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# **Economic poverty rates in Poland in 2022**

(based on the results of the Household Budget Survey)

4,7%
Extreme poverty rate in households in 2022.

In 2022, the extent of economic poverty in Poland remained at a similar level as in 2021, although the average material situation of households worsened in real terms, due, among other things, to high inflation<sup>1</sup>. As in the previous year, the extreme poverty rate was less than 5%, the relative poverty rate was about 12% and the legal poverty rate was about 7%.

# Poverty thresholds and extent of economic poverty

Statistics Poland regularly, every year, calculates and publishes indicators on the extent of economic poverty (poverty rate) in Poland based on the results of the Household Budget Survey. The presented indicators are annual average data<sup>2</sup>. Three different poverty thresholds (lines) are taken into account: extreme poverty line, relative poverty line and the so-called legal poverty line. People living in households in which the level of expenditure<sup>3</sup> was lower than the adopted poverty thresholds were considered to be poor.

- The basis for calculating the extreme poverty line is a level of the subistence minimum estimated by the Institute of Labour and Social Studies (IPiSS). The category of subistence 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 development. In 2022, the extreme poverty rate was around 5 %, the same as in 2021.
- The level of the so-called legal poverty line corresponds to the values of the amounts which, according to the applicable legislation (i.e. the Act of 12 March 2004 on social assistance<sup>5</sup> and the relevant regulations to this Act), entitle one to apply for a cash benefit from social assistance. In 2022, the extent of legal poverty amounted to more than 7% and was at a similar level to the previous year.
- The application of a relative poverty line at the level of 50% of the amount that households<sup>6</sup> 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. Both in 2022 and 2021, the relative poverty rate was at the level of approximately 12%.

The data presented in this paper for 2021 differ from the values previously published by Statistics Poland, due to the adoption of a new system of weights generalising the results of the Household Budget Survey, on the basis of which indicators of the extent of economic poverty are calculated. The new weighting system is based on the results of the 2021 Population and Housing Census.

See more: News release 'Household Situation in 2022 in the Light of the Results of the Household Budget Survey

<sup>&</sup>lt;sup>2</sup> The indicators presented on the level (rate) of poverty and deprivation are based on the results of the Household Budget Survey throughout the year and therefore represent an average level of the phenomenon for the whole year.

<sup>&</sup>lt;sup>3</sup> The value of goods received free of charge, the value of natural consumption and the renovation fund are also included in the expenditure.

<sup>&#</sup>x27;Information on the subsistence minimum can be found on the website of the Institute of Labour and Social Studies:

O minimum socjalnym i minimum egzystencji - Instytut Pracy i Spraw Socjalnych (ipiss.com.pl) and Wysokość minimum egzystencji - Instytut Pracy i Spraw Socjalnych (ipiss.com.pl)

<sup>&</sup>lt;sup>5</sup> OJ 2021, points 2268, 2270 and OJ 2022, points 1, 66, 1079.

<sup>&</sup>lt;sup>6</sup> This refers to so-called equivalent expenditure, taking into account the original OECD equivalence scale, which assigns a weight of 1 to the first person in the household aged 14 and over, a weight of 0.7 to each additional person of that age and a weight of 0.5 to each child under 14.

# Changes in the incidence of economic poverty between 2010 and 20227

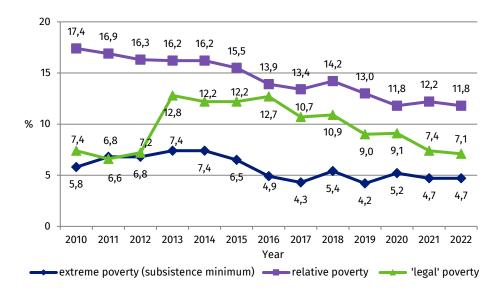
The trajectory of changes in the extent of the different types of economic poverty in Poland between 2010 and 2022 was slightly different.

