

Economic poverty rates in Poland in 2021

(based on the results of the Household Budget Survey)

30.06.2022 r.

4,2%

Extreme poverty rate in Poland in 2021.

Since 2016, the extreme poverty rate has remained at a similar level of 4–5%. There was a year-on-year decrease in extreme poverty rate from about 5% of people in 2020 to about 4% in 2021 and slightly larger decrease in legal poverty rate from about 9% to less than 7% with the threshold for this poverty unchanged since 2018. On the other hand, the value of the relative poverty rate (about 12%) was at a similar level as in 2020. Small changes in

the extent of economic poverty in 2021 took place with a slight improvement in the average material situation of households. With the COVID-19 pandemic still ongoing, both real household income and expenditure levels were higher in 2020. Compared to 2020, no significant changes were observed in the social map of the risk of poverty in Poland, and positive changes regarding the poverty rate were recorded to a greater extent among rural residents than in cities.

Thresholds and economic poverty rate

Statistics Poland regularly, every year, calculates and publishes indicators concerning the economic poverty rates in Poland based on the results of the Household Budget Survey. The presented indicators are annual average data¹. Three different poverty thresholds (lines) are taken into account in the calculations: the thresholds of extreme and relative poverty and the so-called legal poverty line. People living in households where the level of expenditure² was lower than the adopted poverty thresholds were considered poor.

- The basis for calculating the extreme poverty line is a level of the subsistence minimum estimated by the Institute of Labour and Social Studies (IPISS). The category of subsistence minimum determines a very low level of satisfaction of needs. Consumption below this level makes it difficult to survive and constitutes a threat to human psychophysical development³. In 2021, the extreme poverty rate was 4.2%, i.e. by 1 p.p. less than in 2020.
- The level of the legal poverty line corresponds to the values of the income thresholds that, according to the current legislation (i.e., the Act of March 12, 2004 on social assistance⁴ and the relevant regulations to it), entitle to apply for a cash benefit from social assistance. In 2021, the extent of statutory poverty was 6.5% and was almost 3 p.p. less than in 2020 (9.1%).
- The application of a relative poverty line at the level of 50% of the amount that households⁵ in Poland spend on average in a month makes it possible to distinguish those households and people whose level of consumption differs significantly from the average level. According to this criterion, in 2021 the relative poverty rate was 12%, which is similar to that in 2020. (11.8%).

The year-on-year decreases in the extreme and legal poverty rate in 2021 and the relative poverty rate, which remained at a similar level as in 2020, took place in a situation of higher (both in nominal and real terms) level of average income and expenditures of households,

In 2021, there was a decrease in extreme poverty rate (by 1 p.p.), with a similar recorded relative poverty rate and a decrease in legal poverty rate by about 3 p.p.

¹ The presented indicators of the poverty rate and privation rate are determined on the basis of the results of the year-round Household Budget Survey, therefore they represent an average level of the phenomenon for the period covering the whole year.

² The expenditure also includes the value of products received free of charge, the value of own consumption as well as the so-called renovation fund.

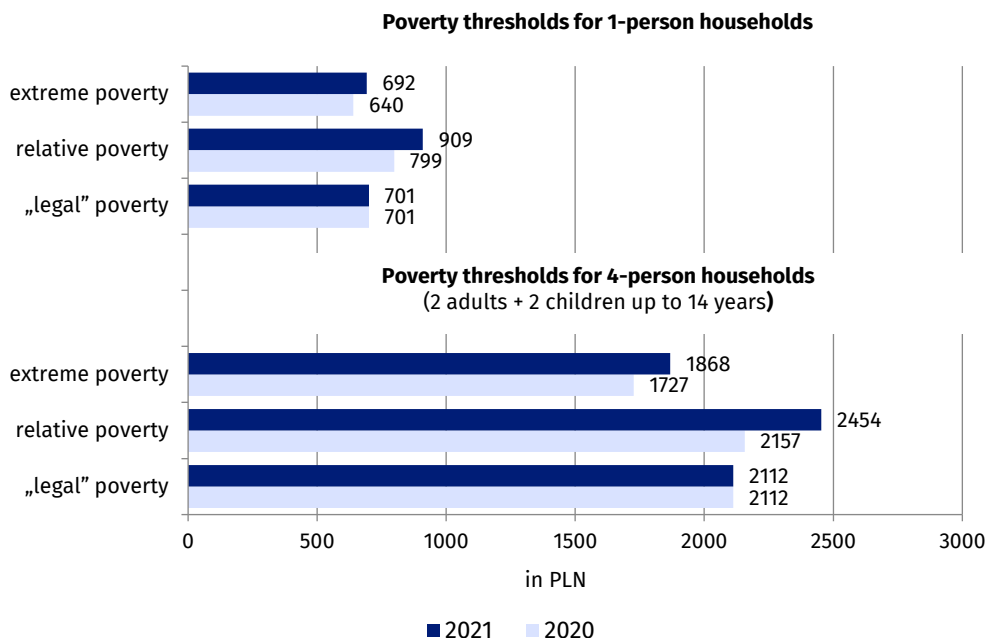
³ Information on the subsistence minimum is available on the website of the Institute of Labour and Social Studies: <https://www.ipiss.com.pl/?zaklady=minimum-socjalne-oraz-minimum-egzystencji>

