reasonable level.

To sum up, a basic supply is ensured by the fact that federal law obliges local basic suppliers to provide all households with electricity and gas (obligation to contract). An interruption in supply can, however, occur as a result of unpaid energy bills. Assistance with energy costs for low-income people is provided in the form of cash benefits to cover their basic energy needs. Furthermore, they may have access to counselling and municipal emergency measures in order to prevent disconnections (cash benefits, advice/training or information services, emergency measures for an uninterrupted basic supply) (see also Section 3).

1.3.4 Access to public transport

In addition to the Regionalisation and General Railway Acts, the legal framework for the organisation of local public passenger transport (*Öffentlicher Personennahverkehr – ÖPNV*) in Germany is provided by the Passenger Transport Act (*Personenbeförderungsgesetz – PBefG*). The current PBefG came into force on 1 January 2013. In accordance with §8 (3) of the PBefG, the authorities designated by the *Länder* are responsible for ensuring that the population is adequately served by local public passenger transport services. Fares and changes thereto require the approval of the licensing authority. Fares may not be exceeded or undercut; they are to be applied evenly. Reductions that do not benefit all the travelling

⁴ The *Schutzgemeinschaft für allgemeine Sicherheit* (Schufa) is the largest credit rating agency in Germany. Based on a person's past payment record, Schufa makes forecasts about future behaviour and translates them into numerical values. Schufa information is requested by companies in order to ascertain the creditworthiness of potential customers.

public equally are prohibited. A public compensation payment is made for pupils, trainees and students with travel passes.

In their role as public authorities, municipalities have financial responsibility for ordering the adequate public transport services as defined in the local transport plan. Only rarely can this service be provided economically by the transport companies themselves, so that the public transport authority must subsidise the operation. A limited number of local authorities also offer social tickets, i.e. discounted tickets for low-income persons (especially recipients of minimum-income benefits). The ticket is usually non-transferable. However, the circle of those entitled to the benefit, the amount of the benefit and other conditions vary considerably between municipalities. Furthermore, the ticket prices are usually not coordinated with the corresponding minimum-income benefit (see below), so that this is often not sufficient to buy even a discounted monthly ticket. In North Rhine-Westphalia, the introduction of municipal social tickets was temporarily supported by state subsidies to the municipalities (e.g. Kompetenzcenter Marketing NRW bei der Verkehrsverbund Rhein-Sieg GmbH 2016) Current surveys and overviews of social tickets are unfortunately not available for Germany.

Since the privatisation of the former *Deutsche Bundesbahn*, long-distance passenger transport by road and rail has been provided by the privately owned *Deutsche Bahn* (and a few smaller competitors). *Deutsche Bahn's* tariff structure does not include any special tariffs based on income levels.

Financial assistance with the cost of (local) public transport is provided for low-income people via the minimum-income benefit schemes. The standard benefit includes, among other things, a flat-rate amount to cover transport costs.

1.3.5 Access to digital public services

Digital communications are regulated by the Telecommunications Act (*Telekommunikationsgesetz – TKG*) of 2004 (as amended in 2019). Under the TKG, private end-users are entitled to connection to a public telecommunications network and access to publicly available telephone services by a basic service provider. However, the provision of broadband internet connections is not included in the basic service. Although this federal law regulates charges, among other things, it does not contain any special regulations on charges or services for low-income persons. It does, however, stipulate that users must be able to access the public telecommunications network on a prepayment basis or to make use of publicly accessible telephone services. This is intended to prevent low income or lack of creditworthiness becoming the criterion for exclusion from digital services.

According to a Federal Statistical Office survey of internet use, around 4.1 million households or 10% of all households in Germany had no internet access in the first quarter of 2018. Access varied by household income. Among households with a (non-needs-weighted) monthly income of €3,600 or more, there were practically none without internet access (regardless of its use); the share of households without internet access increased with decreasing household income. For example, 13% of households with an income between €1,500 and €2,300 per month did not have such a connection and 20% of households with less than €1,500 per month did. Looking at the number of people in the household, 17% of one-person households did not have internet access, while the figure for households with two adults was 9%. Among internet users (aged 10 and over) in the last 12 months, 54% used digital services provided by public authorities/institutions (Statistisches Bundesamt 2019).

Recent surveys of the use of digital services have shown that the number and proportion of users have steadily increased in recent years and that in 2018 only 16%, or around 10 million people, did not use digital services. However, the proportion of those who have to do without for financial reasons is negligible. Rather, the majority of those who do not use digital services do it voluntarily. As many as 37% of non-users state that digital services are too complicated for them. This proportion is particularly high for people with low educational attainment or for people who are not in paid employment. The supply of digital

public services is currently still low. They also do not appear in the list of frequently mentioned services (Initiative D21 2019).

Financial relief for low-income persons with regard to the use of digital services is provided solely within the framework of the minimum-income benefit system. To the extent that they are entitled to benefits under Social Code Books II or XII, the standard benefits also cover expenses for communication – albeit only to a modest extent. Irrespective of this, the legal obligation to offer connections on a prepayment basis also ensures access for low-income earners or over-indebted people, albeit only to a modest extent within their financial means. Since a prepaid card allows the digital service to be used only as long as the account is in credit, a credit check is not necessary and access is in principle open to all user groups.

To sum up, the promotion of access to and use of digital services in Germany is ensured on the one hand by a legal obligation to contract and the requirement to offer prepaid services, and on the other hand by cash benefits under minimum-income benefit schemes. There is currently no debate on reforming access to, or the affordability of, digital services. The main focus is on further expanding coverage and network performance. In addition, the digital competence of the population should be promoted, more specifically from an early age (Bundesregierung 2019a).

