

Economic poverty rates in Poland in 2020

(based on the results of the Household Budget Survey)

30.06.2021

5,2%

Extreme poverty rate in Poland in 2020.

In 2020, the extreme poverty rate in Poland was around 5% compared to 4% in 2019. This occurred with a substantial decrease in the level of household expenditure. The deterioration of the material situation of some households and the increase in extreme poverty in Poland are associated with the introduction, since March 2020, of the freezing of part of the economy and restrictions in social contacts, in response to the appearance of the coronavirus in Poland and the outbreak of the COVID 19 pandemic. Higher level of extreme poverty than in 2019 affected most of the population groups

considered but the level of change varied. However, this did not change the image of social differentiation in the extreme poverty rate in Poland.

The value of the relative poverty rate fell to approximately 12% (by about 1 p.p.), and the legal poverty rate remained at the level of about 9%.

Economic poverty rates in 2020 r. Were there any significant changes comparing to the previous years?

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^a. The presented indicators are annual average data. 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 expenditure^b 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 development. In 2020, the extreme poverty rate was 5.2%, i.e. by 1 p.p. more than in 2019.
- Taking into account the so-called legal poverty line indicates a group of people who, in accordance with the binding provisions of law, are potentially entitled to apply for a cash benefit from social assistance. In 2020, the legal poverty rate was 9.1%. It was therefore almost at the same level as in 2019 (9.0%).
- The application of the relative poverty threshold at the level of 50% of monthly mean household expenditure in Poland^c makes it possible to distinguish those households and people whose consumption level significantly differs from the average level. According to these criteria, in 2020 the relative poverty rate was 11.8%, i.e. by over 1 p.p. less than in the previous year (13.0%).

The one-point increase in the percentage of extremely poor people in 2020 took place at a slightly higher level of poverty lines than in 2019. In the case of legal poverty, the level of thresholds in 2020 was the same as in 2019, while in 2020 a decrease in relative poverty took place at a lower level of poverty thresholds than in 2019.

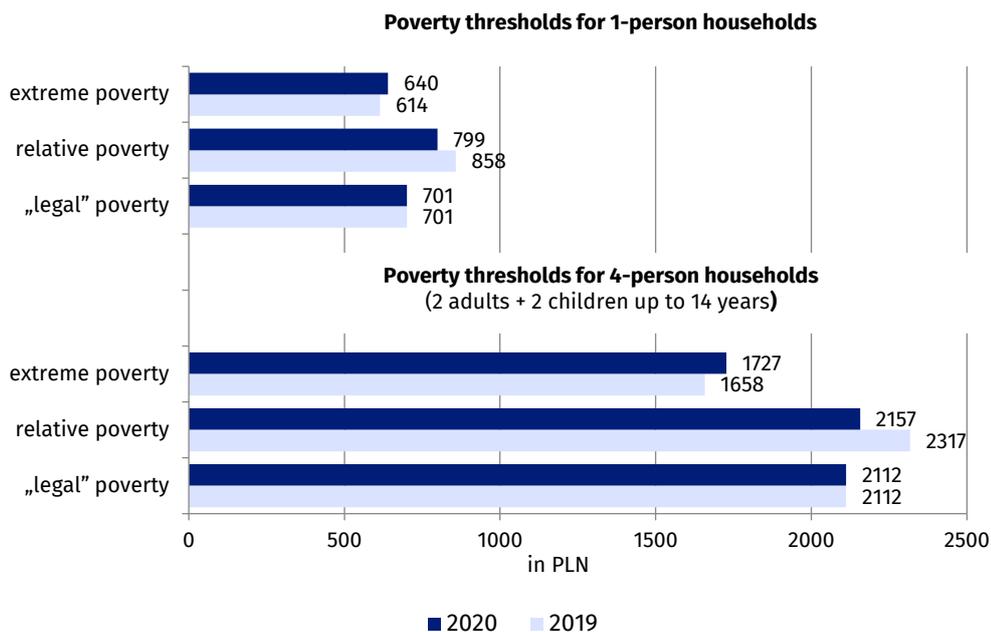
In 2020, there was an increase in extreme poverty rate (by 1 p.p.), a decrease in relative poverty rate (by over 1 p.p.), while the so-called legal poverty rate remained at a similar level compared to 2019.