⁴ Journal of Laws 2021 item 2268, 2270; 2022 item 1, 66, 1079.

⁵ Per equivalent units, taking into account the so-called original OECD equivalence scale, according to which a weight of 1 is assigned to the first person in the household aged 14 and over; a weight of 0.7 to each subsequent person of that age; a weight of 0.5 to each child under 14.

as well as an increase in the percentage of positive subjective assessments of one's own material situation⁶. At the same time, a one-point decrease in the percentage of extremely poor people took place at slightly higher values of extreme poverty thresholds compared to 2020. In the case of legal poverty, the 2021 threshold level was the same as in 2020 and a similar relative poverty rate as in 2020 occurred with higher values of the thresholds for this type of poverty than a year earlier.

Chart 1. Poverty thresholds^a for selected types of households in the years 2020–2021



^a On average per month in the 4th quarter

Changes in the economic poverty rates in 2008–2021⁷

A comparison of data on the economic poverty rates in Poland covering the years 2008–2021 shows that for all three types of poverty taken into account, the value of poverty rate in 2021 was less than in 2008. However, depending on the poverty threshold, the course of change was slightly different.

The extreme poverty rate in 2008 was just under 6% and remained at that level until 2010. For the next 5 years (2011–2015), the extreme poverty rate was around 7%. In 2016, the extreme poverty rate declined and remained at about 4–5% between 2016 and 2021.

According to the thresholds of relative poverty adopted for each year, it is possible to speak of a gradual decrease in the percentage of poor people in 2008–2017 (from about 18% in 2008–2011 to about 13% in 2017). In 2018–2019 the relative poverty rate was at the level of about 13–14%, and in 2020–2021 it reached the level of about 12%.

The value of the legal poverty rate in 2008 was just under 11%, after which it dropped significantly (in 2009), remaining at around 7% between 2010 and 2012. After a clear increase

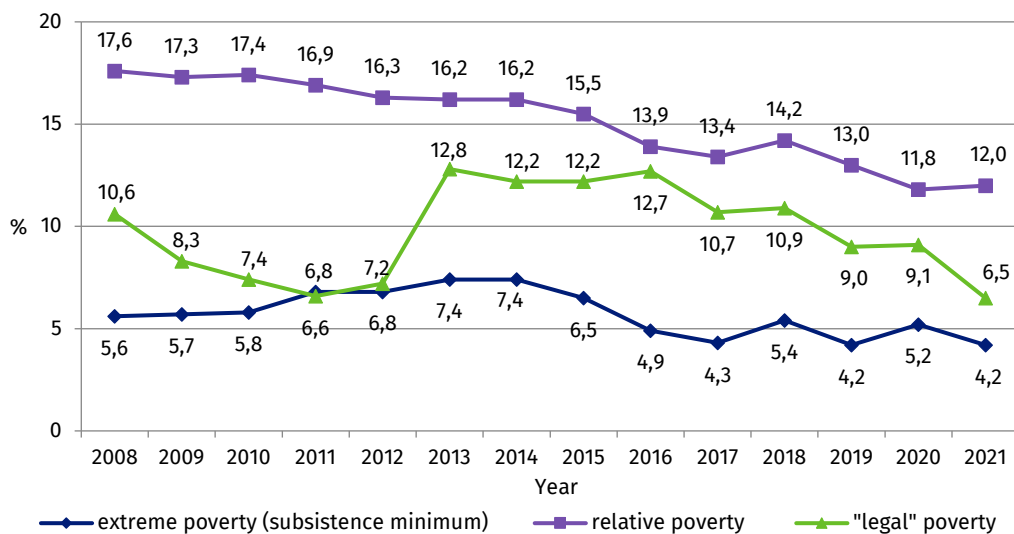
The extreme poverty line and the relative poverty line increased in 2021, while the legal poverty line remained unchanged from 2020.