1.4 Access to financial services (Directive 2014/92/EU)

The Payment Accounts Act (*Zahlungskontengesetz – ZKG*) of 2016 transposes the European Payment Accounts Directive into German law. Since 19 June 2016, every consumer legally residing in the EU, regardless of their creditworthiness, has the right to a payment account with basic features, a “basic account”. This also includes people without a permanent residence, asylum-seekers and “tolerated persons” (people without a residence permit, who cannot be deported for legal or practical reasons). The aim is to enable all citizens to participate fully in economic and social life. Since non-cash payment transactions have largely replaced cash payments, an account with basic functions, such as deposits, withdrawals and transfers, is an important prerequisite for participation in economic and social life today (Huneke, Gondert 2016).

The law obliges every institution that offers payment accounts to consumers to conclude basic account contracts (obligation to contract). Entitled people who apply for a basic account must set it up within 10 business days. For the application, the institutions must provide the consumer with a form free of charge. This form is prescribed by law and can also be downloaded from the website of the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*). The basic account must have all the functions necessary for the use of basic payment services, i.e. cash deposits and withdrawals, transfers, direct debits and card payments. These basic functions do not include loans or overdrafts; however, the bank does not have to tolerate overdrafts. The account holder can request the bank to keep the basic account as a seizure protection account in accordance with § 850k of the German Code of Civil Procedure (ZPO). With such an account, bank customers who are affected by an attachment of earnings due to insufficient creditworthiness can dispose of the non-seizable part of their income without bureaucratic complications. Customers can apply for the basic account to be set up as a seizure protection account when they submit their application.

Only under certain conditions may banks close down or refuse to open a basic account. For example, they can refuse to manage an account if the consumer already has a basic account with another credit institution in Germany and can use it. The bank can also reject an application for a basic account if the consumer has been convicted of a criminal offence against the bank, or one of its employees or customers, within the three years prior to the application. Irrespective of the type of account, the Payment Accounts Act also requires institutions to provide consumers with information on charges before the contract is concluded (charge information). They must also inform consumers at least once a year about the charges levied during the term of the contract (statement of charges). The new

transparency regulations are intended to ensure that consumers can better compare the costs of account services. It is the task of the BaFin to monitor compliance with the law.

According to a recent survey by BaFin, as of the reporting date 30 June 2018, a good 1,300 credit institutions in Germany offer basic accounts. Around 540,500 basic accounts have been opened. As of 30 June 2018, there were just under 497,000 basic accounts in place (Deppmeyer 2018). In the initial period following the introduction of the basic account, banks and consumers were still uncertain about the new rights and obligations; now, however, it is almost always possible for consumers to open a basic account without particular difficulties. In practice, the question of whether banks comply with their obligation to agree appropriate charges for basic accounts remains of great importance. Prices for basic accounts vary widely. On the one hand, there are free or low-cost offers, whereby the actual account costs can be higher than for more expensive accounts due to additional item charges. On the other hand, however, many banks also offer fee models that are perceived as burdensome, especially by those affected. The legislator has not set a maximum limit for the costs of a basic account. Repeated investigations by the Stiftung Warentest have shown, however, that basic accounts are expensive and usually cost more than normal accounts (at last: Stiftung Warentest from 11 November 2019).

In 31 October 2018 the last part of the ZKG, which regulates the transparency and comparability of payment account fees, came into force. From BaFin's point of view, the new regulations have significantly improved the consumers' ability to make an informed decision at a reasonable cost. Since then, payment service providers have been obliged to provide consumers with standardised information on the costs associated with a payment account. This information must be clear, comprehensible and easily accessible. Consumers should thus be able to quickly recognise which provider offers which services at which price, since it has often been time-consuming and difficult for them to compare the actual costs of payment accounts. In addition, consumers now have free access to at least one payment account comparison website. The ZKG stipulates that operators of websites that compare payment account offers have to apply for a certificate with a logo confirming that the comparison website meets the legal requirements for such websites.

In 2019, however, the Federation of German Consumer Organisations (Verbraucherzentrale Bundesverband 2019) criticised the fact that the ZKG does not contain a clear legal definition of costs, but merely speaks of an appropriate fee for the basic account. As banks have recently raised these fees more and more, many low-income people in particular cannot afford to avail themselves of their right to a basic account. There is a risk that fewer and fewer offers will be actually affordable for low-income people. In an answer to a parliamentary question, the federal government had to admit that it did not have any information on this problem (Bundesregierung 2019b).

It is unclear whether the approximately 500,000 basic accounts in existence as of 30 June 2018 actually covered the demand. As of 1 October 2018, the over-indebtedness ratio was 10% nationwide. This means that more than 6.9 million citizens were overindebted and had "sustained payment defaults" (Creditreform Wirtschaftsforschung 2018; see also Ulbricht 2018). Since over-indebtedness usually goes hand in hand with a (short- or longer-term) loss of income or a low-income situation and is an important obstacle to the establishment of a regular bank account, it can be assumed that the volume of demand is only very partially met by the banks' current supply of basic accounts.

In summary, it is currently difficult to assess whether the ZKG can actually ensure that basic financial services are provided on reasonable terms. It is an open question whether the transparency provisions will help to gradually reduce the heterogeneity of the costs and conditions that still exists. For recipients of minimum-income benefits under Social Code Books II or XII, the costs of a basic account are generally covered by the standard benefit, which includes a flat-rate amount for other goods and services. The extent to which this covers the costs of a basic account depends on the actual consumption patterns of the beneficiaries.