^a In 2020, in connection with the pandemic and the introduction of various types of restrictions aimed at reducing the transmission of the coronavirus by limiting interpersonal contacts, there was a change in the current method of collecting information from respondents from face-to-face interview to telephone interview.

^b 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.

^c per equivalent unit, taking into account the so-called OECD original equivalence scale, according to which the weight 1 is assigned to the first person in the household aged 14 and over; weight 0.7 - for any other person at that age; weight 0.5 - to every child under 14.

Chart 1. Poverty thresholds^a for selected types of households in the years 2019-2020



In 2020, the level of the extreme poverty threshold increased, the level of the relative poverty line decreased, while the level of the legal poverty line did not change compared to 2019.

^a On average per month in the 4th quarter

The increase in the extreme poverty rate observed in 2020 took place in a situation of slightly greater than in 2019 differentiation of the income situation and a lower (both in nominal and real terms^d) level of household expenditure^e, which is also reflected in the macroeconomic indices of consumption in the household sector^f. Both in the case of an increase in extreme poverty and a decrease in consumption in the household sector, the worst situation was recorded in the 2nd quarter, which is related to the introduction since March 2020 of freezing a significant part of the economy and restrictions in social contacts in response to the emergence of coronavirus in Poland and outbreak of COVID-19 pandemic.

A comparison of the data on the extent of economic poverty in Poland covering the years 2008-2020 (Chart 2) shows that for all three types of poverty taken into account, the value of the poverty rates in 2020 was lower than in 2008. In case of the relative poverty it can be said about a systematic decline in the percentage of poor people, while changes in the rates of extreme poverty and especially the legal one were not so clearly targeted and were subject to fluctuations.

With the poverty thresholds (limits) adopted in a given year, the relative poverty rate decreased from less than 18% in 2008 to about 12% in 2020.

The legal poverty rate in 2008 was less than 11% however in the years 2009-2012 it diminished to the level of about 7-8%. For the next 4 years (2013-2016), the legal poverty rate remained at the level of 12-13%, and it decreased to the level of about 9% in 2019 and 2020.

The extent of extreme poverty in 2008 was less than 6% and remained at this level until 2010. For the next 5 years (2011-2015) the level of this phenomenon was around 7%. In 2016 the extreme poverty rate decreased and in 2016-2020 it remained at the level of about 4-5%.

The observed changes in the poverty rates depended on changes in the material situation of households measured by the level of their expenditure, as well as on the value of the poverty threshold. Let us recall that the value of the threshold of relative poverty depends

^d Real increase in expenditure - that is, taking into account changes in the level of prices of consumer goods and services

^e More information about this topic in the news release available on the Statistics Poland website: "The situation of households in 2020 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-2020-on-the-basis-of-results-of-the-household-budget-survey,12,20.html>

^f Macroeconomic indicators (annual or quarterly) available on the website of the Statistics Poland: <https://stat.gov.pl/en/poland-macroeconomic-indicators/>

on the level of average household expenditure (it accounts for 50% of average expenditure). Changes in the value of the lines of legal poverty result from administrative decisions. As a rule, their level changes every three years (but, for example, until October 2012, the thresholds established in 2006 were in force). In turn, 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 values of the poverty thresholds used in 2008-2020 are presented in Charts 3 and 4.