⁶ More information about this topic in the news release available on the Statistics Poland website: "The situation of households in 2021 on the basis of results of the Household Budget Survey" <https://stat.gov.pl/en/topics/living-conditions/living-conditions/the-situation-of-households-in-2021-on-the-basis-of-results-of-the-household-budget-survey.12.21.html>

⁷ The presented data regarding the poverty rate are based on the results of a survey of household budgets conducted with the use of a representative method. The results of all such surveys are subject to both random and non-random errors, which should be borne in mind when interpreting the presented data. The values of random errors have been included in the Annex to this News Release.

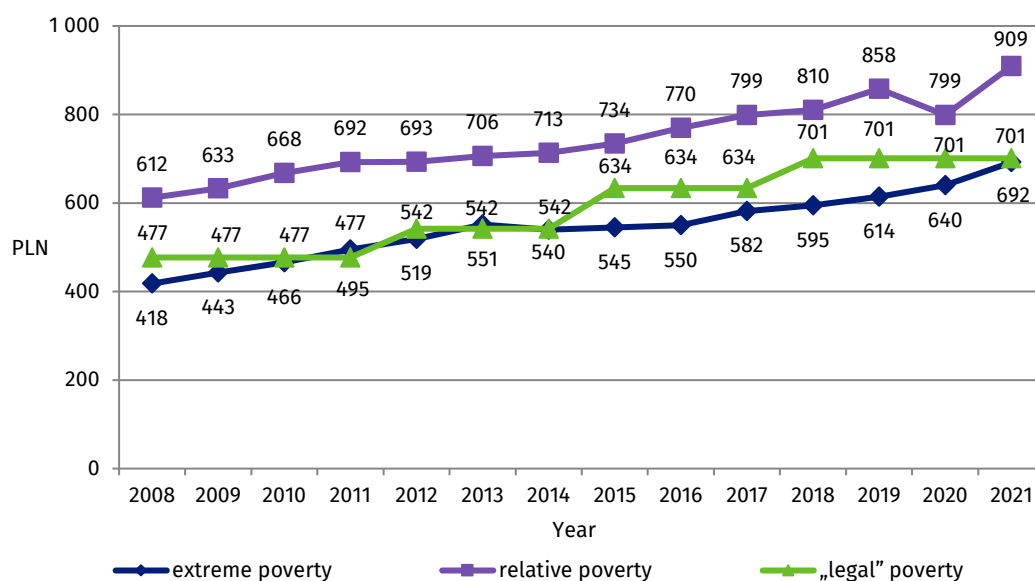
(in 2013), for the next 4 years (2013–2016), the legal poverty rate remained at the level of about 12–13%, and then successively decreased reaching the level of 6.5% in 2021.

Chart 2. Poverty rates in the years 2008–2021 according to poverty thresholds adopted in a given year (% of people in households)



Changes in the economic poverty rate depended both on changes in the material situation of households as measured by the level of their expenditures, as well as on the value and changes of the poverty thresholds used. It should be recalled that the level of extreme poverty depends on the prices of consumer goods and services included in the basket used to calculate the minimum subsistence. Changes in the value of the so-called legal poverty thresholds result from administrative decisions. As a rule, their level changes every three years (but, for example, until October 2012 the thresholds set in 2006 were in force, and throughout 2021 – the thresholds in use since October 2018). In turn, the value of relative poverty thresholds depends on the level of average expenditure of all households in the country (it represents 50% of average expenditure). The values of the poverty thresholds applied between 2008 and 2021 are shown in Charts 3 and 4.