2 National/subnational policy frameworks and reforms

2.1 National/subnational policy frameworks

(1) In Germany, it is the responsibility of the *Länder* to ensure that essential services are available to every citizen under comparable conditions. While federal legislation sets out the framework for the individual essential services, it is up to the *Länder* and local authorities to specify and implement them.

The use of essential services in Germany is generally subject to charges; their provision is financed partly by public grants and partly by private user fees. This means that a regressive burden on users is accepted, since those on low incomes have to pay a higher share of their incomes than users with higher incomes for the same services. Traditionally, these services are provided without taking individual income situations into account. The focus of legal regulations and political strategies at the national level is on securing access and hence the availability of services for all citizens. Up to now, only the public transportation sector combines this access with special consideration of the income situation at subnational level.

Generally, there are only regulations in individual areas prohibiting denial of access by (basic) service providers due to low income and/or over-indebtedness. This applies to the requirement to offer basic payment accounts. It also applies to the requirement to offer connections to digital services on a prepayment basis. As far as water, sewage, energy supply and public transport are concerned, basic providers are generally obliged to contract.

In essential services, the principle of setting the same charges for all citizens, based on usage, dominates in principle. This applies to national regulations as well as to subnational (*Länder* and municipal) regulations. Only at municipal level have measures been taken to differentiate user charges by income, with the introduction of "social fares" for local public transportation, funded in part by the *Länder*. This situation differs fundamentally from that in non-economic services, where user charges for childcare services, for example, are normally differentiated by income.

(2) With regard to the use of essential services, individuals' income situation is taken into account only indirectly through the granting of (usually monetary) welfare benefits. The costs of essential services are covered by minimum-income benefits under Social Code Books II and XII in two ways:

- a) Water, sanitation and part of energy (heating) costs are covered as part of total housing costs. These include rent, ancillary costs (including water and sanitation) and heating and are covered up to a reasonable level as measured against local housing costs. Proved that minimum-income benefits are claimed and that the costs are deemed reasonable in the context of the local housing market, then all housing costs are covered.
- b) The remaining energy costs (electricity and gas) are covered by a flat-rate payment made under consumption category 4 of the standard benefit (housing, energy, apartment maintenance). The same applies to the costs of (local) public transport (category 7: transportation) and digital services (category 8: telecommunication). The costs of financial services are also covered by the standard benefit (category 12: other goods and services). The various amounts are calculated as shares of the total standard benefit every five years on the basis of the consumption expenditure of low-income households and updated in the intermediate years on the basis of a mixed index (see Section 1.2).

What at first sight appears to be a perfect system for relieving low-income households of the cost of accessing essential services has a number of weaknesses that are the subject of ongoing criticism and reform discussions, as follows.

- Not all eligible households apply for minimum-income benefits, for various reasons. According to a recent study by Buslei et al. (2019), between 2005 and 2014 over half of eligible households did not claim minimum-income benefits under Social Code Book II. For persons over the statutory retirement age, the non-take-up rate between 2010 and 2015 was 62% of the relevant households (Harnisch 2019). There is therefore no financial relief for these “hidden poor”. But problems arise even for those claiming these benefits.
- The coverage of housing costs up to a reasonable level is generally regarded as an appropriate regulation. However, there is widespread criticism of its implementation in practice by the providers of minimum-income benefits (Malottki et al. 2017; Deutscher Bundestag 2019). Furthermore, local authorities do not have sufficient powers to prevent evictions (Busch-Geertsema, Henke, Steffen 2019; Henke, Busch-Geertsema 2019). The same applies to the prevention of electricity or gas disconnections (see Section 3).
- The Act to Determine Standard Benefits and to Amend the Second and Twelfth Books of the Social Code of 2016, in which the currently applicable standard benefits were laid down, is criticised by social scientists and legal experts as well as by welfare associations for failing to make provision for the calculation of a scientifically verifiable level for the standard benefits on the basis of the consumption expenditure of lower-income groups (e.g. Becker 2016; Deutscher Bundestag 2016; Der Paritätische Gesamtverband 2016; Diakonie 2016; Aust, Schabram 2018). Overall, therefore, many experts believe that the standard benefits do not provide the resources needed for socio-cultural subsistence. Consequently, the flat-rate sums paid to cover the use of essential services are hardly sufficient either.

The housing costs subsidy for low-income households whose income exceeds the minimum-income benefit level covers only part of total housing costs and hence only part of the additional costs for essential services. Moreover, housing benefit is not yet continuously adjusted to keep pace with the evolution of housing costs.

2.2 Ongoing or announced reforms

At present, there is no ongoing or planned reform of the provision of essential services in Germany, either at federal or subnational level. Nevertheless, academic and political debates are taking place on the future development of services of general interest. Three areas of discussion are briefly outlined below.

(1) The debate on the reform of (*öffentliche*) *Daseinsvorsorge* has intensified again in recent years. Firstly, the new challenges arising out of demographic change are being debated. Secondly, existing regional inequalities and undersupply situations continue to be the starting point for calls for greater harmonisation of supply situations. At the same time, an investment backlog in public infrastructure has become evident, which makes the task of maintenance and further development more difficult (especially with regard to the infrastructure for digital services). Finally, after rather sobering experiences with the deregulation of services of general interest, the need to bring such service provision back into the public sector is being debated. In order to secure equal living conditions across Germany, the federal government set up a commission tasked with drawing up proposals for suitable state measures between September 2018 and May 2019. On the basis of these proposals⁵, the federal cabinet adopted measures to implement the commission's findings on 10 July 2019 (Bundesregierung 2019c). These measures did not contain any regulations that would particularly shape access to, and the affordability of, essential services for low-income people. The academic debate on the future development of public services of general interest in Germany has not addressed this issue either (e.g. Heinrich Böll Stiftung

⁵ Despite or precisely because of their political explosiveness, the results and proposals of this commission have not yet been published, because the results were presented shortly before the elections to the state parliaments in three eastern German *Länder*.