Chart 2. Poverty rates in the years 2008 – 2020 according to poverty thresholds adopted in a given year (in % of people in households)

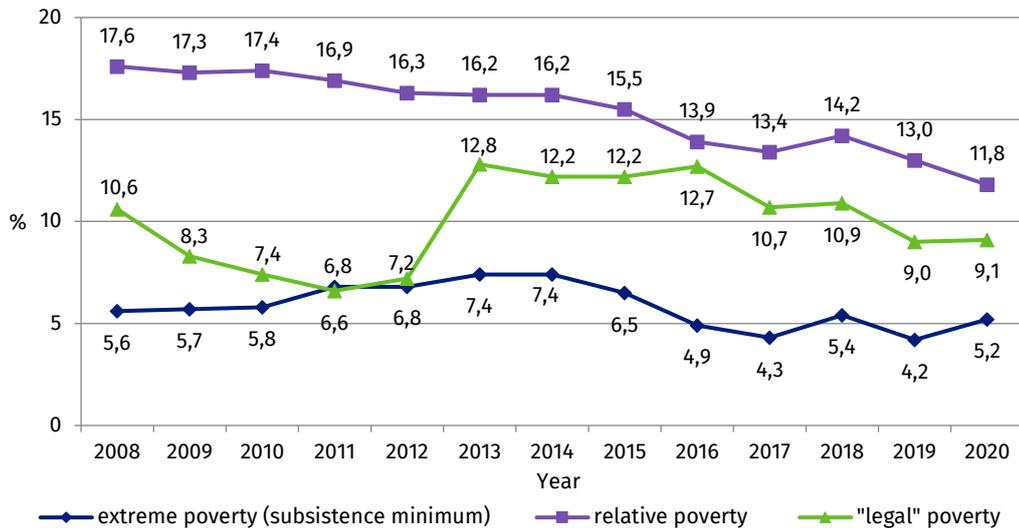
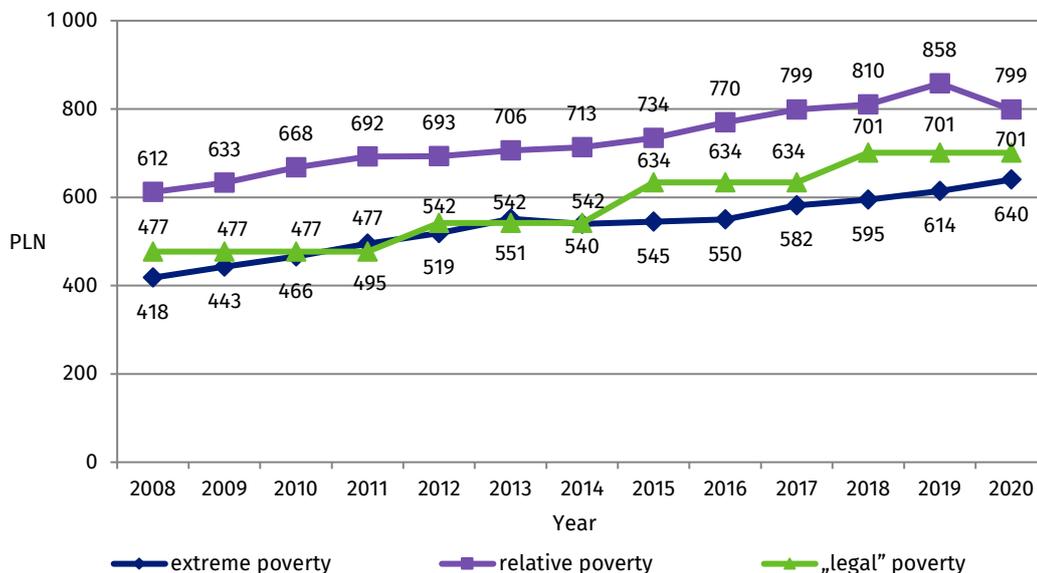
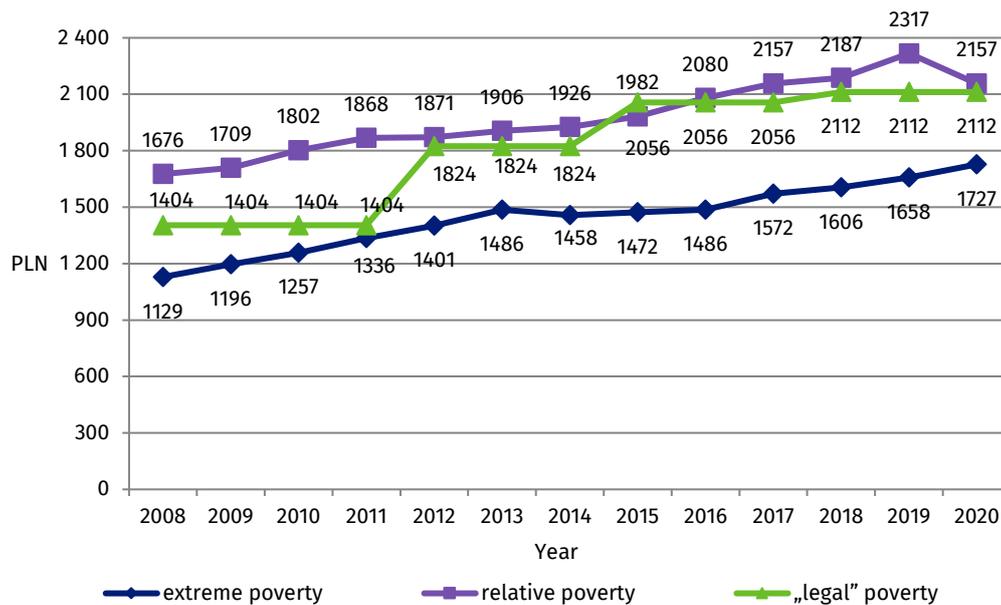


