

CO2.2: Child poverty

Definitions and methodology

This indicator presents data on child income poverty through three main measures:

- i) The *child relative income poverty rate*, defined as the percentage of children (0-17 year-olds) with an equivalised household disposable income (i.e. an income after taxes and transfers adjusted for household size) below the poverty threshold. The poverty threshold is set here at 50% of the median disposable income in each country.
- ii) *Poverty rates in households with children, by type of household*, that is, the proportion of individuals in households with a working age (18-64 year-old) head and at least one child (0-17 year-olds) with an equivalised household disposable income below the poverty threshold, again set at 50% of the median disposable income in each country. The household types used here are ‘single adult with at least one child’ and ‘two or more adults with at least one child’.
- iii) *Poverty rates in households with children, by household employment status*, that is, the proportion of individuals in households with a working age (18-64 year-old) head and at least one child (0-17 year-olds) with an equivalised household disposable income below the poverty threshold, again set at 50% of the median disposable income in each country. The household employment statuses used are ‘jobless’ (that is, no working age adult in the household is in paid employment) and ‘working’ (where at least one working age adult in the household is in paid employment).

In all cases income is based on equivalised household disposable income. Income includes both market earnings and income from capital, and is presented net of all direct taxes and social security contributions paid by, and government transfers received by, the household. Equivalised household incomes are used because all members of a given household are assumed to pool and share earned income. The square root scale is used to equalise household income.

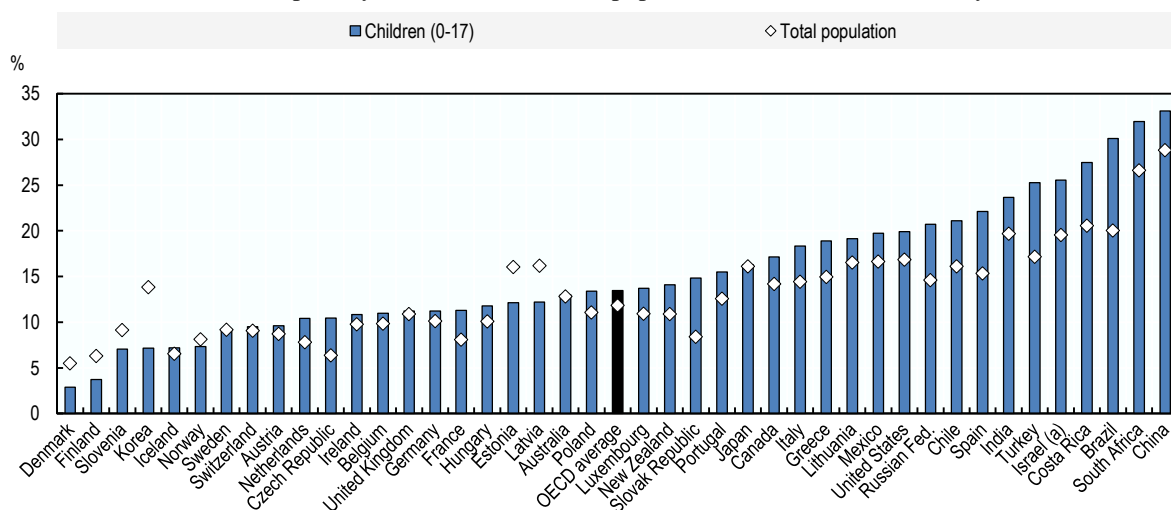
Key findings

On average across OECD countries, 13.4% of children live in relative income poverty (Chart CO2.2.A), albeit with rates differing considerably from country to country. In four OECD countries (Chile, Israel, Spain, and Turkey) more than 20% of children live in relative poverty, with rates particularly high – at more than 25% – in Israel and Turkey. In contrast, in nine other OECD countries (Austria, Denmark, Finland, Iceland, Korea, Norway, Slovenia, Sweden, and Switzerland) less than 10% of children live in relative income poverty. In Denmark and Finland, the child relative income poverty rate is only around 3-4%.

