

Poverty Watch Report 2022

EAPN Germany

1. Introduction

The National Poverty Conference - Nationale Armutskonferenz (nak) – is an association of organisations, associations and initiatives being engaged for an active policy for combatting poverty. The conference was founded in autumn 1991 as the German section of EAPN. Beside national associations, people experiencing poverty and grassroots organisations are contributing as well in the nak. The two latter integrate their personal experiences and perspectives and their approaches for solutions in combatting poverty and social exclusion. They have been doing this for 31 years now.

2. What do we mean by poverty?

The nak works with the same set of indicators for measuring various poverty dimensions used by Eurostat and the German Federal Office of Statistics (Statistisches Bundesamt). In this respect, persons are considered to be at risk of (monetary) poverty if their disposable income after social transfers is below 60 percent of the median disposable income. They suffer from (significant) material deprivation if they do not have the financial means to pay for at least four typified categories of expenditure (e.g. rent payments, heating costs, purchase of a car). Persons living in households where persons of working age worked less than 20% of their total (hypothetical) work potential in the previous 12 months are considered to be living in households with very low work intensity.

3. What is happening to poverty? Who are the groups most affected?

Last year's German Poverty Watch Report had the disadvantage that no relevant statistics were yet available for 2020, so all data referred to 2019. This year's report, on the other hand, can draw on statistics for 2020 and 2021, so that developments in the wake of the Corona pandemic, in particular, can now be accurately tracked.

In 2020, the percentage of **people at risk of poverty or social exclusion** had risen significantly compared to the previous year, from 17.4 percent (resp. 14.1 million people) to 20.4 percent (resp. 16.7 million people). In 2021 the percentage of people at risk of poverty or social exclusion rose once again, this time to 20.7 percent (resp. 17 million People). The steep increase since 2019 is also due to a change in survey methods in 2020. Because the new methods are more precise, it can be assumed that the pre-2020 data underestimated the risk of poverty and social exclusion (The same is true for all other Eurostat indicators presented in this report). While this means, on the one hand, that there were not 2.6 million additional people at risk of poverty and social exclusion between 2019 and 2020, it does not change the extremely high figures for 2020 and 2021. It also does not change the fact that the risk of being affected by poverty and social exclusion rose again in 2021.

The share of **people at risk of monetary poverty** also rose significantly between 2019 to 2020, from 14,8 percent (resp. 12,12 million people) to 16.1 percent (resp. 13.2 million people). In 2021, the risk of being affected by monetary poverty decreased slightly to 15.8 percent (resp. 13 million people).¹ One conceivable explanation for that drop is that the number of people who were in short-time work schemes in 2020 as a result of the pandemic response measures fell significantly in 2021, allowing particularly low-income workers who were in short-time work schemes to cross the poverty risk threshold by increasing their work intensity and income. Another conceivable explanation is that a

¹ It should be noted here that the at-risk-of-poverty rate based on the German Microcensus increased from 16.2 percent to 16.6 percent between 2020 and 2021.

larger share of the self-employed (who are not regularly insured under unemployment insurance in Germany) that were unable to conduct their business activities in 2020 due to the pandemic measures and received basic social security benefits in 2020 were able to resume their regular business activities in 2021.

In 2020, the share of **persons suffering from significant material deprivation** rose significantly from the previous year, from 3.0 percent (resp. 2.3 million persons) to 4.4 percent (resp. 3.6 million persons). In 2021, the share of persons suffering from significant material deprivation decreased slightly to 4.2 percent (resp. 3.5 million people).

The **share of people living in households with very low work intensity** increased from 7.6 percent to 8.3 percent between 2019 and 2020, with a further increase to 9.3 percent between 2020 and 2021. One explanation is that during the Corona pandemic, the number of low-work-intensity jobs in the service sector decreased significantly.

In **summary** and despite the caveat that the 2020 and 2021 figures are not directly comparable with the 2019 figures, the significantly elevated proportion of individuals at risk of poverty and social exclusion nevertheless provides at least some evidence that the social situation in Germany worsened during the Corona pandemic and reversed progress that had been recorded in this area as late as 2019. Since the war in Ukraine and its economic consequences will cause a significantly worse economic development in 2022 and presumably also in 2023 than was assumed in 2021, it is to be feared that the social situation will worsen further - more on this later.

Who are the groups most affected?

Due to the lack of comparability with the values prior to 2019 described above, only the values for 2020 and 2021 are reported when considering groups particularly affected by poverty and social exclusion hereafter.