Chart 3. Poverty thresholds^a for 1-person households in the years 2008-2020



^a On average per month in the 4th quarter

Chart 4. Poverty thresholds^a for 4-person households (2 adults + 2 children up to 14 years) in the years 2008-2020



^a On average per month in the 4th quarter

Diversification the extreme poverty rate in 2020. Who experienced poverty most often and lest often?

Poverty affects individual groups of the population to a different extent, and when interpreting the data on the diversification of poverty rates due to different characteristics of households, it should be remembered that in practice we are taking into consideration not only one poverty determinant, but the coexistence of many factors at the same time. For example, the differentiation of poverty rates by socio-economic group depends, among others, on the economic activity of household members and their status on the labour market, which in turn depends, for example, on the age and level of education of the household members.

The poverty rate significantly differs depending on the socio-economic group defined by the predominant source of income of the household. In 2020, farmers' households and households living mainly on the so-called unearned sources (in both groups - almost 14% of people from these households). Among the latter, attention is paid to households living on social benefits other than pensions (about 15%). A higher than average level of extreme poverty was also observed in the households of pensioners (about 8%).

Extreme poverty mainly affected the households of people with a low level of education. The poverty rate among households whose head had at most lower secondary education was more than twice as high as the average and amounted to about 12%. The percentage of the poor was also higher than the average in the case of households of people with basic vocational education (about 8%). The group of households with a relatively high level of extreme poverty also included households with people with a certificate of disability. The extreme poverty rate in households with at least one person recognized as disabled was 7.5%.

Households with children under the age of 18 also had an extreme poverty rate higher than the average for Poland in 2020. It concerned mainly households with at least three children of this age (almost 9% of the poor), but also households with two children (6.5% of the poor).

The extreme poverty rate among children and young people under 18 years of age in 2020 was about 6%.

The inhabitants of rural areas were characterized by expenses lower than the extreme poverty line more often than city dwellers. The extreme poverty rate in rural areas was 9.5%.

Compared to 2019, there were no significant changes in the social map of the risk of extreme poverty in Poland.

People at the highest risk of poverty were members of households living on social benefits (apart from retirement pensions) and agriculture, as well as multi-children families and households with people with disabilities. The factor increasing the risk of extreme poverty was the lack or low level of education.

For comparison, in urban areas over 2% of inhabitants were affected by extreme poverty (depending on city size, the poverty rate ranged from about 1% to about 4%).