In the case of extreme poverty, between 2010 and 2015, its extent was about 6-7%, and from 2016 to 2022 inclusive - about 4-5%.

The relative poverty rate between 2010 and 2015 was around 16-17%. Between 2016 and 2019, the value of the relative poverty rate decreased to 13-14%. From 2020 to 2022, around 12% of people in households lived in relative poverty.

In contrast, the extent of so-called legal poverty from 2010 to 2012 was ca. 7%. In 2013, the poverty rate clearly increased to approximately 13% and remained at 12-13% between 2013 and 2016. In the following years, the extent of legal poverty decreased and was around 7% from 2021.

Chart 1. Poverty rates in the years 2010–2022 according to poverty thresholds adopted in a given year (% of people in households)



Changes in the extent of economic poverty depended both on changes in the material situation of households as measured by the level of their expenditures and on the value of the poverty thresholds applied (Charts 2 and 3).

The level of extreme poverty lines depends on the prices of consumer goods and services included in the basket used to calculate the subsistence minimum. The year 2022 was characterised by high inflation, resulting in a gradual increase in the extreme poverty line in each quarter<sup>8</sup>.

The value of the relative poverty thresholds depends on the level of average expenditure of all households in the country (it represents 50% of average expenditure).

On the other hand, changes in the value of the so-called legal poverty thresholds result from decisions concerning the level of income thresholds entitling one to apply for a cash benefit. These thresholds change in periods of several years. Until the end of September 2012,

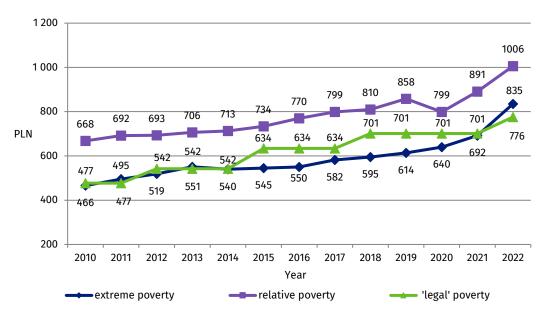
<sup>&</sup>lt;sup>7</sup> The data presented on the extent of poverty are based on the results of the Household Budget Survey, which is a sample survey. As with any sample survey, data from this survey are subject to both non-random and random error. Caution should therefore be exercised when interpreting the data, including when analysing the dynamics of the level of economic poverty, and the values of the standard errors should be taken into account when drawing conclusions. In particular, in the case of small differences in the values of poverty incidence indicators between the years analysed, it cannot be clearly established whether they are due to a real change or to measurement error. The values of the standard errors are given in the annex to this news release.

<sup>&</sup>lt;sup>8</sup> Rounded to the nearest PLN, the extreme poverty line for a one-person household (on average per month) was PLN 736 in the first quarter, PLN 767 in the second quarter, PLN 787 in the third quarter and PLN 835 in the fourth quarter.

<sup>&</sup>lt;sup>9</sup> Rounded to the nearest PLN, the relative poverty line for a one-person household (on average per month) was PLN 877 in the first quarter, PLN 986 in the second quarter, PLN 983 in the third quarter and PLN 1006 in the fourth quarter.

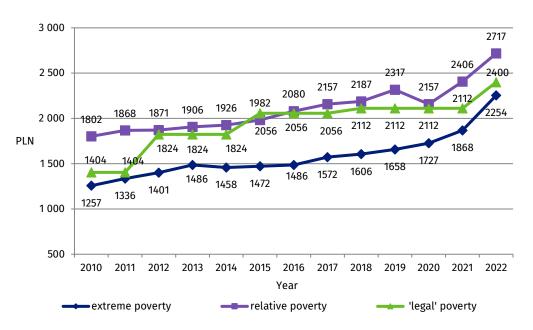
thresholds that were set in 2006 were in force. The next three periods in which the same legal poverty thresholds applied were: (1) October 2012 - September 2015; (2) October 2015 - September 2018; (3) October 2018 - December 2021. From January 2022, new so-called 'legal' poverty thresholds are in force<sup>10</sup>.