By far the group most affected by the risk of poverty and social exclusion are the **unemployed**. In 2020, 78.9 percent and in 2021 78.2 percent were affected by this risk. By comparison, among **employed** persons, this risk amounted to 10.3 percent in 2020 and 10.2 percent in 2021.

It can also still be observed that the risk of poverty and social exclusion differs between **women and men**. In 2020, 21.2 percent of women were affected by this risk, followed by 21.5 percent in 2021. The comparative figures for men are 16.4 percent in both 2020 and 2021. There are at least four probable reasons for the higher rate of women being affected. Women are more likely to work part-time, women make up the bulk of single parents, in the parts of the service sector particularly affected by the pandemic protective measures (personal services, retail trade) the share of women among employees is significantly higher, and women acquire lower pension entitlements on average than men, which is reflected in their social situation above all when their husband dies and, in addition to their own pension entitlements, they receive only the survivor's pension, which is significantly lower than the full pension. Among **persons living alone who are over the age of 64**, the risk of poverty and social exclusion amounts to 29.3 percent in 2020 and 29.9 percent in 2021.

Pensioners as a whole also have a slightly higher risk of poverty and social exclusion. In 2020, it amounted to 21.3 percent, in 2021 to (now proportional) 20.6 percent. The main reason for this is low **disability pensions**, i.e. pensions for people who left the labor force early due to an illness or severe impairment. For pensioners aged 18-64, the risk of poverty and social exclusion amounted to 25.6 percent in 2020 and 27.8 percent in 2021. For pensioners aged 64 and over, the corresponding risk stood at 18.1 percent in 2020 and 18.3 percent in 2021.

In addition to the unemployed, several other groups show a significantly higher risk of poverty and social exclusion. Firstly, as has been the case for decades, these are **single parents**. Their risk amounted to 46.9 percent in 2020 and 44.9 percent in 2021. The risk of poverty and social exclusion is also significantly higher among **families with two adults and more than two children**. It stood at 28.9 percent in 2020 and rose to 32.6 percent in 2021. Another factor associated with a higher risk of poverty and social exclusion is **education**. Individuals with low education (no high school diploma and/or no professional degree) had a risk of 34.9 percent in 2020 and 36.5 percent in 2021. The risk of poverty and social exclusion is also high for people with vocational qualifications, although it is slightly below the population average. In 2020, it amounted to 19.5 percent, in 2021 to 19.1 percent. Education impacts in other ways as well. In 2021, 60.2 percent of the **children of persons with low education** were exposed to the risk of poverty and social exclusion. Even **children of persons with intermediate education** showed a slightly disproportionate risk of poverty and social exclusion compared to their peers, at 23.9 percent for 2021. For all those under 18, the risk of poverty and social exclusion in 2021 amounted to 23.5 percent, which is also significantly higher than the population average.

There are also significant differences in the risk of poverty and social exclusion in relation to **citizenship**. While 17.6 percent of persons with German citizenship were affected by this risk in 2020 and 17.7 percent in 2021, the comparative figures for foreigners with citizenship of one of the EU members states in both 2020 and 2021 amounted to 25.3 percent. Foreigners from non-EU countries have by far the highest risk of poverty and social exclusion in this respect, at 44.7 percent in 2020 and 2021.

If we look "only" at **monetary poverty**, the people particularly affected by the risk of monetary poverty correspond to the groups already mentioned in relation to the risk of poverty and social inclusion. However, some other statistics are interesting with regard to the risk of monetary poverty. For example, the **poverty gap** of those affected by monetary poverty amounted to 22.3 percent in 2021. 9.7 percent of all persons received an income at or below the 50 percent median equivalized income threshold, and the income of 5.3 percent of all persons was even at or below the 40 percent median equivalized income threshold. It is also interesting to note **how many individuals receive incomes that are just above the poverty risk threshold**, that is, between 60 and 70 percent of the median equivalized income. In 2021, that number stood at 6.5 million persons. Overall, the income of almost a quarter (23.8 percent) of the German population was below 70 percent of the median equivalized income in 2021.

The consequences of the fact that a very substantial part of the population receives an income that is only just above the at-risk-of-poverty threshold are reflected in the statistics of **persons affected by monetary poverty after the deduction of housing costs**. 32.8 percent of the population is then left with a disposable income below the poverty risk threshold. Older persons are particularly affected. After deducting housing costs, 38.9 percent of those over 64 have a disposable income below the poverty risk threshold.