In 2020, the lowest extreme poverty rates in terms of the main source of income were recorded among self-employed households (about 3%). Extreme poverty was least often experienced by people in households where the head of the household had higher education (about 2%). A low level of extreme poverty (over 1% of the poor) was characteristic for single-person households, married couples^g without children or with one dependent child.^h The low poverty rate (about 1-2%) was also recorded (as mentioned above) among urban residents, with the exception of towns with less than 20,000 inhabitants.

Changes in the extreme poverty rate in 2020. How did the poverty rates among different population groups changed?

If we take into account the absolute changes in poverty rates between 2020 and 2019, expressed in p.p., it turns out that the highest increase in the extreme poverty rate was recorded in the case of farmers' households (by less than 4 p.p.) and households living on unearned sources (almost 3 p.p.). Smaller increase in poverty rate, by about 2 p.p., referred to households of pensioners as well as households with at least three children under the age of 18. An increase in extreme poverty rate by about 2 p.p. was also observed among inhabitants of rural areas and the smallest towns (below 20 thousand inhabitants).

In the case of the remaining population groups taken into account in the analysis, the values of the poverty rates in 2020 were at a similar level as in 2019, or the observed changes did not exceed 1.5 p.p.

The data discussed above (and visible in Charts 5-11) concerning changes in the values of extreme poverty rates do not fully reflect the pace, dynamics of change of this phenomenon in particular population groups. Such an assessment is possible through the use of the dynamics indicatorsⁱ. Based on them, it can be said that the greatest dynamics of change (relative increase) in the extent of extreme poverty in 2020, compared to the previous year, was recorded in the case of households in which the head had a tertiary or secondary education, among residents of the largest cities (500 thousand and more inhabitants) and smallest towns (with a population below 20 thousand) as well as among single-parent families. Both in 2019 and 2020, these were groups characterized by markedly lower than the national average values of extreme poverty rates.

The increase in the extent of extreme poverty observed in 2020, the year of the COVID-19 pandemic, based on household expenditure, affected most of the population groups under consideration, with the level of change varying.

^g Cohabiting couple are included in marriages.

^h A dependent child is a person aged 0-14 or a person aged 15-25 with no own source of income and not married (or not living in cohabiting couple)

ⁱ In this particular case, it is the ratio of the extreme poverty rate in 2020 to the poverty rate in 2019.