Chart 2. Poverty thresholds for 1-person households in the years 2010–2022



<sup>&</sup>lt;sup>a</sup> On average per month in the 4<sup>th</sup> quarter.

Chart 3. Poverty thresholds for 4-person households (2 adults and 2 children up to 14 years) in the years 2010–2022



<sup>&</sup>lt;sup>a</sup> On average per month in the 4th quarter.

<sup>&</sup>lt;sup>10</sup> In all quarters of 2022, the values of the so-called legal poverty thresholds were the same and amounted (on average per month) to PLN 776 per person for single-person households and PLN 600 per person for people in multi-person households.

# Differences in the extent of extreme poverty in 2022.

In 2022, as in the previous year, one in twenty people in households in Poland lived below the extreme poverty threshold. However, poverty rates vary depending on the population group analysed. At the same time, when interpreting data on the variation of poverty incidence due to different household characteristics, it should be borne in mind that in practice, we are not dealing with a single determinant of poverty, but with the coexistence of many factors at the same time. It is worth noting that there has been no significant change recently in terms of the groups that most often (and most rarely) experienced extreme poverty. On the other hand, the values of the percentage of extreme poverty among these groups have changed from year to year.

An important factor differentiating the extent of extreme poverty is the main (predominant) source of income of the household. Those most at risk of extreme poverty in 2022 were people from households whose income derived mainly from unearned sources including social security benefits other than retirees and other pensions (ca. 12%), as well as households of farmers (8.5%) and pensioners (ca. 6%). The lowest extreme poverty rate was observed among households for which self-employment was the main source of income (ca. 3%). Rates of extreme poverty lower than the national average were also observed among households of retirees (4%) and employees (4.5%).

As in previous years, the level of education also strongly varied the extent of extreme poverty in 2022. It can be said that with increasing levels of education, the extent of extreme poverty decreased. Persons from households in which the head of the household had at most a lower secondary education experienced extreme poverty most frequently (over 11%), and those with a tertiary education least frequently (less than 2%).

Adopting for the analysis of poverty incidence the typology of households due to the presence and number of persons (children) aged 0-17 in households, it is possible to indicate visible differences, in the incidence of extreme poverty among the subgroups identified according to this criterion. There was a noticeable difference between households without such persons (about 3% of the people in poverty) and households with at least one person aged 0-17 (about 6% of the people in poverty)<sup>11</sup>. Average expenditures below the subsistence minimum were observed most frequently in households with at least three persons aged 0-17 (about 9% in 2022). Among households with 2 and with 1 person aged 0-17, extreme poverty rates were clearly lower (respectively: with 2 persons - about 5% and with 1 person of this age 4%).

Age also clearly differentiated the extent of extreme poverty. In 2022, extreme poverty was most often experienced by the youngest people, in the age group 0-17 years (approximately 6%)<sup>12</sup>. Slightly less often, extreme poverty was experienced by those aged 18-64 (4.5%). In 2022, the lowest extreme poverty rate (ca. 4%) was recorded among people aged 65 and over<sup>13</sup>. It should be borne in mind that in the context of an ageing society, the share of the elderly in the population of the poor in Poland is increasing.

Disability was another factor determining the incidence of extreme poverty. In 2022, the rate of extreme poverty in households with at least one person with a disability rating was approximately 7 %, while it was approximately 4 % in households without such persons.

An analysis of the incidence of extreme poverty by class of place of residence shows that in 2022, urban inhabitants experienced poverty less frequently (approximately 2%) than rural inhabitants (over 8%). Extreme poverty rates were lowest in the group of the largest cities, i.e. with a population of 500 000 or more, and in cities with a population between 100 000 and 500 000 (about 1% of the poor in each of the two groups of cities). In smaller towns, extreme poverty rates were higher (respectively, about 3% in towns with 20,000-100,000 inhabitants and about 4% in towns with a population below 20,000).