The rate of people **permanently affected by the risk of monetary poverty** has fallen recently. In 2020, 10.6 percent of the population was affected by the risk of monetary poverty in two of the last three years; in 2021, the corresponding figure stood at 9.8 percent. In contrast, the **statistics of persons consistently or almost consistently affected by the risk of monetary poverty in the last 4 years** show somewhat higher values. Data here is only available for 2020. In that year, 4.1 percent of the population had been at risk of monetary poverty in three of the last 4 years and 7 percent consistently in the last 4 years.

If we consider those **groups that were particularly affected by significant material and social deprivation**, then unemployed persons especially catch the eye. 45 percent of all unemployed persons were affected in 2021. For those in work, the rate stood at 5.4 percent. At 13.9 percent, single parents were significantly more affected than the population as a whole, as were retirees claiming a disability pension, at 10 percent.

Finally, if we take a look at what **material deprivations** poverty-stricken households face compared to non-poverty-stricken households, the statistics that are of special interest are those that are particularly significant due to skyrocketing energy and food prices as a result of the Ukraine war. In 2021, 60.5 percent of households with incomes below the poverty risk threshold were unable to pay for unexpected expenses. Even among households not in poverty, 26.6 percent said they could not pay for unexpected expenses. It can be assumed that the corresponding share is much higher among households with incomes just above the poverty risk threshold. Unfortunately, Eurostat does not provide any statistics on this. 6.3 percent of poverty-stricken households and 3.2 percent of households not affected by poverty reported that they were (already) affected by outstanding payments to energy and electricity utilities in 2021. Against the backdrop of a significant share of households being unable to meet unexpected expenses, this share is expected to increase significantly in the fall and winter of 2022/23. Already in 2021, 22 percent of poverty-stricken households could not afford to eat an adequate hot meal once in two days; the corresponding figure for non-poverty-stricken households stood at 8.1 percent. The high increase in food prices is likely to lead to a significant increase of these figures in 2022 and probably also in 2023. Even these few figures indicate that a considerable worsening of the social situation is to be feared in the fall and winter of 2022/23. This will then presumably also affect the inability to heat one's home adequately, which was still in a reasonably moderate range in 2021. 7.7 percent of the poverty-stricken population and 2.3 percent of the non-poverty-stricken population were unable to do so in 2021.

The developments described could also lead to an increase in the number of **homeless people** in the coming years if, in addition to energy costs, rental costs also become increasingly unaffordable. At this point in time, statistics on the extent of homelessness are only available up to 2020. It is estimated that 462,000 people were homeless or at risk of homelessness in 2020. Compared to 2018, the number of homeless people and people at risk of homelessness had fallen significantly by 189,000. This is entirely due to the fact that the number of refugees in public accommodation fell from 441,000 to 161,000. On the other hand, the number of people living on the streets (from 41,000 to 45,000) and the number of people who are not refugees living in public accommodations (from 237,000 to 256,000) have increased.

4. What are the key challenges and priorities? What do people in poverty think?

(a) Key challenges

1. A challenge that is probably unique in this form in recent decades in Germany concerns the extremely high inflation rate as a result of the Ukraine war and the consequences of the Corona pandemic, with price increases being particularly pronounced for basic goods. In July 2022, household energy prices were 42.9 percent higher (including 102.6 percent for heating oil, 75.3 percent for natural gas, and 18.1 for electricity) and food prices were 14.8 percent higher (including, for example, 47.9 percent for butter, 32.4 percent for pasta, 27.4 percent for milk, 23.1 percent for cheese, 18.3 percent for meat products, and 15 percent for bread) than a year earlier. Since low-income households spend a much larger share of their household budget on basic necessities than higher-income households and also have little or no financial reserves to cushion extreme price increases, this development hits them particularly hard. It affects not only households that already receive basic welfare benefits and for whom at least the full heating costs or - if they live in

