



## Blog - Latest News

# 5 FACTS ABOUT POVERTY IN THE CZECH REPUBLIC



In the European Union, the Czech Republic ranks second in terms of the risk of its population falling below the poverty line. A record low of [3.4% of the Czech Republic's population](https://english.radio.cz/czech-income-poverty-rates-second-lowest-eu-eurostat-data-shows-8108890#:~:text=The%20latest%20Eurostat%20data%20show,at%20around%2010%20of%20the%20European%20Union%20s%20population%20that%20poverty%20threatens.) [\[https://english.radio.cz/czech-income-poverty-rates-second-lowest-eu-eurostat-data-shows-8108890#:~:text=The%20latest%20Eurostat%20data%20show,at%20around%2010%20of%20the%20European%20Union%20s%20population%20that%20poverty%20threatens.\]](https://english.radio.cz/czech-income-poverty-rates-second-lowest-eu-eurostat-data-shows-8108890#:~:text=The%20latest%20Eurostat%20data%20show,at%20around%2010%20of%20the%20European%20Union%20s%20population%20that%20poverty%20threatens.) is at risk of poverty according to Eurostat data. This is in comparison to the average of 10% of the European Union's population that poverty threatens. With that in mind, here are five facts about poverty in the Czech Republic.

## 5 Facts About Poverty in the Czech Republic

1. **The Czech economy has been on an upward trend, which has helped young people.** The improvement of the Czech economy has helped reduce the poverty rate in the country. The GDP growth rate and unemployment levels are among the best in Europe. The unemployment rate for the country was 2.9% in

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2017, which ranks among the top tier in the world. The GDP growth rate of 4.4% [<https://www.cia.gov/library/publications/the-world-factbook/geos/cz.html>], in the Czech Republic is among Europe's best and the GDP rose to \$245.2 billion in 2018 in comparison to \$186.8 billion in 2015. This has benefited young employed Czechs between the ages of 18 and 24, of whom only 1.5% [<https://kafkadesk.org/2019/01/28/young-czechs-least-at-risk-of-poverty-in-europe/>], were at risk of poverty in 2017. With a high labor shortage, this in turn has increased the wages young Czechs can attain.

2. **Women are at a higher risk of poverty.** The Czech Republic has one of the highest wage gaps between men and women. On average, a Czech woman's salary is 22% lower than her male counterparts. Women on a pension and single mothers are the two groups that poverty in the Czech Republic most affects. Mothers who come back from maternity leave often see a reduction in pay after returning to work, up until age 50. Women, who on average live six years longer than their spouses, often see a rise in their expenses after the death of their spouses.
3. **Education plays an important role.** Education plays a large role in determining poverty status in the Czech Republic, especially among youth. Children whose parents are relatively low-skilled and low-educated are one of the highest at-risk groups [<https://rmx.news/article/article/risk-of-poverty-in-czechia-at-record-low>], for poverty in the E.U. However, children of the well-educated in the Czech Republic are among the lowest risk for poverty in the E.U. Because of the risk of poverty from their parents, some children struggle with living in adequate housing while trying to maintain their education. For those children who struggle to finish their education, SOS Children's Villages [<https://www.soschildrensvillages.org.uk/czech-republic>], will assist them with job training and living facilities.
4. **Measures that the new government introduced have helped.** The new administration, which took power in 2014, has undertaken reforms to increase social welfare and attract financial investment. These reforms have improved the living conditions in the country which have played a role in reducing poverty. The Czech Republic also introduced an online tax reporting system that should increase revenues and decrease tax evasion. The economic reforms have resulted in a budget surplus (1.6% of GDP in 2017) and a decrease in unemployment from 6.1% in 2014 to 2.9% in 2017, as well as increased GDP per capita by over \$2,000 from 2015 to 2017.

**5. Housing costs are expensive.** For two straight years in 2017 and 2018, the Czech Republic had the least affordable housing in Europe [<https://news.expat.cz/praguejobs/czech-housing-is-the-least-affordable-in-europe-says-new-study/>]. according to a study by Deloitte Property Index. The average Czech worker will have to work 11.8 years in order to have enough money to be able to afford a home. This was the highest figure in the study and 59% higher than the average. Factors relating to the housing market include lack of new apartments on the market, regulatory measures by the Czech National Bank and public sentiment. However, some cities like Ostrava do have affordable housing and housing is becoming more affordable in other cities as well.

These five facts about poverty in the Czech Republic highlight a few key points. New government measures have helped in the fight against poverty as well as the growth of the Czech economy. Young people have been doing extremely well in the country which has helped bring the overall poverty rate down. However, the nation can still do more work in the fight against poverty, especially in terms of helping female workers in the country and making housing more affordable. Overall, one can be optimistic about how the Czech Republic is taking further steps to reduce poverty in the country.

– *Zachary Laird*

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