Although the Household Budget Survey shows that in 2022, compared to 2021, the value of the poverty rate among all households did not change, it is remarkable, among other things, the

As in previous years, those most at risk of extreme poverty were households whose main source of income was social benefits (other than retrirement benefits), farmers, households with three or more children and households with a disabled person. A factor that increased the risk of extreme poverty was a low level of education.

<sup>&</sup>lt;sup>11</sup> Analyses of poverty in households by number of persons aged 0-17, carried out since 2015, show that in 2016 there was a clear decrease (compared to the previous year) in extreme poverty in households with at least one child of this age (from almost 9% to about 6% of persons). The most pronounced decrease in the poverty rate was in households with at least three children aged 0-17 (from about 17% in 2015 to 10% of persons in 2016). In the following years (2017-2022), extreme poverty rates for this group ranged between 7 and 10%.

<sup>&</sup>lt;sup>12</sup> From 2010 to 2015, the extreme poverty rate for children (0-17 years) was 8-10% and decreased significantly in 2016. In the period 2016-2022, the extreme poverty rate for children was around 5-6%.

<sup>&</sup>lt;sup>13</sup> The extent of extreme poverty among older people has not changed significantly in recent years. Between 2010 and 2022, the extreme poverty rate was around 3-4%.

quite high decrease recorded in 2022 in the percentage of people experiencing extreme poverty in households whose main source of income was agricultural activity (from about 12% to 8.5%). At the same time, this did not change the extent of extreme poverty among the total rural population, which was at the same level in both years (about 8%). The extreme poverty rate among people from households living on unearned sources (other than retirees and pensions) decreased by 2.5 percentage points (from almost 15% to about 12%).

Among the other population groups included in the analysis, the year-on-year dynamics of extreme poverty incidence (between 2021 and 2022) were in most cases at the level of approximately 1 percentage point or less. These changes included both decreases and increases in the extreme poverty rate.

Chart 4. Extreme poverty rate in 2021 and 2022 by socio-economic groups

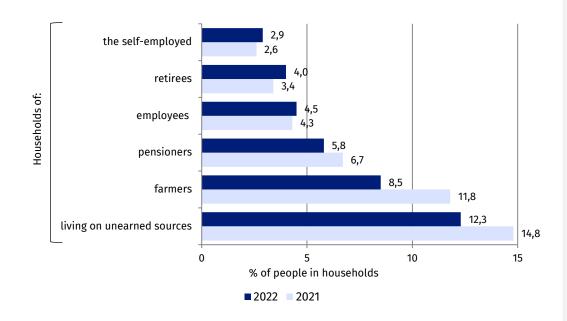
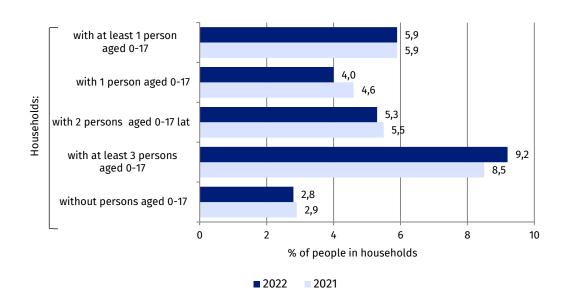


Chart 5. Extreme poverty rate in 2021 and 2022 in households with persons aged 0-1714



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<sup>&</sup>lt;sup>14</sup> The data in Chart 5 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's pension or maintenance. In addition to parents and children aged 0-17, these households may include other persons such as older siblings, grandparents or siblings of one of the parents.