2015; Kersten, Neu, Vogel 2015; Lenk et al. 2016; Mattert; Valentukeviciute; Waßmuth 2017).

(2) It is interesting to note that the sector in which tariff subsidies for low-income households already exist at subnational level is also the one in which an intensive debate on reform is currently taking place. As part of the new environmental debate in Germany, there is talk of reducing public transport fares in order to shift traffic from road and air to public transport. Individual cities have considered making public transport more attractive by making it free of charge on individual days (e.g. Tübingen, with free transport on Saturday since February 2018). The most recent model case is the city of Monheim, which has already decided to offer free public transport throughout the city from April 2020 for an initial period of three years. Since the municipalities have to pay for the costs of such an offer, and the costs will be higher the more successful the offer is, most municipalities are reluctant to do so or simply cannot afford it for financial reasons. In order to make public transport free of charge across the board, the federal and state governments would have to provide greater financial support to the municipalities (see e.g. ÖPNV Zukunftskommission NRW 2013; Wissenschaftliche Dienste 2017; Waluga 2017; VCD 2019; Piron 2019). According to German law, a local transport contribution can be set as a regular compulsory contribution from the local population if contributors receive an adequate return, such as the free use (or use at reduced cost) of public transport. Such an adequate local transport contribution could thus create a reliable financial basis for local public transport operations and reduce tariff barriers to access to local public transport (Bracher et al. 2014). In this case, however, low-income people would have to pay the same contribution and thus contribute as well to the financing of public transport, unless they are expressly exempted from the obligation to contribute. Up to now, only the Left Party has called for the introduction of a nationwide system of contribution-financed, free public passenger transport (Die Linke im Bundestag 2015).

(3) The coverage of costs for the use of essential services under the German minimum-income benefit system is the subject of ongoing demands for reform. This is primarily due to the fact that the level of these minimum-income benefits as a whole, and the benefits for essential services included therein, are regarded as insufficient. In addition, there is criticism that the method used to uprate the minimum-income benefits is not capable of promptly absorbing changes in the prices of specific services. This currently applies above all to energy costs: empirical studies have shown that the uprating of these transfer payments has not kept pace with energy prices over the past decade (see Section 3.3).

3 A focus on access to energy

Even the latest results on the distribution effects of services of general interest in Germany refer to the years 2006 and 2007 (Hillringhaus and Peichl 2010; Verbist, Förster and Vaalavuo 2012), i.e. more than a decade ago. A more recent feasibility study (Bonin et al. 2018) for the Federal Ministry of Labour and Social Affairs suggested commissioning a new empirical study to update knowledge on the distributional effects of essential services in Germany. Since no empirical data on the use of essential services are currently available, it is unfortunately not possible to make statements on the use or non-use of individual service areas. Nor can statements on barriers to access and exclusion risks arising from service conditions be empirically verified, in the sense of being able to identify how many persons and households are actually affected by them. It is therefore also not possible to make reliable statements about which service sector is characterised by the highest risk of barriers to access and/or of exclusion. Energy supply is the area in which the financial burdens on low-income people, as well as options for avoiding or preventing them, have been most intensively debated in Germany in recent years and for which a number of studies and reports are available.

In principle, it is possible for different households with the same income to cover their needs for essential goods in the same way. An exception to this is energy needs, which vary considerably because of differences in the energy efficiency of buildings. As a consequence, the same level of energy services costs comparable households different amounts of money. In addition, low-income households often cannot afford to invest in improving energy efficiency. Energy poverty can therefore be characterised by a combination of low income, high energy prices and low energy efficiency. It is this particular constellation that makes energy poverty a unique form of poverty.

3.1 Energy poverty

Only a few studies in Germany have empirically investigated energy poverty; the results differ depending on the indicators and data sources used. They all suffer from the fact that household surveys in Germany contain little data on energy supply and building quality in private households. Furthermore, very different indicators are used to quantify energy poverty at national level. Heindl (2014), for example, tested a number of different approaches that produced widely varying results. Using German socio-economic panel (SOEP) data, the share of energy-poor households in 2011 varied between 2.4% and 29.8%. Moreover, his analyses demonstrated that different approaches not only influenced the number of households identified as suffering from energy poverty but also produced different results with regard to the characteristics of those households most in need. Such results are concerning because measuring energy poverty should be the first step in developing tailored policies for tackling it.

One widely accepted indicator of energy poverty nowadays is the Low-Income High-Cost Indicator (LIHC), according to which a household is identified as energy-poor if two conditions are met: its necessary energy expenditure is higher than the mean necessary energy expenditure; and its income, less necessary energy expenditure, is below the official income poverty threshold of 60% of median income. The approach can be applied before and after housing costs. Unfortunately, the LIHC indicator cannot be used in its pure form in Germany because data on the necessary energy expenditure are not available. Epp (2017) concluded on the basis of SOEP data that, according to the LIHC indicator, more than half of the households identified as energy-poor are also low-income households. At the same time, however, many energy-poor households are not typical low-income households, so that changes to minimum-income benefit payments would not reach a large proportion of energy-poor households. Due to the current lack of data on energy efficiency, it is likely that many households will be mistakenly identified as energy-poor or, conversely, non-energy-poor, as actual expenditure does not enable us to understand the reasons behind the level of expenditure on energy. Conversely, the LIHC approach is a very

restrictive measurement tool, since two different conditions must be fulfilled, which means that energy poverty tends to be underestimated.