inadequate housing - part of the heating costs are part of their basic needs and are therefore paid for by the state. Especially affected are also households that draw an income 10 or 20 percent above the poverty risk threshold and that can get into considerable difficulties or even insolvency due to dynamic price developments. The extent of this risk is not even recorded at present on the basis of the price increase rates listed above, because in particular the increase in the market price of gas (+ 365 % in July 2022 compared to July 2021) has so far only partially reached most customers, as many utilities have longer-term contracts with private households. Gas prices will not be adjusted for many customers until October 2022. The first suppliers have already announced price increases of up to 133%. In addition, there is a "gas surcharge" decided by the German government, which is added to the already high gas price and whose revenue is intended to relieve troubled energy suppliers who have made enormous losses in recent months. Since some of the natural gas is used to generate electricity, these energy costs will also rise significantly in the coming months, even if the Ukraine war does not intensify further and the extreme scenario of gas rationing in Germany does not materialize. Should gas rationing become necessary, Germany faces the threat of a deep economic recession accompanied by plant closures and increasing unemployment and short-time working. In this case, Germany would probably face the most difficult social problems since the post-war years.

2. One problem that has been ignored by German policymakers for many years is the high proportion of households that do not claim social benefits to which they are entitled for various reasons (lack of information, misinformation, fear, shame). It is estimated that around 625,000 households entitled to the so-called basic benefits for old age and incapacity to work do not claim them. On average, beneficiaries who do not claim basic security benefits in old age and for incapacity to work forego €221 a month or €2650 a year. What will have a particular impact this year is the fact that the basic needs of the basic income support in old age also include at least partial payment of heating costs. In addition, failure to claim these benefits means that corresponding households cannot claim benefits from the federal government's relief packages, which are discussed in section 7, or cannot claim them in full. The same problem exists with non-take-up of so-called unemployment benefit II, the basic security benefit for the unemployed and their household members. Here, it is estimated that between 54 and 58 percent of households entitled to these benefits do not claim them. We are talking about millions of households here. Members of these households in particular will face enormous financial difficulties against the backdrop of the price increases listed above if they continue to forego the social benefits to which they are entitled. But so far, this problem continues to go unnoticed politically, possibly because claiming 100% of social benefits would result in high fiscal costs.

3. Against the backdrop of the enormous price increases, a problem that can hardly be overestimated is the fact that the amounts paid out in basic security benefits were increased by an almost ridiculous 0.76 percent in 2022. Even if one benevolently considers that basic needs benefits actually increase more due to the fact that the state pays the heating costs of basic security benefit recipients in full or in part, the enormous cost increases for food and electricity remain. Particularly negatively affected are households whose housing is not considered adequate and who have to pay part of their rent and heating costs from the scarce basic benefits anyway. Even if the state helps these households in part through one-off transfer payments this year, see section 7, this assistance will hardly suffice to cover basic needs. Instead of making one-off transfer payments, it would have been far better systematically to raise the amounts paid out in basic security benefits at least by the general inflation rate (7 to 8 percent), because it cannot be assumed that the price level will fall again significantly in the next years, so that a permanent increase in benefits would have the effect of preventing the already low purchasing power of those receiving basic security benefits from falling further, which is inevitably the case with one-off transfer payments that cease to exist in the next years.

4. The size of the German low-wage sector, which is also almost unique in Europe, continues to be a significant problem. More than one in five employees (21 percent) in Germany worked in the low-wage sector in 2021, i.e. 7.8 million people who were paid below the low-wage threshold of 12.27 euros gross per hour. Presumably, the significant increase in the minimum wage in 2022, see section 7, could help to significantly shrink the low-wage sector if compliance is adequately monitored. Another measure to reduce low-wage employment would be to abolish the privileged treatment of so-called marginal employment with regard to the amount of social security contributions. Unfortunately, the German government has done the opposite and adjusted the income limit for marginal employment privileged with regard to social security contributions to the increase in the minimum wage, i.e. increased the limit significantly. It will therefore continue to be the case, that employees in the low-wage-sector have little incentive to actively demand higher wages and an extension of working hours, because substantially higher social security contributions would have to be paid for the additional income generated. A third starting point for reducing low-wage employment would be further reform of the Temporary Employment Act. Adjusted for structural factors, temporary workers still earn just under 20 percent less than comparable employees in the permanent workforce. It is therefore necessary to significantly limit the deviations from the equal pay principle that are possible under collective agreements.