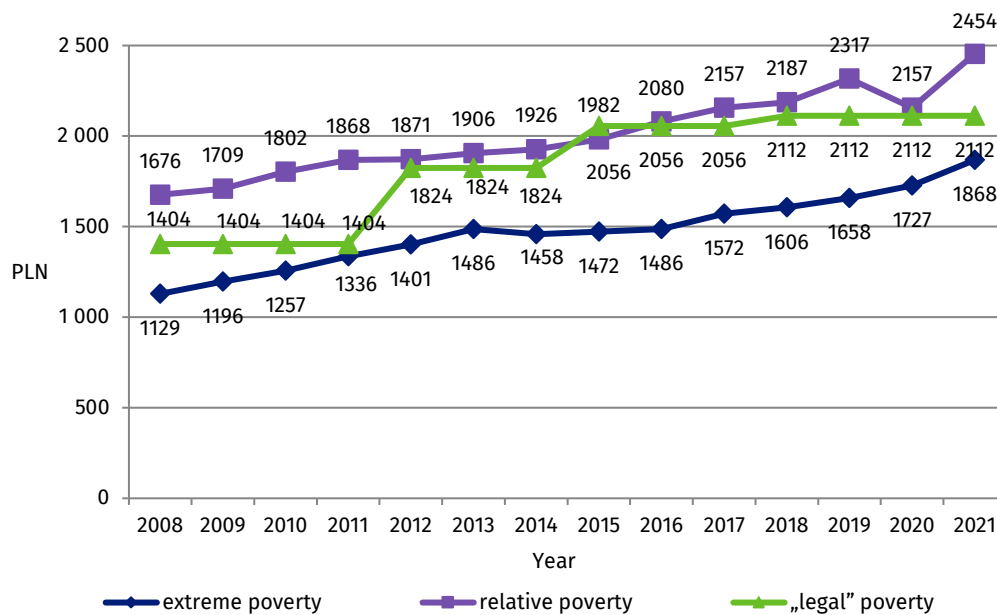
Chart 3. Poverty thresholds^a for 1-person households in the years 2008–2021⁸



^a On average per month in the 4th quarter.

⁸ In 2020, amid the outbreak and development of the Covid-19 pandemic, compared to 2019, households, despite achieving higher average incomes, spent noticeably less, which affected the extreme and relative poverty thresholds.

Chart 4. Poverty thresholds^a for 4-person households (2 adults + 2 children up to 14 years) in the years 2008–2021⁹



^a On average per month in the 4th quarter.

Differences in the extreme poverty rates in 2021

In 2021, about one in twenty-five (about 4%) people in Poland lived in households spending less than the minimum subsistence level (on the basis of which the extreme poverty thresholds are estimated). The analysis of the 2021 results confirms the general conclusions of recent years concerning factors differentiating extreme poverty incidence measured by household expenditures, although the values of poverty rates themselves within the population groups included in the analysis changed. When interpreting data on the variation in poverty incidence due to different household characteristics, it is important to remember that in practice we are not dealing with a single determinant of poverty, but with the co-occurrence of multiple factors simultaneously.

As in previous years, in 2021 there was a clear differentiation in the extreme poverty rates by socio-economic group defined on the basis of the predominant source of household income. Among those most at risk of extreme poverty were people from households living on unearned sources, including social benefits other than pensions (about 14%) and from farmers' households (about 11%). The level of extreme poverty was also higher than the average in the households of pensioners (about 6%). On the other hand, the persons least at risk of extreme poverty were persons from households of: self-employed (about 2%), retirees (about 3%) and employees (about 4%).

The level of education also strongly differentiated extreme poverty rates. The most affected by extreme poverty were people from households where the head of the household (also called the reference person) had not higher than lower secondary (about 11%), and the least – with a tertiary education (about 1%). The extent of poverty was also higher than the national average among persons from households in which the head of the household had completed not higher than lower secondary (11%). In the case of the households where the head of the household had completed a vocational/basic education (about 7%). It can be said that as the level of education increased, the extreme poverty rate decreased.