An analysis of the potential of the LIHC indicator for Germany by Schreiner (2015), based on SOEP data, showed that the extent of energy poverty between 2010 and 2012 fluctuated between 7.7 and 9.7%, depending on the variant under consideration. In absolute terms, between 3.1 and 3.9 million households in Germany were affected by energy poverty (Schreiner 2015). Schreiner demonstrated that the probability of being energy-poor was greater if the household in question was a tenant household with a low income of up to €1,300 per month, lived in a house of multi-occupancy built before 1981 and whose living space was in the two-digit square metre range. While she herself did not differentiate by household type, Heindl (2014) was able to show that, according to the LIHC approach, lone parents in particular were affected by energy poverty.

3.2 Energy supply disconnections (as an extreme form of energy poverty)

The basic conditions for the power supply contract with the end-consumer are laid down in the *Stromgrundversorgungsverordnung – StromGVV* of 2006 (version 2016). According to this, basic energy suppliers – mainly municipal suppliers – are obliged to supply every household with power (obligation to contract). But the supply may be disconnected in the event of non-fulfilment of the payment obligation and payment arrears of only €100⁶. Once the power supply has been disconnected, the basic energy supplier is obliged to restore it without delay only if the reason for the interruption has been removed and the customer has reimbursed the costs of disconnecting and restoring the supply.

According to the Federal Network Agency (Bundesnetzagentur 2019) a total of around 4.9 million residential customers were threatened with disconnection in 2018. Of these, approximately 0.97 million cases resulted in a disconnection order being placed with the supplier (20%). The number of disconnections actually carried out totalled 296,370, a fall of 55,432 or 16% compared with 2014, the previous peak for disconnections (2014: 351,802). In spite of the threat of disconnection and the blocking orders, only a few energy suppliers actually terminate their contracts with their customers, as the termination of a basic supply contract is not possible or only possible under very strictly defined conditions. In 2018, around 19,300 prepayment systems were installed on behalf of the basic supplier. This corresponded to 0.04% of all households.

The conditions for supplying end consumers with gas are similar to those for electricity (the *Gasgrundversorgungsverordnung - GasGVV* of 2006, as amended in 2016, applies here). However, in the gas sector, unlike in the power sector, there is no lower limit to the outstanding bill above which a consumer may be disconnected. In 2018 there were 1,204,000 threatened disconnections, 225,000 disconnection orders and 33,145 actual disconnections. In spite of the threat of disconnection and the blocking orders, only a few gas suppliers actually part with their customers. The termination of a basic supply contract is also only possible under very strictly defined conditions (Bundesnetzagentur 2019).

A research report commissioned by the Federal Ministry for Economic Affairs and Energy (Heindl, Löscher 2016) concluded that power disconnections mainly, but not exclusively, affect low-income households. The frequency of disconnections is roughly the same for households in receipt of minimum-income benefits under Social Code Books II and XII and those that are not. Even among those not in receipt of minimum-income benefits, disconnections are concentrated in the lower income brackets. About two-thirds of the disconnections take place among households in the lowest 40% of equivalised income bracket, most of which are not claiming the minimum-income benefits to which they are

⁶ This does not apply if the consequences of the disconnection are disproportionate to the severity of the infringement or if the customer demonstrates that there is sufficient prospect that they will meet their obligations. Consumers must be given four weeks' notice of the threat of disconnection; disconnection may also be threatened at the same time as the reminder of arrears is issued. Consumers must be given three days' notice of the intention actually to disconnect.

entitled. Thus, most of the households affected by disconnections are on low incomes. However, there are other problems, such as poor financial and planning skills, existing debts, (very) poor energy efficiency and critical life events or changes in the domestic environment, that can disrupt the balance between income and expenditure. The causes of energy disconnections cannot, therefore, be reduced to income poverty or energy efficiency issues in the household alone, as other problems are often involved as well. Unfortunately, the authors do not provide differentiated evaluations of the structure of the households concerned. Instead they emphasise that it is hardly possible to make a clear classification of those affected, which could then be used to define vulnerable households (see also Heindl, Liessem 2017 and Löschel et al. 2019).

3.3 Impact on overall social inclusion

The studies on energy poverty and energy supply disconnections have not provided a clear picture of the barriers to access. Undoubtedly, low income and low/lack of creditworthiness, among other causes, are key factors in being unable to obtain access and in the risk of loss of energy supply. Moreover, these factors limit the possibility to (at least partially) compensate for the lack of resources by increasing energy efficiency. The strong relevance of the income situation makes low-income households particularly vulnerable to changes in price developments in the energy sector.

Between 2006 and 2016, the price of electricity for household customers increased by around 62%. By contrast, the price of gas rose only slightly. It is to be expected that – because of the energy turnaround in 2011 in favour of an increased supply of renewable energy – the energy price increase in Germany is likely to accelerate in future as the use of fossil fuels is gradually reduced (Bundesnetzagentur 2019).

According to the Sample Survey of Income and Expenditure, the share of expenditure on energy (electricity, gas, heating oil, solid fuels, district heating and similar) in private consumption expenditure for all households increased from 4.7 to 6.4% in the period 1998 to 2013. The share for different income groups varied between 5.1% (€5,000 to under €18,000 per month) and 9.1% (under €900 per month) (Bundesregierung 2017b).