Chart 6. Extreme poverty rate in 2021 and 2022 by age

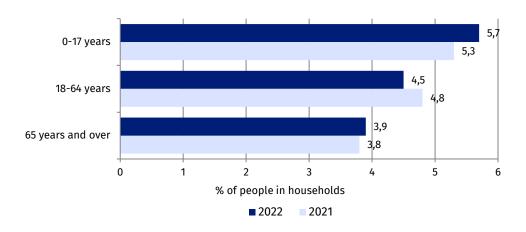


Chart 7. Extreme poverty rate in 2021 and 2022 by education level of the head of the household

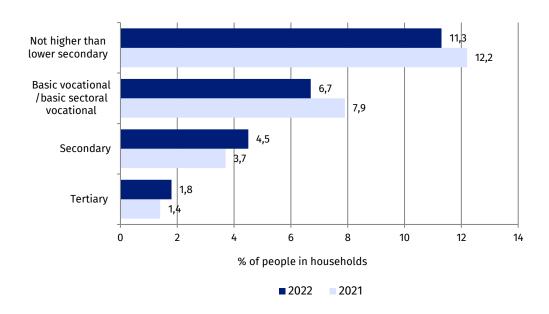
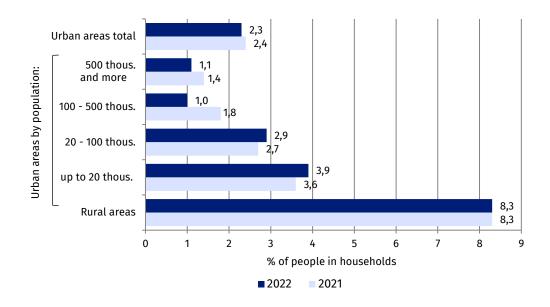


Chart 8. Extreme poverty rate in 2021 and 2022 by place of residence



#### Privation<sup>15</sup>

The privation rate (also referred to as the rate of low consumption) is also an important measure used by the Statistics Poland to measure the condition of households. The threshold of the privation sphere is based on the social minimum calculated by the Institute of Labour and Social Studies (IPiSS)<sup>16</sup>. The basket of the social minimum includes goods and services not only for the satisfaction of existential needs (as in the case of the subsistence minimum), but also goods and services necessary for work, education, maintaining family ties and social contacts as well as modest participation in culture and recreation. Consumption expenditures at a level not less than the social minimum are assumed to allow one to lead a 'minimally dignified life' and to fulfil inclusive human needs<sup>17</sup>.

Although in 2022 the average material situation of households in Poland worsened in real terms compared to 2021 (e.g. due to inflation)<sup>18</sup>, with the criteria used, the extent of privation was about 41%, that is, 2 p.p. less than in 2021.

From 2010 to 2022, the values of the indicators of privation extent ranged between about 39 and about 45%. Between 2010 and 2013, there were increases (year-on-year) in privation rates (from ca. 41% to 45%) and from 2014 to 2017. - decreases in the value of this indicator (from over 43% to around 39%). In the following years (2018-2022), the value of the privation rate fluctuated between about 39% and about 42% (with a value of ca. 41% in 2022).

It can be said that the direction of changes in the extent of privation in Poland between 2010 and 2022, was similar to the direction of changes concerning the extent of extreme poverty (Chart 9).

In general, the same factors that increase the risk of poverty (including extreme poverty), increase the probability of falling into the group of people at risk of privation.

In 2022, the highest proportions of people living in the sphere of privation were recorded among households living on unearned sources (64.5%), households whose head had at least lower secondary education (around 60%), households with at least 3 children aged 0-17 (58.5%) and among farmers households (almost 57%).

A relatively high rate of privation was also found among people in households with at least 1 person with a disability (approximately 48%). In comparison, among households without a person with a disability, the privation rate was around 39% in 2021.

The extent of the privation was significantly higher in rural areas (more than 52%) than in urban areas (33%). Depending on the size of the city, it ranged from less than 23% in the largest cities (at least 500,000 inhabitants) to about 42% - in the smallest towns (less than 20,000 inhabitants).

In 2022, the privation rate was approximately 41%, less than 2 percentage points. lower than in the previous year. The population groups most at risk of privation were the same as for extreme poverty.