Chart 5. Extreme poverty rate in 2019 and 2020 by socio-economic groups

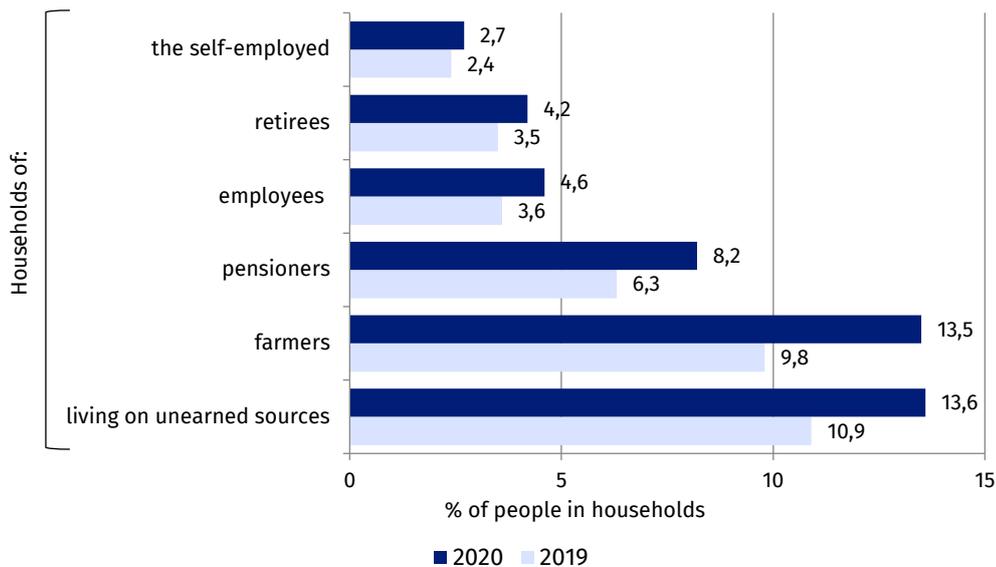
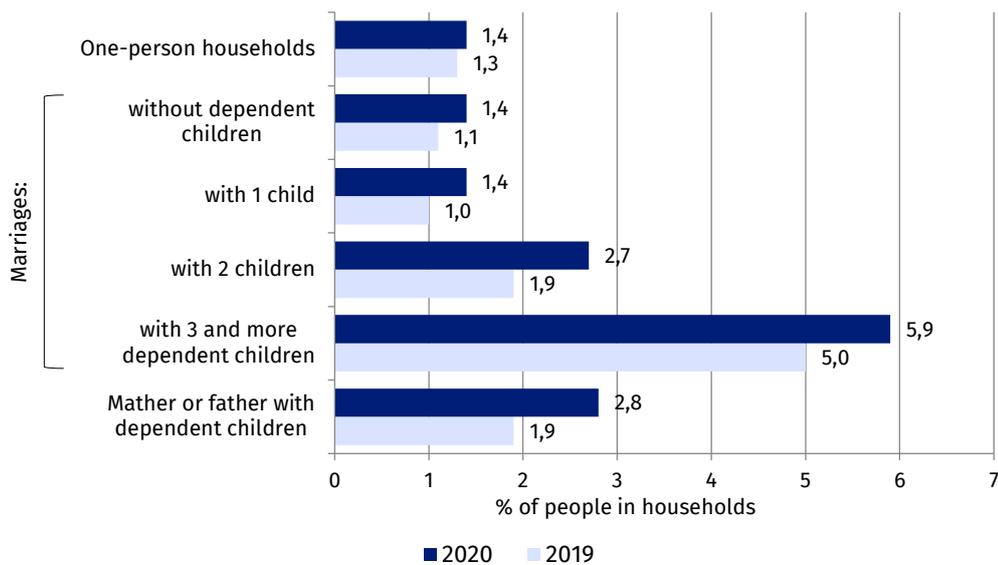


Chart 6. Extreme poverty rate in 2019 and 2020 by household types^a



^aA dependent child is a person aged 0-14 or a person aged 15-25 with no own source of income and not married (or not living in cohabiting couple). Cohabiting couple are included in marriages.

Chart 7. Extreme poverty rate in 2019 and 2020 in households with children aged 0-17^j

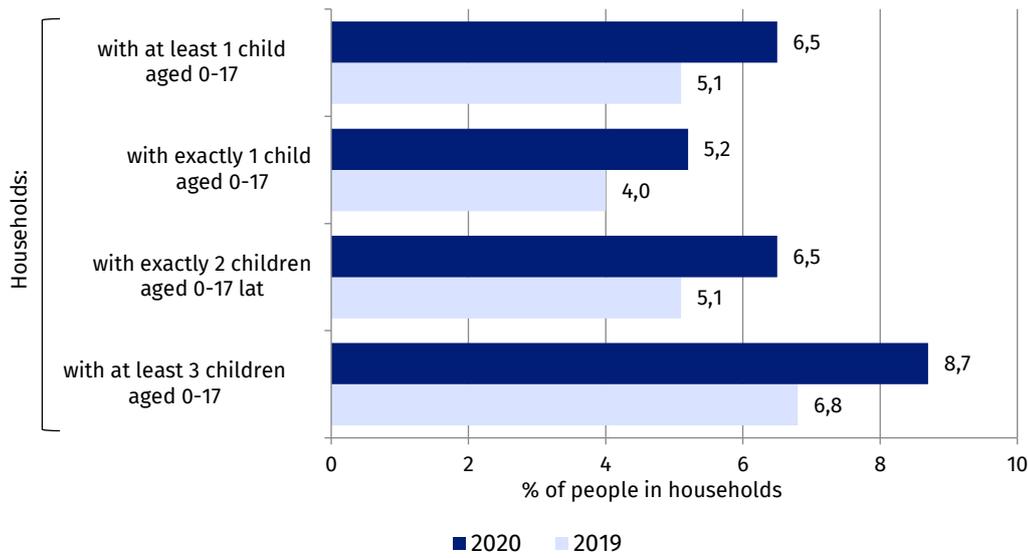
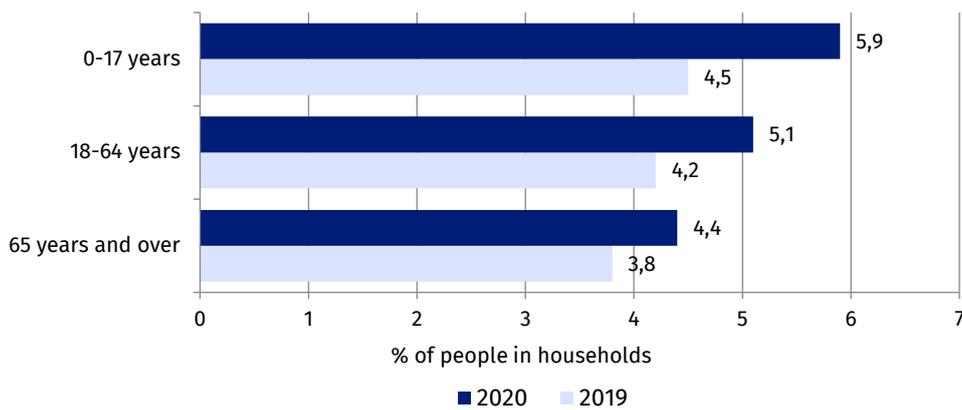