5. The new federal government elected in 2021 is planning a fundamental reform of the basic security system. The current basic security benefits are to be replaced by a so-called "citizen's income". It has been announced that the new system will involve fewer checks and controls on those entitled to benefits; instead, the aim is to establish genuine cooperation between the administration and those entitled to benefits. In addition, hardships are to be reduced, for example, in the sanctioning of benefit recipients in the event of a breach of "obligations to cooperate", in the recognized costs of accommodation (and thus also heating costs) and in the imputation of wealth. According to the first draft of the new law, however, the previous system will not be consistently overcome. Improvements are limited to people who enter the basic benefits system for a short time and who can, for example, now receive benefits for a period of up to two years with much higher imputation-free wealth than under the old system. Sanctions are also to be ruled out for the first six months claiming benefits, at least as long as the "relationship of trust" between the benefit recipient and the administration is not disturbed. However, a breach of trust is determined by the administration or the respective administrator. For long-term benefit recipients in particular and for people who are considered by the administration to be unwilling to cooperate, nothing significant will change. The bill also does not include an increase in the benefit payments or a change in the deficient calculation method of the benefit payments. The compulsion to take part in often pointless "coaching measures" or even so-called €1 jobs continues, otherwise there is still the threat of sanctions. Beneficiaries continue to be seen paternalistically as "in need of help" with alleged individual deficits. In fact, the citizen's income thus remains a control system, coupled with the continued possibility of enforcing sanctions. It will be a key challenge in the coming months to achieve significant improvements in this regard in the further legislative process.

(b) What do people in poverty think?

On August 4, 2022, the 5th meeting of people experiencing poverty took place in Cologne. A total of 55 people experiencing poverty discussed the coalition agreement of the state government of North Rhine-Westphalia as experts on their own behalf. The topics discussed were education, health, housing, and participation. The aim was to jointly formulate demands and introduce them into the political discussion in order to bring about change and focus on the perspective of people experiencing poverty. Starting in September 2022, a dialog of participants with state politicians is planned.

Key demands included:

1. In the area of participation

- Bundling of social benefits to facilitate access to these benefits
- Access to public offices: Analog communication with the authorities must remain guaranteed, and they must be accessible in person, since not all people have digital options for making or keeping appointments. For the conversations with administrators, the request to the employees in authorities applies to listen carefully and to take the concerns of the persons seriously. It is also about taking note of what people have experienced and why they are in the situation. Information about social services and the support system must be made available in a transparent manner.
- The 9-euro ticket, part of the relief package adopted by the German government to cushion the impact of higher energy costs (see section 7), enables mobility and thus social participation. It must be continued or seamlessly replaced by another suitable solution. Fare evasion must not be criminalized.
- Socio-cultural participation is part of services of general interest. It goes without saying that everyone must be able to participate. All services that do not incur additional costs must therefore be free of charge for people experiencing poverty. This includes admission to museums and swimming pools, but it also applies to local public transport. The use of public toilets must be free of charge.
- The consultation of people experiencing poverty in matters that affect them must be obligatory in the parliamentary procedure, e.g. via a seat in the parliamentary social committee of the state of North Rhine-Westphalia.
- The budget of the state of North Rhine-Westphalia must include money to create and strengthen self-advocacy structures for people experiencing poverty. People experiencing poverty must be empowered to represent their interests.

2. In the area of health

- Reimbursement of travel costs to necessary treatments
- Reduction of bureaucracy: direct delivery of exemption from statutory co-payments
- Additional requirements in case of health restrictions or illnesses for nutrition and other needs must be recognized
- Municipal health coordination - accessible, barrier-free, low-threshold, present - in the sense of preventive health care
- Access to the health care system must be made possible for all who live and reside in Germany

3. In the area of housing

- Make provisions if it is proven that no suitable housing can be found, that it is then possible to remain in the dwelling or that suitable housing is made available.
 - Make building cheaper through different building regulations and abandonment of luxury
 - Promote private construction projects with the proviso that affordable housing is created
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4. in the area of education

- Every community must have a public library and it must be free of charge
- Cover costs for events concerning adult education
- Expand educational opportunities in rural areas
- School materials/teaching aids must be free of charge
- All educational institutions must be barrier-free

5. What are EU and national governments anti-poverty strategy and policies? What are their impact?

The European Commission's country reports and country-specific recommendations have a high quality, the analysis is detailed and the recommendations do help NGOs to address the government in issues of poverty reduction. But the government reports and programmes to the European Commission still whitewashes/embellishes the situation in Germany in reference to poverty and exclusion. The extent of poverty and its significance for the individual as well as the society is still not clear in the NRP.