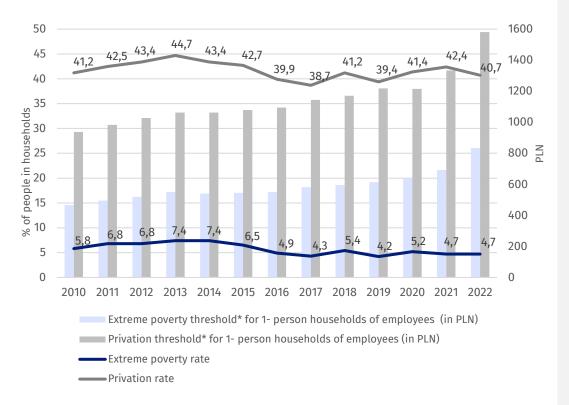
<sup>&</sup>lt;sup>15</sup> Detailed data and methodological explanations on privation can be found in the annex to this news release. When analysing the level and dynamics of privation rates, standard errors should be taken into account, as in the case of poverty data. The standard errors are presented in the annex to this release.

<sup>&</sup>lt;sup>16</sup> As in the case of the extreme poverty thresholds, the values of the privation thresholds varied considerably from quarter to quarter in 2022 due to inflation. For 1-person employee and self-employed households they were (average per month) in each quarter: PLN 1392 in Q1, PLN 1472 in Q2, PLN 1509 in Q3, PLN 1581 in Q4. For 1-person households of farmers, pensioners and persons living from other unearned sources, the average (per month) in certain quarters was PLN 1377 in Q1, PLN 1449 in Q2, PLN 1484 in Q3. PLN 1554 in Q4. Threshold values are rounded to full zlotys.

<sup>&</sup>lt;sup>7</sup> Information on the social minimum is available on the Institute of Labour and Social Studies website: <u>O minimum socjalnym i minimum egzystencji - Instytut Pracy i Spraw Socjalnych (ipiss.com.pl)</u> and <u>Wysokość minimum socjalnego - Instytut Pracy i Spraw Socjalnych (ipiss.com.pl)</u>

<sup>18</sup> See: News release 'Household Situation in 2022 in the Light of the Results of the Household Budget Survey'

Chart 9. Extreme poverty rate and privation rate in Poland in the years 2010–2022



 $<sup>{}^{\</sup>star}$  On average per month in the  ${\bf 4}^{\rm th}$  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".

Prepared by:

**Social Surveys Department** 

Director - Piotr Łysoń, Ph.D.

Tel: 22 449 40 27

**Press Office** 

Tel.: 22 608 38 04

e-mail: obslugaprasowa@stat.gov.pl

Issued by:

**Rzecznik Prasowy Prezesa GUS** 

Karolina Banaszek

Tel.: 695 255 011

stat.gov.pl

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# **Related information**

News release: 'Economic poverty rates in Poland in 2019 (based on the results of the Household Budget Survey)'

News release: 'Economic poverty rates in Poland in 2020 (based on the results of the Household Budget Survey)'

News release: 'Economic poverty rates in Poland in 2021 (based on the results of the Household Budget Survey)'

News release: 'Different faces of poverty in Poland in 2015 and 2018 based on the Social Cohesion Survey"

'Perceptions of poverty and income inequality in Poland. Results of the Social Cohesion Survey 2018'

News release: 'Household Situation in 2022 in the Light of the Results of the Household Budget Survey'

Publication: Incomes and living conditions of the population in Poland – report from EU-SILC of 2019

Publication: Incomes and living conditions of the population in Poland – report from EU-SILC of 2020

Publication: Incomes and living conditions of the population in Poland – report from EU-SILC of 2021

Publication: 'Poverty in Poland in 2015 and 2016'

Publication: 'Poverty in Poland in 2019 and 2020'

On minimum subsistence and subsistence - Institute of Labour and Social Studies (ipiss.com.pl)

The value of minimum existence

The value of the subsistence minimum

# 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