Building on an earlier study, Frondel and Sommer (2018) investigated the energy cost burden in 2018 for selected household types with incomes at minimum-income benefits level. One remarkable result was that the share of income that has to be raised to pay electricity costs rose much more strongly among households at risk of poverty between 2006 and 2016 than among wealthy households. It was also noteworthy that the relative increase in government minimum-income benefits for households dependent on them since 2006 has not kept pace with the relative increase in their electricity cost burden. A study by the German Institute for Economic Research (Bach, Harnisch, Isaak 2018) produced similar results. The research showed that, in 2014/2015, electricity costs were clearly regressive, i.e. poorer households spent a larger share of their net income on them than richer ones. Households in the first income decile spent on average 6.5% of their net income on electricity consumption, while those in the top decile spent only 1.0%. The average figure for all households was 2.4%. It should also be borne in mind that low-income households also have less scope to make adjustments; they already live very frugally and are unable to spend any extra money on climate-friendly household appliances. It can be assumed that measures to mitigate further increases in electricity prices and to cushion the social impact of their regressive effects will become even more urgent in the future, as electricity prices are likely to rise further.

While there is intensive research on the scope and impact of energy poverty on the overall living situations of those affected and policy measures to overcome such situations in other EU member states (e.g. Pye et al. 2015a and b), there are no comparable studies on Germany to date. There are therefore no German findings available on the impact of energy poverty on the general living and poverty situation. The situation looks different with regard to energy disconnection.

The main problem with an impending or actual loss of energy supply is the power supply. A power disconnection means a massive change in the quality of life of the people affected. There are no more social contacts via telephone and internet, no more information via radio and television. In the winter months in particular, the early onset of darkness shortens the useable daylight hours. Almost all households heat their water with electric water heaters or gas boilers that also rely on electricity. A gas heating system also needs electricity to function, just like stoves, ovens and refrigerators. Courts have already ruled that a home is uninhabitable without electricity, but it is still legally permissible to impose a disconnection. The interrupted power supply is often followed by an accumulation of debt due to multiple problems, whereby the repayment of the debt and the loss of creditworthiness lead to further burdens (vgl. Bundesnetzagentur 2019).

3.4 Policy against energy poverty

(a) The German federal government rejects the term energy poverty because there is no generally valid definition for it. In addition, it pursues a comprehensive approach to poverty reduction that does not focus on individual elements of need. This approach is focused on the provision of minimum-income benefits under the Social Code Book II (Basic Income Support for Job-Seekers) and Social Code Book XII (Social Assistance), which guarantee the socio-cultural subsistence level and also take account of energy needs. In addition, it is the responsibility of the federal government to ensure affordable energy prices for all citizens. Energy costs can also be influenced individually by energy-saving behaviour, energy-efficiency measures and switching suppliers (Bundesregierung 2017b; see also 2019d and 2019e).

However, as welfare associations, consumer centres and social scientists have repeatedly emphasised, the current policy approach is by no means sufficient to avoid or eliminate the problem of energy poverty. For example, the amounts allocated to household energy in the minimum-income benefits under Social Code Books II and XII are not sufficient to cover basic needs. In addition, these amounts are not updated quickly enough to reflect energy price increases. Finally, no account is taken of the fact that only some of those eligible to do so claim minimum-income benefits. Overall, the level of the minimum-income benefits is so low that even households just above this level are at risk of poverty and thus also at risk of energy poverty (e.g. Martens 2012; Tews 2013; Der Paritätische Gesamtverband 2015; Strünck et al. 2016; Strünck 2017; Verbraucherzentrale Nordrhein-Westfalen 2018).

In recent years, a debate has begun about the social consequences of the new energy policy. However, this debate has so far remained largely without consequences, not least as far as dealing with the problem of energy poverty is concerned. An expert commission set up by the federal government to examine the progress made in the transformation of energy systems has called for more data to be collected on energy poverty, for knowledge gaps to be closed and for the causes to be investigated in greater detail (Löschel et al. 2019), but until now without result. The current position of the federal government on this issue is reflected in the fact that the intention of the European Commission to oblige EU member states to investigate energy poverty more closely was rejected by the German government. According to confidential diplomatic correspondence (*Der Spiegel* 26 May 2018), Germany is "against any wording that can be understood as an obligation" to measure the number of households in energy poverty.

(b) In North Rhine-Westphalia the Ministry of the Environment, Agriculture, Nature Conservation and Consumer Protection and the local energy supply companies are financing an information and consulting campaign, carried out by the local consumer advice centres, with the aim of countering growing energy poverty and disconnections and working out viable solutions in negotiations with the basic energy suppliers. In the period 1 October 2012 to 30 June 2019, more than 6,716 households – mainly low-wage earners and social benefit recipients – with payment problems in connection with energy bills have

made use of the Energy Poverty Budget and Legal Advisory Service to obtain advice (Verbraucherzentrale Nordrhein-Westfalen 2019)⁷.

(c) Between 2016 and 2019, the *Deutsche Caritasverband* has been active nationwide with its energy efficiency consultancy Electricity Saving Check on Site. Together with the Federal Association of Energy and Climate Protection Agencies of Germany (*Bundesverband der Energie- und Klimaschutzagenturen Deutschlands*), Caritas sent trained electricity-saving assistants in more than 150 locations to the households of recipients of minimum-income benefit under Social Code Books II and XII or of housing benefits. These low-income households were able to participate free of charge in this project and had their energy and water consumption checked. In this way they were able to save money and at the same time make a meaningful contribution to climate and environmental protection (*Deutscher Caritasverband e.V. und Bundesverband der Energie- und Klimaschutzagenturen Deutschlands e. V. 2017*; see also Heindl, Liessem 2017)⁸.