The very small German EHAP program, which targets people with multiple disabilities who do not have access to the labor market, is now part of the European Social Fund (ESF) in the upcoming funding period 2021-2027 ("ESF+"), together with the Youth Employment Initiative (YEI) and the EU Employment and Social Innovation (EaSI) program. In principle, the thematic objectives of the ESF+ are based on the fundamental principles of the European Pillar of Social Rights (ESSR).

The approximately 6.5 billion euros of ESF+ funding in the period 2021-2027 will be used to support projects in the areas of equal opportunities, labor market access, fair working conditions, social protection and social inclusion. In addition, ESF+ funds will be used to address the challenges in the Country Specific Recommendations (CSPs), to promote social inclusion of the most disadvantaged and to fight child poverty. They also address capacity building of social partners and civil society organizations.

As helpful as all this project funding and other uses of ESF+ are, the funds provided are decidedly small compared to federal and state social budgets. Their impact is generally positive, but small.

6. Set out your Key 2021/2022 messages and Recommendations

1. The reform of the basic welfare system, which is currently in the legislative process, to create a "citizen's income," must clearly break with the previous system. The reform is advertised as replacing the old system of controls and sanctions with a system based on cooperation and trust. To achieve this, however, improvements in this regard must also apply to recipients of basic benefits who have been receiving benefits for more than two years. Moreover, cooperation and trust are not a one-way street. Beneficiaries must also be able to rely on the fact that administrative employees cannot unilaterally determine an end to the relationship of trust for controversial reasons or unilaterally discontinue cooperation. This can only be achieved if there is a self-representation of benefit recipients, which represents the interests of benefit recipients in a comparable way to a work council and is provided with sufficient financial resources to enable it to actually represent them. This would then be a non-paternalistic, i.e. genuine "empowerment" of benefit recipients. Moreover, the system of calculating benefit payments is highly deficient and, even in this deficient system, arbitrarily deletes some entitlements of beneficiaries. This, too, must end in a reform of the basic benefits

system. A fair calculation that is above all free of discretionary deletions of partial entitlements would also lead to higher benefit entitlements that at best would prevent poverty.

2. The successful Participation Opportunities Act should not only be continued, but it should also be provided with more financial resources to enable significantly more people than before to be able to take up long-term employment subject to social insurance contributions. Cuts in the area of integration into employment would be absolutely counterproductive and would only lead to a consolidation of poverty among hundreds of thousands of people with particularly poor opportunities on the labor market. Considerable experience has been gained over the past three years as to what works and what does not in the programs of the Participation Opportunities Act. The fact that not every person who participates in these programs also completes them successfully should not mean that the programs - like many other active labor market policy programs before them - should be scaled back. On the contrary, there must also be a learning culture based on failures in active labor market policy that does not perceive the weaknesses that inevitably exist in every program as unchangeable deficits, but rather as an incentive to make changes to the program's content on the basis of experience gained. It still seems that the measures associated with active labor market policy are seen as a kind of experiment that is considered a failure if they are not a steppingstone to secure employment for nearly every participant. If this standard were applied to other areas that are supposed to be a steppingstone to secure employment, then there should have been no more marginal employment or temporary work for many years, because their success rate in this context is far lower than that of the Participation Opportunities Act.

3. Genuine support for people experiencing poverty is more than just integration into work. As much as integration into work is an important building block on the way out of poverty, at least as long as integration into *decent* work succeeds, the attempt to integrate into work should not be the first measure of the labor market administration indiscriminately for all people experiencing poverty. People living in poverty are affected by physical and psychological disorders to a much greater extent than the population as a whole, often as a result of an insensitive and oppressive labor market administration, which indiscriminately pursues a one-size-fits-all solution for people living in poverty instead of first considering individual strengths and weaknesses or taking them into account in its actions. It is precisely this narrow-minded approach that results in the revolving-door effect in basic benefits, i.e. many recipients of basic benefits return to them after unsuccessful integration into work and are even more despondent than before. An individual-oriented approach by the labor market administration and its employees would certainly be more expensive at first than the traditional approach, but in the long run it would not only be more successful, but also fairer and, not least, more humane with regard to the heterogeneity of those affected by poverty.