If we consider the typology of households by the presence and number of persons (children) aged 0–17 in households, we find that the percentage of persons living according to the adopted criterion in extreme poverty ranged from about 3% among persons in households

The households most at risk of extreme poverty were those living on social benefits (except pensions) and in agriculture, as well as households with at least 3 children and households with disabled people. The factor increasing the risk of extreme poverty was the lack or low level of education.

⁹ In 2020, amid the outbreak and development of the Covid-19 pandemic, compared to 2019, households, despite achieving higher average incomes, spent noticeably less, which affected the extreme and relative poverty thresholds.

without children of this age, to about 8% among persons in households with at least three children.

A comparison of data on the poverty rate considered in terms of the three age groups, i.e., 0–17 year olds, 18–64 year olds, and elderly people aged 65 or more, shows that the highest rate of extreme poverty is still observed among children and adolescents under the age of 18 (about 5%), although it decreased to about 6% in 2016 (from more than 10% in 2015) and was at the level of 4–5% in 2017–2021. In 2021, the elderly (65 plus) experienced extreme poverty relatively least often (about 3%), although under conditions of an aging population, the share of the elderly in the poor population in Poland is increasing.

Disability is also a factor that increases the risk of poverty. In 2021, the extreme poverty rate for households with at least one person with a disability was about 7%, compared to about 4% for households without people with disabilities.

Spending below the extreme poverty threshold was more often characterized by rural residents than urban residents. The extreme poverty rate in rural areas reached 8% in 2021. In cities (total), the extreme poverty rate was four times lower and reached 2% (depending on the size of cities, the extreme poverty rate ranged from about 1% in the group of cities with at least 500 thousand residents to about 3% – in urban centers with less than 20 thousand residents).

The small overall decline of 1 p.p. in the extreme poverty rate in Poland recorded in 2021 reflects declines in the of this poverty rates among most of the population groups analyzed, although with different intensities (see Charts 5 to 9). If we consider the changes in poverty rate incidence between 2021 and 2020 expressed in percentage points, it becomes clear that the decline in poverty was particularly evident among the rural population, including farmers (down by about 2 p.p.) and among pensioners, i.e. where the relatively highest values of extreme poverty rates have been observed for years.

In 2016, there was a fairly pronounced (after the introduction of the 500 plus Program) decrease in the percentage experiencing extreme poverty among children under 18, including among households with at least three persons of that age, and a slightly larger decrease in this type of poverty in rural areas.

Chart 5. Extreme poverty rate in 2020 and 2021 by socio-economic groups

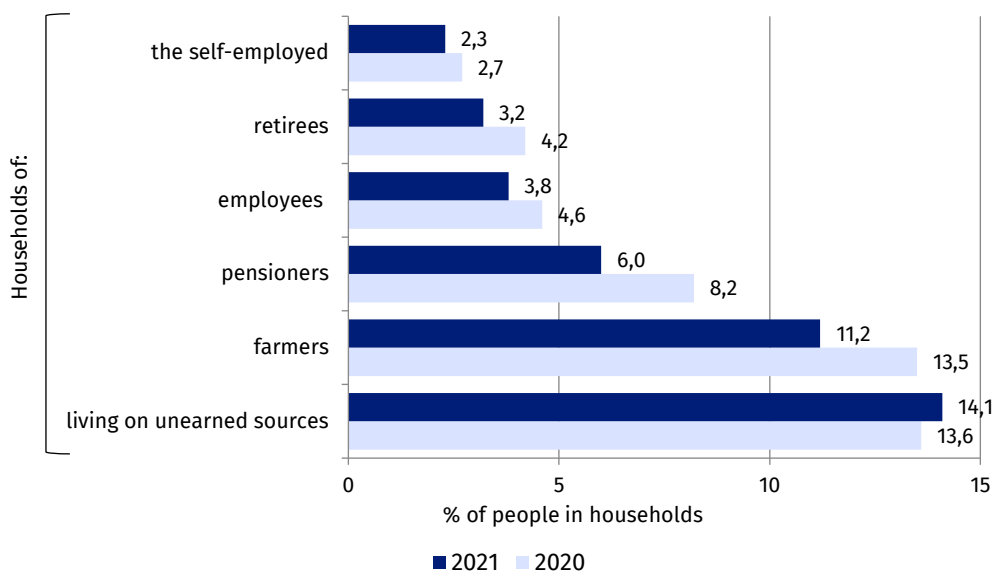


Chart 6. Extreme poverty rate in 2020 and 2021 in households with persons aged 0–17¹⁰