⁷ The project "NRW combats energy poverty" was awarded first prize in a Europe-wide competition in 2017 as a "Social Innovation Project". The jurors of the globally active non-profit organisation Ashoka were convinced by the offer of legal and budget advice for people who are threatened with power cuts or who cannot pay their energy bill. It was assessed as exemplary for innovative social approaches in the fight against energy poverty.

⁸ The "Electricity Savings Check" campaign received the Sustainable Energy Europe Award in the "Consumers" category in 2012. The Caritas Association Frankfurt, which developed the energy saving service, which was then implemented nationwide in the following years, received the Regine-Hildebrandt-Prize 2019 of the Foundation Solidarity in Unemployment and Poverty.

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Annex 1

Table A1: Essential service – Water

1) Definition of “low income” used in the context of the delivery of the service in the country:⁹

There is no definition of low income in the context of service provision in Germany. Low-income definitions exist only for cash benefits under Social Code Books II and XII and housing benefits.

2) Measures aimed at facilitating access for low-income people to water (for hygiene purposes, to cook...) in the country:

| | National (*) | Subnational | |
|--|-----------------|--|---|
| | | Regional (only if <i>no</i> for national) (**) | Local (only if <i>no</i> for national) (**) |
| Reduced tariffs | No | No | No |
| Cash benefits | Yes | | |
| In-kind benefits | No | No | No |
| Advice/training or information services | No | No | Yes-few |
| Provision of a basic/uninterrupted supply | Yes | | |

(*) For each measure: Does the measure exist in the country at national level (“Yes”/“No”)?

(**) **Only** if the measure does not exist at national level **and** if the service is organised at subnational level: Does the measure exist at regional level (Yes in all regions; Yes in most regions; Yes but only in a few regions; No)? And at local level (Yes in all local entities; Yes in most local entities; Yes but only in a few local entities; No)? Important: if a measure exists as a **general social support measure**, not specifically aimed at facilitating access for low-income people, the answer is “No”.

⁹ **National definition** used in this context (most frequently used definition if there is more than one definition). **Only if** there is no national definition **and if** the service is organised at subnational level, most common definition used in this context at regional (if any) or local (if any) level.

Table A2: Essential service – Sanitation

1) Definition of “low income” used in the context of the delivery of the service in the country:¹⁰

There is no definition of low income in the context of service provision in Germany. Low-income definitions exist only for cash benefits under Social Code Books II and XII and housing benefits.

2) Measures aimed at facilitating access for low-income people to sanitation (i.e. systems for taking dirty water and other waste products away from dwellings in order to protect people's health) in the country:

| | National (*) | Subnational | |
|--|-----------------|---|--|
| | | Regional (only if no for national) (**) | Local (only if no for national) (**) |
| Reduced tariffs | No | No | No |
| Cash benefits | Yes | | |
| In-kind benefits | No | No | No |
| Advice/training or information services | No | No | Yes-few |

(*) For each measure: Does the measure exist in the country at national level (“Yes”/“No”)?

(**) **Only** if the measure does not exist at national level **and** if the service is organised at subnational level: Does the measure exist at regional level (Yes in all regions; Yes in most regions; Yes but only in a few regions; No)? And at local level (Yes in all local entities; Yes in most local entities; Yes but only in a few local entities; No)? Important: if a measure exists as a **general social support measure**, not specifically aimed at facilitating access for low-income people, the answer is “No”.

¹⁰ **National definition** used in this context (most frequently used definition if there is more than one definition). **Only if** there is no national definition **and if** the service is organised at subnational level, most common definition used in this context at regional (if any) or local (if any) level.

Table A3: Essential service – Energy

1) Definition of “low income” used in the context of the delivery of the service in the country:¹¹

There is no definition of low income in the context of service provision in Germany. Low-income definitions exist only for cash benefits under Social Code Books II and XII and housing benefits.

2) Measures aimed at facilitating access for low-income people to energy (to light dwellings, heat or cool dwellings, use home appliances) in the country:

| | National (*) | Subnational | |
|--|-----------------|--|---|
| | | Regional (only if <i>no</i> for national) (**) | Local (only if <i>no</i> for national) (**) |
| Reduced tariffs | No | No | No |
| Cash benefits | Yes | | |
| In-kind benefits | No | No | No |
| Advice/training or information services | No | No | Yes-few |
| Provision of a basic/uninterrupted supply | Yes | | |

(*) For each measure: Does the measure exist in the country at national level (“Yes”/“No”)?

(**) **Only** if the measure does not exist at national level **and** if the service is organised at subnational level: Does the measure exist at regional level (Yes in all regions; Yes in most regions; Yes but only in a few regions; No)? And at local level (Yes in all local entities; Yes in most local entities; Yes but only in a few local entities; No)? Important: if a measure exists as a **general social support measure**, not specifically aimed at facilitating access for low-income people, the answer is “No”.

¹¹ **National definition** used in this context (most frequently used definition if there is more than one definition). **Only if** there is no national definition **and if** the service is organised at subnational level, most common definition used in this context at regional (if any) or local (if any) level.

Table A4: Essential service – Public transport

1) Definition of “low income” used in the context of the delivery of the service in the country:¹²

There is no definition of low income in the context of service provision in Germany. Low-income definition only for cash benefits under Social Code Books II and XII.

2) Measures aimed at facilitating access for low-income people to public transport in the country:

| | National (*) | Subnational | |
|--|-----------------|--|---|
| | | Regional (only if <i>no</i> for national) (**) | Local (only if <i>no</i> for national) (**) |
| Reduced tariffs | No | No | Yes-few |
| Cash benefits | Yes | | |
| In-kind benefits | No | No | No |
| Advice/training or information services | No | No | Yes-few |

(*) For each measure: Does the measure exist in the country at national level (“Yes”/“No”)?