4. A good policy is not only characterized by enabling people to escape poverty, it must also prevent people from getting into this situation in the first place. This is of course always true, but against the backdrop of skyrocketing energy and food prices and an impending recession, poverty prevention takes on special significance. Against this backdrop, it must be sharply criticized that the German government's measures to relieve the burden on households to date have not been clearly tailored to those households that could face existential hardship as a result of skyrocketing prices. This particularly affects low-income earners, single parents, families with more than two children and retirees, who so far still have a household income above the poverty risk threshold. Upcoming measures should be clearly tailored to households at risk of poverty and those households that may soon be at risk of poverty. For households at risk of poverty in the basic security system, this means that their basic benefits should be adjusted as quickly as possible, at least in line with the general rate of inflation, in order to avoid a permanent loss of their already low purchasing power. For households not yet at risk of poverty, this could mean, for example, a much greater alleviation of the

burden of paying their energy costs than for households that can bear burdens through their own income or wealth.

5. It has been a scandalous state of affairs for years that the social welfare administration shrugs off the fact that millions of people do not claim basic welfare benefits to which they are entitled. Already in normal years, this is preventing successful policies to alleviate poverty. This year, and probably next, ignoring the widespread non-claiming of basic security benefits is almost criminal. Not only are these individuals foregoing the cash benefits to which they are also entitled in normal years, they are also foregoing full or partial payment of their heating costs by the state, and many of the components of the federal government's relief packages that are tailored to basic security recipients. It is irresponsible to let these individuals and households run blindly into their financial misfortune. An awareness campaign urgently needs to be launched to eliminate misinformation, in particular, regarding eligibility for basic security benefits and the wealth imputation that must be taken into account in this context. The social administration and pension insurance institutions also have sufficient information to make direct contact with people who are likely to be entitled to basic security benefits. For example, pre-filled benefit applications could be sent to them to facilitate the application process. In addition, in the winter of 2022/23, it would be possible to refrain from treating owner-occupied homes as imputable wealth, because homeowners in particular are reluctant to apply for benefits because they fear a forced sale of their home.

7. Are there good /promising practices in your country/area?

1. The statutory minimum wage was raised from €9.60 to €9.82 in January 2022, with a further increase to €10.45 in July 2022. In October, there will be a further increase to €12. Overall, this means a nominal increase of the minimum wage of 25% this year. Even if the real increase of the minimum wage is significantly lower due to high inflation, it is still a step forward that should not be underestimated. Almost 7.2 million employees, which amounts to 92% of all employees in the low-wage sector, will benefit from the minimum wage increase. It is also to be expected that the entire wage structure will shift upward in the wake of the minimum wage increase. Unfortunately, the increase in the statutory minimum wage was accompanied by the fact that in some cases higher sectoral minimum wages were cancelled by employers, so there will not be higher minimum wages in all sectors of the economy. Nevertheless, the minimum wage increase could help to downsize Germany's enormous low-wage sector and, in the coming years, make unprofitable business models that are unproductive and have so far only been able to stay in the market by exploiting workers. The increase in the minimum wage could also have an impact on the at-risk-of-poverty rate if employees are able to overcome the poverty risk threshold as a result of the wage increases. Should the wage structure shift upward, however, the median income and thus the at-risk-of-poverty threshold can also be expected to increase. In the medium term, the crowding out of unproductive business models could contribute to an increase in the number of decent jobs, because new and more innovative employers will no longer be prevented from entering the market by the wage dumping models of previous employers. Even more important than in previous years, however, compliance with the statutory minimum wage must be strictly monitored and the threat of sanctions in the event of non-compliance must be such that in the future employers are discouraged from offsetting the likelihood of controls and sanctions against the savings resulting from non-compliance with the minimum wage.

2. On January 1, 2019, the so-called "Participation Opportunities Act" came into force. The aim of the Act was to promote the taking up of an employment covered by social insurance for (a) persons who have been receiving basic social security benefits for 6 years or longer and are over 25 years of age (= participation in the labour market instrument) and for (b) persons who have been unemployed for at least 2 years (integration of the long-term unemployed instrument). Employers who hire members of

these groups receive wage subsidies of up to 100 percent (labour market participation instrument) and 75 percent (integration of the long-term unemployed instrument). Since the introduction of the Participation in the Labor Market instrument in January 2019, a total of 73,900 jobs were started by June 2022. Despite a relatively high proportion of early terminations (37 percent), a good one-third of participants in 2020 were employed and subject to social insurance contributions six months after the end of their individual program. Since the introduction of the integration of long-term unemployed instrument in January 2019, a good 26,100 entries were counted until June 2022. From January 2019 to March 2022, 12,000 of the 19,000 participants who had started a subsidized program by then ended their program, half of them at the end of the subsidy period and the other half prematurely. Regardless of the reason for termination, a statement can be made about the retention of participants who completed their measure between July 2020 and June 2021: 58 percent of these participants were employed subject to social insurance contributions 6 months after the end of the measure. Against the background that only people with particularly poor opportunities on the labor market participated in the two programs, the figures to date are definitely a success. According to the draft budget of the Federal Minister of Finance, however, despite these successes, substantial cuts are to be made in the future in the area of measures to integrate people into the workforce. It remains to be seen whether cuts will also be made to the programs mentioned here. According to the coalition agreement, this should not happen.