Chart 8. Extreme poverty rate in 2019 and 2020 by age



^j The data in Chart 7 refer to households with children aged 0-17, regardless of whether they are supported by parents (or other household members) or have their own source of income, such as a survivor's pension or alimony. Apart from parents and children aged 0-17, these households may also include other persons, such as older siblings, grandparents or brothers or sisters of one of the parents. Meanwhile, the data in Figure 6 refer only to selected types of households, such as married couples or single parents with dependent children (these households cannot include other people). Dependent children include, for example, unemployed students as well as young people who have already completed their education but have not yet started work, if they do not have their own source of income.

Chart 9. Extreme poverty rate in 2019 and 2020 by the presence of people with legally confirmed disabilities in a household

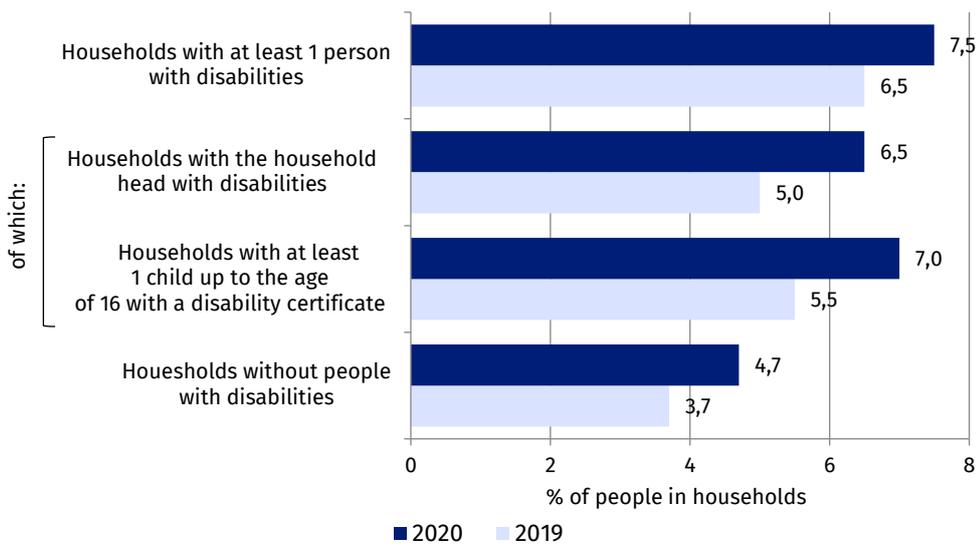


Chart 10. Extreme poverty rate in 2019 and 2020 by education level of the head of the household