In many OECD countries children are slightly more likely to live in income poverty than the general population (Chart CO2.2.A). Relative poverty rates for children are higher than poverty rates for the total population in 28 of the 36 OECD member countries, with the gap between the average rates for the two groups just under two percentage points. However, in eight OECD countries (Denmark, Estonia, Finland, Korea, Latvia, Norway, Slovenia, and to a lesser extent Sweden) children are less likely to live in relative income poverty than the general population. In Korea, the child relative income poverty rate is almost seven percentage points lower than the relative income poverty rate for the whole population.

Other relevant indicators: CO2.1: Trends in income inequality and the income position by household type; SF1.2: Children in sole-parent families and LMF1.1: Children in families by employment status.

Chart CO2.2.A. **Child relative income poverty rate, 2015 or latest available year**
 Relative income poverty rate (%), for the total population and for children (0-17 year-olds)



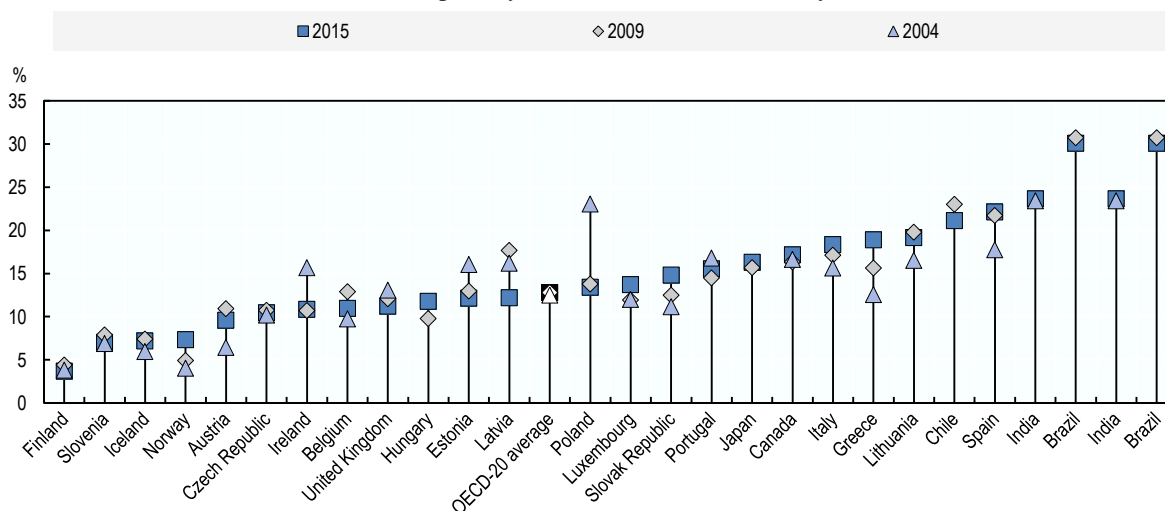
Note: Data are based on equivalised household disposable income, i.e. income after taxes and transfers adjusted for household size. The poverty threshold is set at 50% of median disposable income in each country. Data for China, India and the Russian Federation refer to 2011, for Japan to 2012, for Brazil to 2013, and for Australia, Hungary, Iceland, Mexico and New Zealand to 2014.

a) The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Sources: [OECD Income Distribution Database](#)

Despite considerable efforts and the introduction across OECD countries of policies aimed at reducing child poverty, child relative poverty rates are increasing in several OECD countries. Chart CO2.2.B shows child relative income poverty rates in 2004, 2009 and 2015 (or latest available). Between 2004 and 2015, child poverty rates increased in 13 of the 20 OECD countries with available data, and in some the increase was large. In Spain and the Slovak Republic, for instance, the child relative poverty rate grew by about four percentage points between 2004 and 2015, while in Greece it rose by over six percentage points. In the remaining seven OECD countries with available data, child relative income poverty rates fell between 2004 and 2015. The largest declines were in Ireland, where it declined by about 5 percentage points, and in Poland, where it fell by just under 10 percentage points.