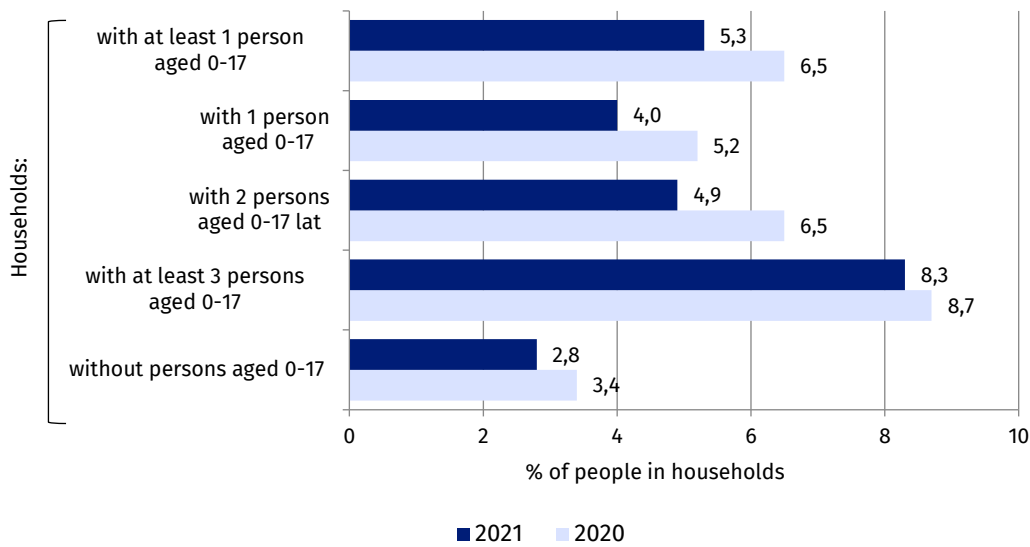


Chart 7. Extreme poverty rate in 2020 and 2021 by age

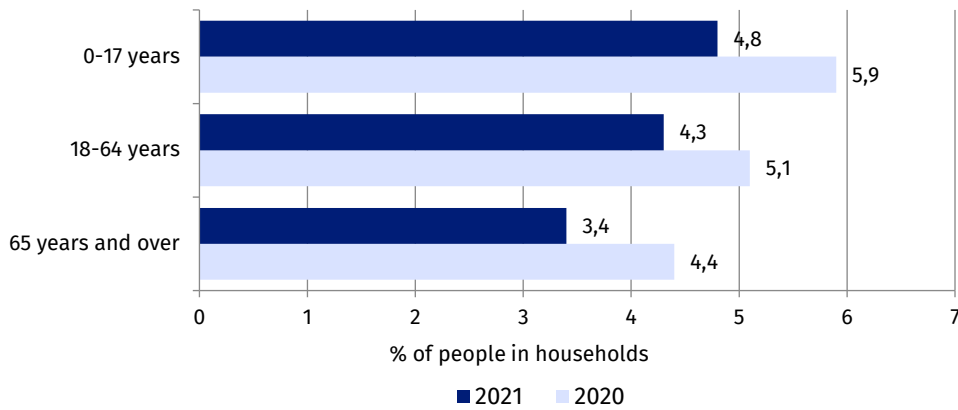
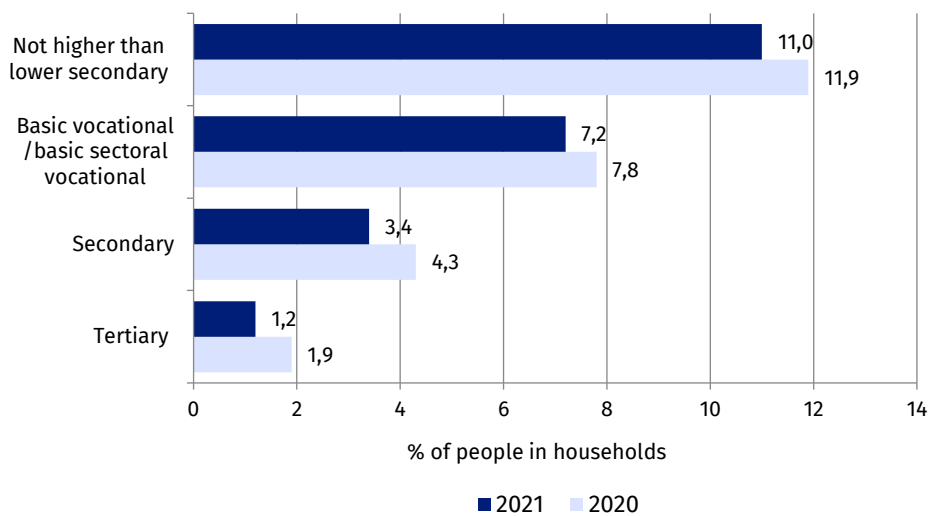
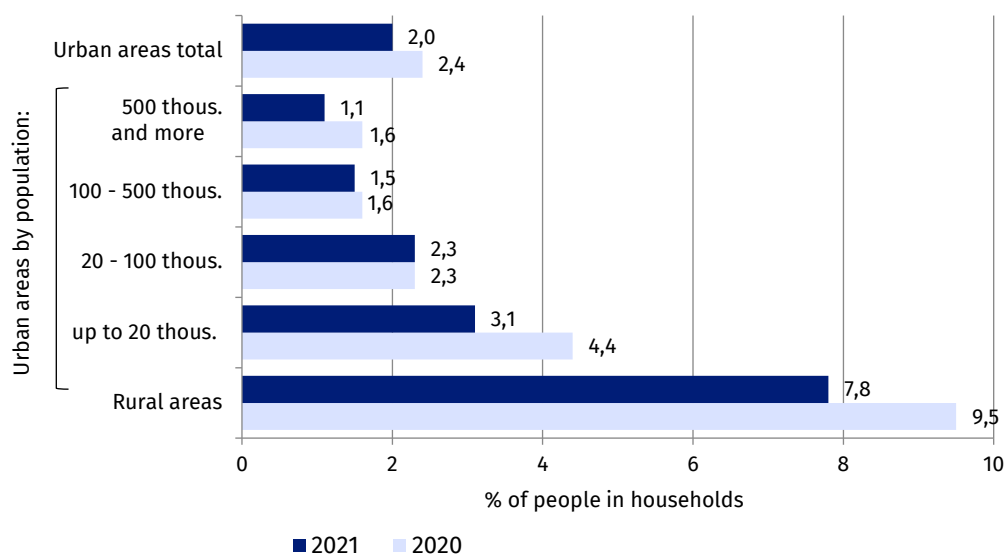


Chart 8. Extreme poverty rate in 2020 and 2021 by education level of the head of the household



¹⁰ The data in Chart 6 refer to households with persons (children) aged 0–17 regardless of whether they are supported by their parents (or other household members) or have their own source of income, such as a survivor pension or child support. These households may include other people besides parents and children aged 0–17, such as older siblings, grandparents, or brothers or sisters of one of the parents.

Chart 9. Extreme poverty rate in 2020 and 2021 by place of residence



Privation¹¹

In addition to indicators of the economic poverty rates, the Statistic Poland also calculates and publishes indicators of the privation rate (also sometimes referred to as the sphere of low consumption). The poverty threshold is based on the social minimum calculated by the IPiSS. The social minimum basket takes into account goods and services serving not only to satisfy existential needs, but also goods and services necessary for work, education, maintaining family ties and social contacts, and modest participation in culture and recreation. It is assumed that consumption expenditures at the social minimum level make it possible to lead a "minimally dignified life" and to realize the inclusive needs of a person¹².

In 2021, as in previous years, the threshold level of the privation was about twice as high as the extreme poverty threshold defined on the basis of the subsistence minimum.

In 2021, the deprivation rate was about 41%, almost the same as in 2020 (Chart 10). As in previous years, in 2021, generally the same factors that fostered an increased risk of poverty, including extreme poverty, also resulted in an increased probability of ending up in the privation.