3. In response to skyrocketing energy and food prices, the German government has passed two relief packages that will also benefit those affected by poverty. These include a one-off payment of €200 for recipients of basic security benefits (asylum seekers included), an immediate supplement for children affected by poverty of €20 per month and child for recipients of basic security benefits and asylum seekers, a one-off payment of €100 for recipients of unemployment benefits, and a heating allowance for recipients of housing allowances, students and pupils with an own household of €270 (one-person household), €350 (two-person household) plus a further €70 for each additional person living in the household up to a maximum of € 560. In addition, the so-called "bonus child benefit" in the form of a one-time payment of €100 per child entitled to child benefits is paid regardless of whether the recipients are taxpayers. This bonus is not offset against basic welfare benefits and therefore also reaches recipients of basic welfare benefits as well as recipients of housing allowances. The introduction of a "9-Euro-Ticket" for local public transport also meant a relief of mobility costs for those affected by poverty, unfortunately this program expired after three months in September 2022. The federal government's relief packages were criticized for not being specifically tailored to low-income households. Many households that are able to cope with price increases through high incomes and savings without public assistance benefited from further relief measures, especially those via the tax system. It is also critical to note that benefits for those in poverty are designed as one-time payments. An increase in basic security benefits by at least the inflation rate would have been more effective, as explained elsewhere, because the loss of purchasing power due to high inflation will be permanent, while the one-off payments will only help in the short term.

4. The regulations introduced during the Corona pandemic for simplified access to basic benefits for jobseekers (restriction of the asset test and recognition of actual costs for housing and heating) and to the child supplement have been extended until December 31, 2022.

5. In July 2022, sanctions for violations of obligations in the system of basic benefits for jobseekers were suspended for a period of one year, i.e. until July 1, 2023 (so-called sanction moratorium). They cannot be "made up for" after the end of the sanction moratorium. In addition, during the sanction moratorium, a reduction in benefits is only possible in the event of repeated non-compliance with scheduling commitments (within twelve months) - limited to 10 percent of the standard benefit payment.

8. What is EAPN doing? Are you having an impact?

The 5th Meeting of People Experiencing Poverty on August 4, 2022, in Cologne has already been reported in section 4.

From October 17 to 22, 2022, the State Poverty Conference of the Federal State of Baden-Württemberg, together with its cooperation partners, will launch a statewide action week under the joint motto 'Poverty Threatens All'. This is the 19th time that the annual action week will be held in order to draw direct and targeted attention to social inequalities in the south-west through activities and events. Even in times of Covid 19 and the Ukraine war it was and will be continued as a presence event, as the current situation only shows that looming (energy) crises and their political, societal and social effects only make the hardship and social inequality more extreme. The annual motto of the 2022 Action Week will be: Poverty in Climate Change.

In 2022, the National Poverty Conference (nak) has consolidated, adopted new rules of procedure, and secured its funding. A new executive body will be elected in October 2022.

The annual "Meeting of People Experiencing Poverty" organized by the National Poverty Conference (nak) will take place on 13.10./14.10.2022 in Berlin. The topic of this year's meeting is: An ecological subsistence minimum for all!

In April 2022, the National Poverty Conference (nak) joined forces with Jobless Coalition groups to call for targeted assistance for households living in poverty in light of inflation and rising energy costs due to the war in Ukraine.

Together with 40 organizations from the social and environmental sectors, the National Poverty Conference (nak) issued a joint declaration in June 2022 calling for a new social and ecological start. In a ten-thesis paper, the cooperation partners advocated, among other things, an environmentally compatible and socially just energy transition, measures against the destruction of nature and the preservation of biodiversity, the participation of all in environmentally friendly mobility, climate-friendly agriculture, and sustainable forms of work.

At its delegates' meeting in Cologne in June, the National Poverty Conference (nak) called for a consistent and participation-oriented new start in the negotiations on the citizen's income planned by the German government (see Section 6).