Chart CO2.2.B. **Child relative income poverty rates, 2004, 2009, and 2015 or latest available year**
 Relative income poverty rate (%) for children (0-17 year-olds)

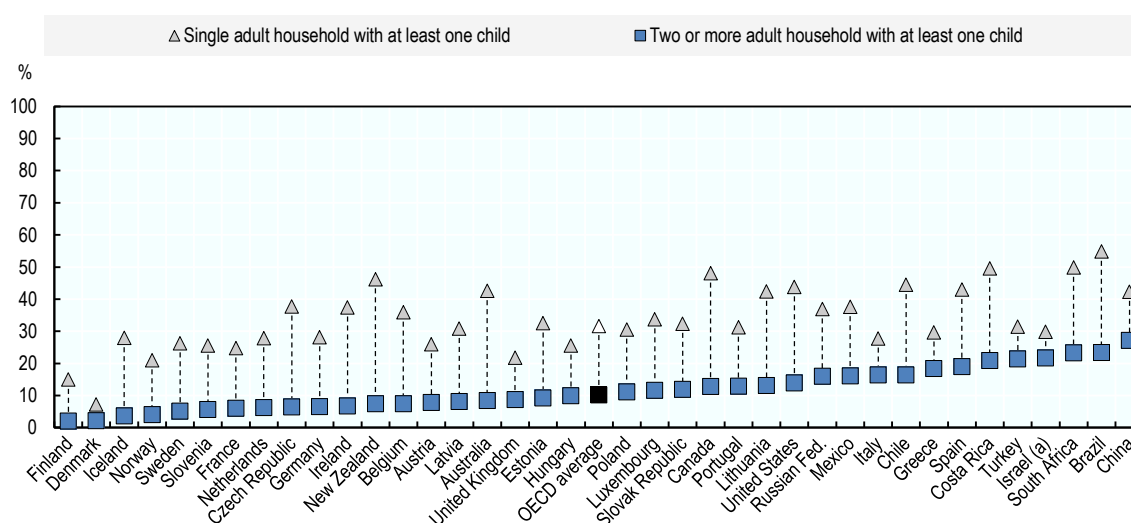


Note: Data are based on equivalised household disposable income, i.e. income after taxes and transfers adjusted for household size. The poverty threshold is set at 50% of median disposable income in each country. Instead of 2015, data for India refer to 2011, for Japan to 2012, for Brazil to 2013, and for Hungary, Iceland, and Mexico to 2014. The OECD-20 average is the unweighted average for the 20 OECD countries with data available at all three time points.

Sources: [OECD Income Distribution Database](#)

The likelihood of growing up in poverty varies across different types of household and with the employment status of the household. For example, the OECD average poverty rate in households with children and only a single adult is, at 31.6%, over 20 percentage points (or three times) higher than the poverty rate in households with children and two or more adults (10.2%) (Chart CO2.2.C). The gap is largest in many of the English-speaking OECD countries – in Australia, Canada, Ireland and New Zealand, for instance, poverty rates in households with children and only a single adult are more than 30 percentage points higher than those in households with two or more adults and children – and smallest in Denmark, where it is only five percentage points.

Chart CO2.2.C. **Poverty rates in households with children by household type, 2015 or latest available year**
 Relative income poverty rates (%), individuals in working-age households with at least one child, by type of household



Notes: Data are based on equivalised household disposable income, i.e. income after taxes and transfers adjusted for household size. The poverty threshold is set at 50% of median disposable income in each country. Working-age adults are defined as 18-64 year-olds. Children are defined as 0-17 year-olds. Data for China and the Russian Federation refer to 2011, for Brazil to 2013, and for Australia, Hungary, Iceland, Mexico and New Zealand to 2014.

a) See note a) to Chart CO2.2.A

Source: [OECD Income Distribution Database](#)