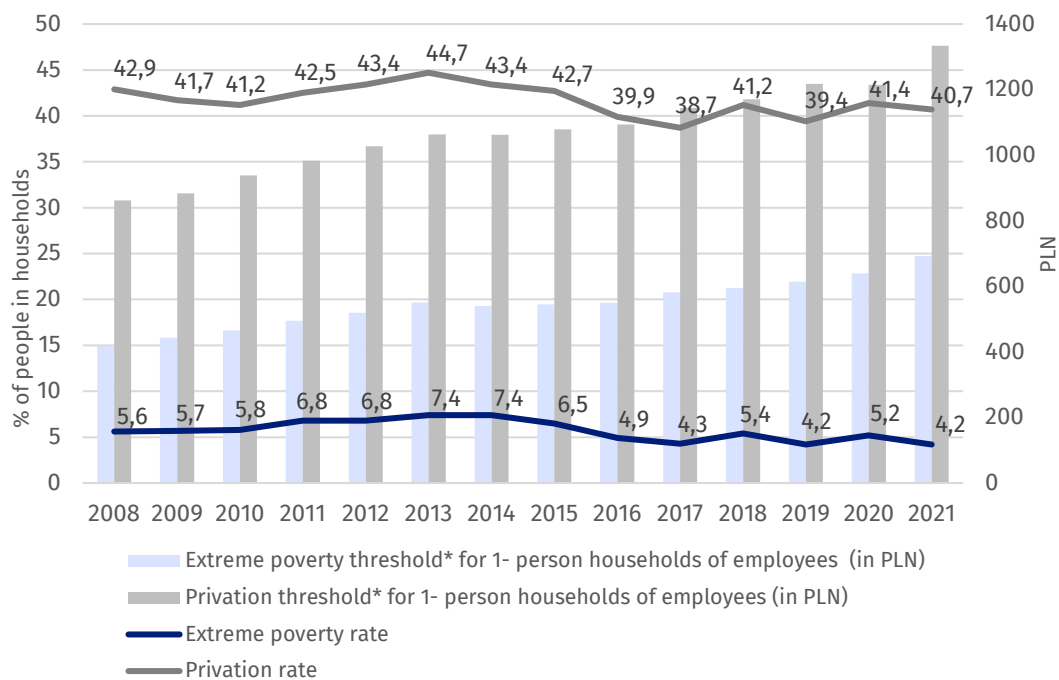
In 2021, the highest percentages of people living in the privation were recorded among households living on unearned sources other than retirement and pensions (70%), farmer households (almost 64%) and households whose head had at most lower secondary education (64%). High values of the privation rate indicator were also noted among people from households with at least three children under 18 years of age (almost 58% of people), among people in households with at least one disabled person (almost 51%). The privation rate was definitely higher in rural areas (about 53%) than in cities (in cities total – about 33%, and depending on their size class – from less than 23% in the largest cities to about 41% – in the smallest ones – below 20,000 residents).

In 2021, the privation rate remained at a similar level (about 41%) as in the previous year. Those most at risk of privation included the same population groups as for extreme poverty.

¹¹ Detailed data and methodological explanations on the privation are included in the Annex to this News releases

¹² Information on the social minimum is available on the website of the Institute of Labour and Social Studies: <https://www.ipiss.com.pl/?zaklady=minimum-socjalne-oraz-minimum-egzystencji>

Chart 10. Extreme poverty rate and privation rate in Poland in the years 2008–2021



* On average per month in the 4th quarter.

In the case of quoting data from the Statistics Poland, please provide information: "Statistics Poland data source", and in the case of publishing calculations made on data published by the Statistics Poland, please provide information: "Own study based on Statistics Poland data".

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[Publication: Incomes and living conditions of the population in Poland – report from EU-SILC of 2019](#)

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[Publication: „Poverty in Poland in 2019 and 2020”](#)

[Information on the value and structure of the subsistence minimum in 2020 ., Institute of Labour and Social Studies](#)

<https://www.ipiss.com.pl/?zaklady=minimum-egzystencji-2>

Data available in databases

[Local Data Bank](#)

[Knowledge Data Base Living Conditions/Poverty by socio-economic groups](#)

[Knowledge Data Base Living Conditions/Poverty by urban and rural areas](#)

Terms used in official statistics

[Extreme poverty rate](#)

[Relative poverty rate](#)

["Legal" poverty rate](#)