(**) **Only** if the measure does not exist at national level **and** if the service is organised at subnational level: Does the measure exist at regional level (Yes in all regions; Yes in most regions; Yes but only in a few regions; No)? And at local level (Yes in all local entities; Yes in most local entities; Yes but only in a few local entities; No)? Important: if a measure exists as a **general social support measure**, not specifically aimed at facilitating access for low-income people, the answer is “No”.

¹² **National definition** used in this context (most frequently used definition if there is more than one definition). **Only if** there is no national definition **and if** the service is organised at subnational level, most common definition used in this context at regional (if any) or local (if any) level.

Table A5: Essential service – Digital public services

1) Definition of “low income” used in the context of the delivery of the service in the country:¹³

There is no definition of low income in the context of service provision in Germany. Low-income definition only for cash benefits under Social Code Books II and XII.

2) Measures aimed at facilitating access for low-income people to digital public services (e.g. digital post, digital fiscal services, digital social security services, digital healthcare appointments) in the country:

| | National (*) | Subnational | |
|--|-----------------|--|---|
| | | Regional (only if <i>no</i> for national) (**) | Local (only if <i>no</i> for national) (**) |
| Reduced tariffs | No | No | No |
| Cash benefits | Yes | | |
| In-kind benefits | No | No | No |
| Advice/training or information services | No | No | Yes-few |
| Provision of a basic/uninterrupted supply | Yes | | |

(*) For each measure: Does the measure exist in the country at national level (“Yes”/“No”)?

(**) **Only** if the measure does not exist at national level **and** if the service is organised at subnational level: Does the measure exist at regional level (Yes in all regions; Yes in most regions; Yes but only in a few regions; No)? And at local level (Yes in all local entities; Yes in most local entities; Yes but only in a few local entities; No)? Important: if a measure exists as a **general social support measure**, not specifically aimed at facilitating access for low-income people, the answer is “No”.

¹³ **National definition** used in this context (most frequently used definition if there is more than one definition). **Only if** there is no national definition **and if** the service is organised at subnational level, most common definition used in this context at regional (if any) or local (if any) level.

Table B1: Essential services – Summary table

- 1) Measures aimed at facilitating access for low-income people to the different services that exist at national, regional and/or local level in the country
- 2) Broader policy framework under which all or some of these measures are organised in the country
- 3) Ongoing or announced reforms of the measures and/or related frameworks aimed at (further) enhancing effective access to the service for low-income people in the country

| | 1. Measures (NAT, SUBNAT, BOTH, NONE) (*) | 2. Policy framework (**) | | 3. Ongoing or planned reforms (Yes/No) |
|---|---|-----------------------------|-------------------------|---|
| | | National (Yes/No) | Subnational (Yes/No) | |
| Access to water | NAT | Yes | No | No |
| Access to sanitation | NAT | Yes | No | No |
| Access to energy | NAT | Yes | No | No |
| Access to public transport | BOTH | Yes | No | No |
| Access to digital public services | NAT | Yes | No | No |
| Access to basic financial services (***) | Not applicable | Yes | No | No |

(*) This column summarises the response provided in Tables A1-A5 above. "NAT" means that all the measures that exist in favour of low-income people are national measures; "SUBNAT" means that there are no national measures but some of/all the measures that exist are subnational measures; BOTH means a mix of NAT and SUBNAT; "NONE" means that there are no measures, be it at national or subnational level.

(**) Is there a broader national policy framework under which all or some of these measures are organised in the country for some of/all the services under scrutiny ("Yes"/"No")? **Only if** there is no such national framework for one service **and if** the service is organised at subnational level: Is there a broader subnational policy framework under which all or some of these measures are organised for this service ("Yes"/"No")?

(***) Open and use payment accounts with basic features (Directive 2014/92/EU).

ANNEX 2**Table C1: Monthly standard benefit under Social Code Books II and XII by consumption categories for a single adult in 2020**

| No. | Consumption categories | As % of standard benefit | € |
|-------------|--|--------------------------|--------|
| 1/ 2 | Food, beverage, tobacco products | 34.9 | 150.60 |
| 3 | Clothing, shoes | 8.8 | 37.84 |
| 4 | Housing, energy, apartment maintenance | 8.9 | 38.32 |
| 5 | Interior equipment, household appliances and articles, current household management | 6.2 | 26.61 |
| 6 | Healthcare | 3.8 | 16.42 |
| 7 | Transport | 8.3 | 35.99 |
| 8 | Telecommunication | 8.9 | 38.62 |
| 9 | Leisure, entertainment, culture | 9.6 | 41.43 |
| 10 | Education | 0.3 | 01.12 |
| 11 | Accommodation and restaurant services | 2.5 | 10.76 |
| 12 | Other goods and services | 7.9 | 34.26 |
| Sum | | 100 | 432.00 |

Source: Regelbedarfs-Ermittlungsgesetz 2016; Regelbedarfsstufen-Fortschreibungsverordnung 2020; own calculations.

Table C2: Monthly standard benefit of members of needs communities in 2020

| Members of needs communities* | Standard benefit in € per month |
|--|--|
| Single adult / single parent | 432 |
| Couple in needs community per capita | 389 |
| Non-employed adult under 25 years in parents' needs community | 345 |
| Young person 14 to 17 years | 328 |
| Child 6 to 13 years | 308 |
| Child 0 to 5 years | 250 |

* A needs community comprises adult individuals or partners, with or without children, who live together, share their income and consume together.

Source: Regelbedarfsstufen-Fortschreibungsverordnung 2020.

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