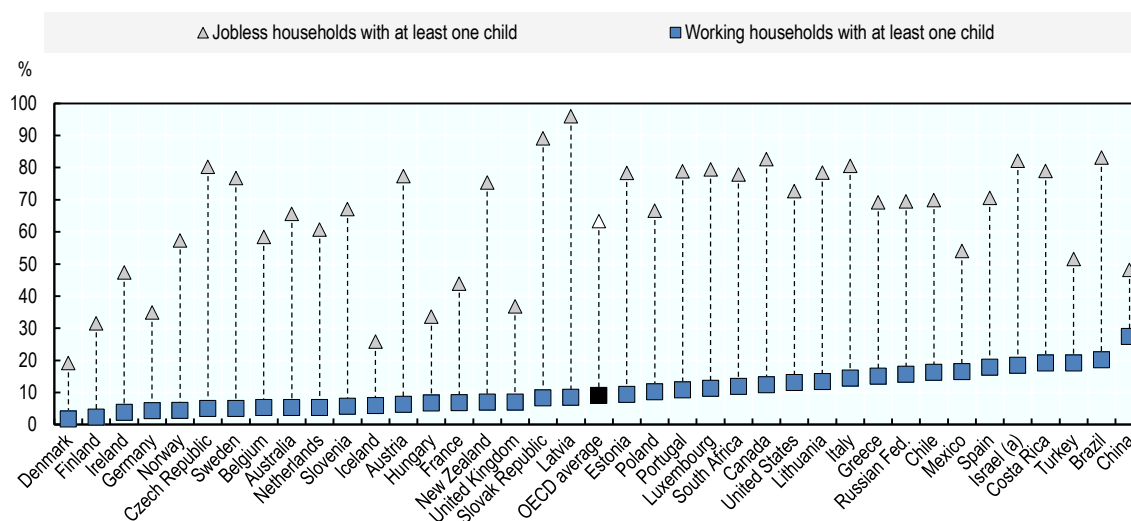
Similarly, poverty rates tend to be much higher in jobless households than in households where at least one adult works (Chart CO2.2.D). On average across the OECD, 63.4% of individuals living in jobless households with children also live in relative income poverty, compared to only 9.2% of individuals in working households with children. The Czech Republic (75 percentage points), the Slovak Republic (81 percentage points) and Latvia (87 percentage points) have the largest gaps in the OECD, while Denmark and Iceland have the smallest, at 20 percentage points or less.

Comparability and data issues

Data in all cases come from the OECD Income Distribution Database (IDD), which itself is based on information from various national and cross-national household surveys. Detailed information on the sources and methods used in the OECD IDD is available on the [IDD website](#).

Chart CO2.2.D. **Poverty rates in households with children by household employment status, 2015 or latest available year**

Relative income poverty rates (%), individuals in working-age households with at least one child, by household employment status



Notes: Data are based on equivalised household disposable income, i.e. income after taxes and transfers adjusted for household size. The poverty threshold is set at 50% of median disposable income in each country. Working-age adults are defined as 18-64 year-olds. Children are defined as 0-17 year-olds. Jobless households are those where no adults are in paid work. Working households are those where at least one adult is in paid employment. Data for China and the Russian Federation refer to 2011, for Brazil to 2013, and for Australia, Hungary, Iceland, Mexico and New Zealand to 2014.

a) See note a) to Chart CO2.2.A

Source: [OECD Income Distribution Database](#)

Sources and further reading:

OECD (2018), *A Broken Social Elevator? How to Promote Social Mobility*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264301085-en>

OECD (2018), OECD Income Distribution Database, <http://www.oecd.org/social/income-distribution-database.htm>

OECD (2011), *Doing Better for Families*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264098732-en>.

OECD (2009), *Doing Better for Children*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264059344-en>.

Whiteford, P. and W. Adema (2007), "What Works Best in Reducing Child Poverty: A Benefit or Work Strategy?", *OECD Social, Employment and Migration Working Papers, No. 51*, OECD Publishing, Paris, <https://doi.org/10.1787/233310267230>.