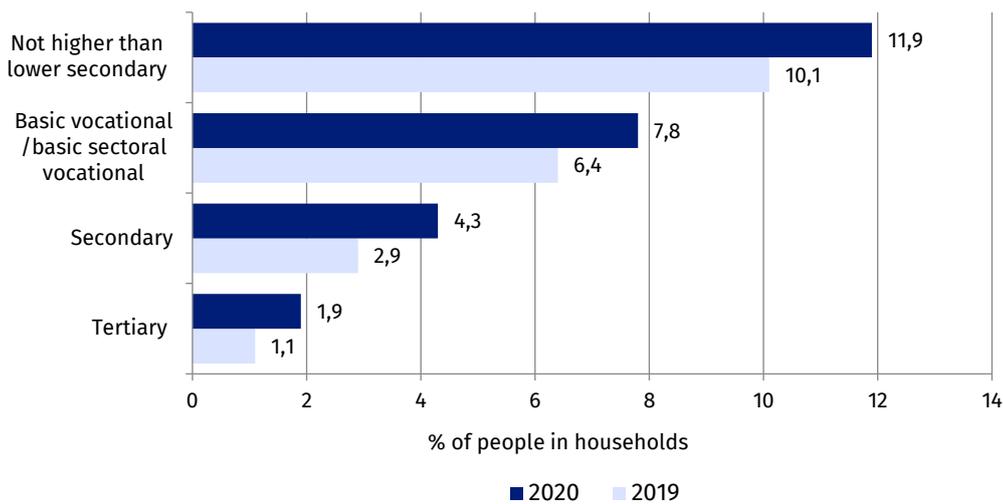
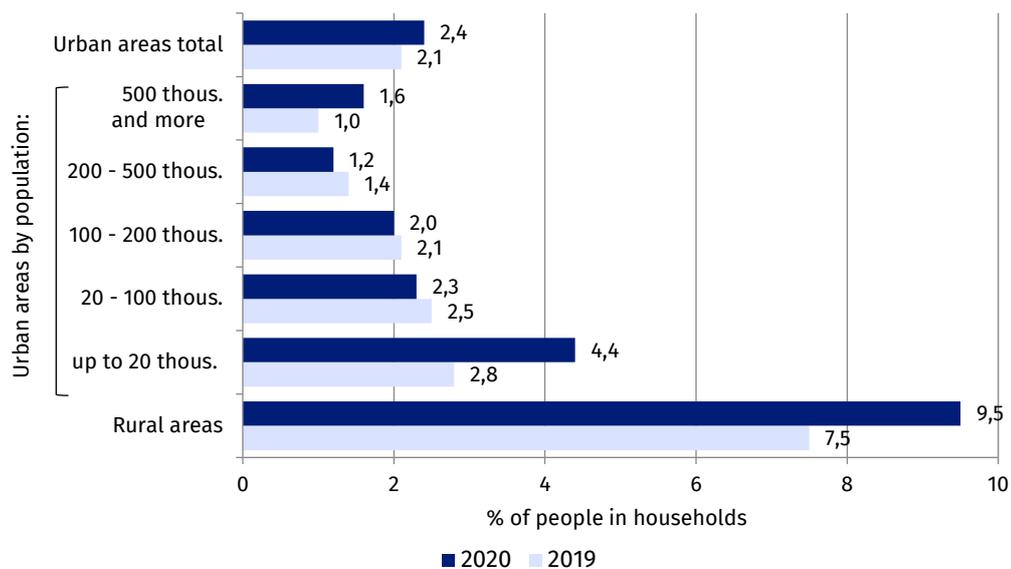


Chart 11. Extreme poverty rate in 2019 and 2020 by place of residence



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](#)

Data available in databases

[Local Data Bank](#)

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

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Terms used in official statistics

[Extreme poverty rate](#)

[Relative poverty rate](#)

["Legal" poverty rate](#)