

CO2.2: Child poverty

Definitions and methodology

This indicator captures the likelihood of a child living in poverty through two main measures:

- i) The *child income poverty rate*, defined as the proportion of children (0-to-17 year olds) with an equivalised post-tax-and-transfer income of less than 50% of the national annual median equivalised post-tax-and-transfer income.
- ii) *Poverty rates in households with children and a working-age head by type of household and household employment status*, that is, the proportion of the population in households with a working age (15-to-64 year olds) head and at least one child (0-to-17 year olds) with an equivalised post-tax-and-transfer income of less than 50% of the national annual median equivalised post-tax-and-transfer income, by the type of household and household employment status. The household types used here are ‘single adult with at least one child’ and ‘two or more adults with at least one child’, while the household employment statuses used are ‘jobless’ (that is, no working age adult in the household is in paid employment), ‘one worker’ (where only one working age adult in the household is in paid employment) and ‘two or more workers’ (where two or more working age adults in the household are in paid employment).

In all cases income is based on equivalised household 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 particular equivalisation method used the square root scale. In all cases the poverty threshold – 50% of the national annual median equivalised post-tax-and-transfer income – is defined by the national median equivalised post-tax-and-transfer income in the given year, so poverty rates are fully relative.

Key findings

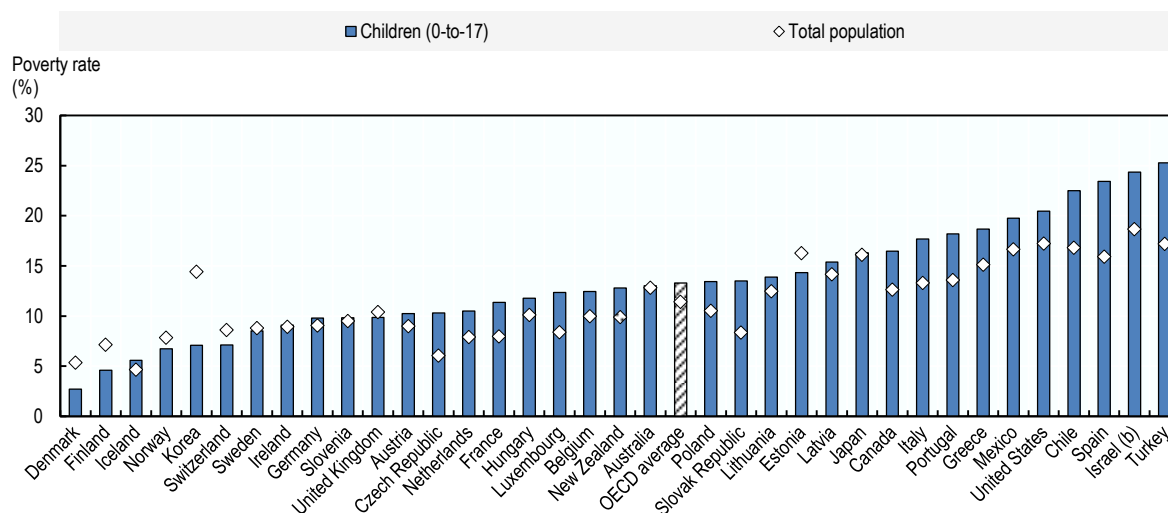
On average across OECD countries around 13% of children are living in income poverty (Chart CO2.2.A), although rates do differ considerably from country to country. In five OECD countries (Chile, Israel, Spain, Turkey and the United States) more than 20% of children live in poverty, with rates particularly high – at around 1-in-4 children – in Israel and Turkey. In contrast, in eleven other OECD countries (Denmark, Finland, Germany, Iceland, Ireland, Korea, Norway, Slovenia, Sweden, Switzerland and the United Kingdom) less than 10% of children live in income poverty. In Finland and Iceland the child income poverty rate is only around 5-6%, while in Denmark it is less than 3%.

In most OECD countries children are slightly more likely to live in income poverty than the general population (Chart CO2.2.A). Income poverty rates for children are higher than income poverty rates for the total population in 27 of the 35 OECD member countries, with the average difference across OECD countries 1.9 percentage points. But in eight OECD countries (Denmark, Estonia, Finland, Korea, Norway, Sweden, Switzerland, and the United Kingdom) children are less likely to live in income poverty than the general population. In Denmark and Finland child income poverty rates are more than two percentage points lower than the general income poverty rate, while in Korea the difference is as much as seven percentage points.

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 income poverty rates, 2013 or nearest available year^a**

Share (%) of the total population and of children (0-to-17) with an equivalised post-tax-and-transfer income of less than 50% of the national annual median equivalised post-tax and transfer income



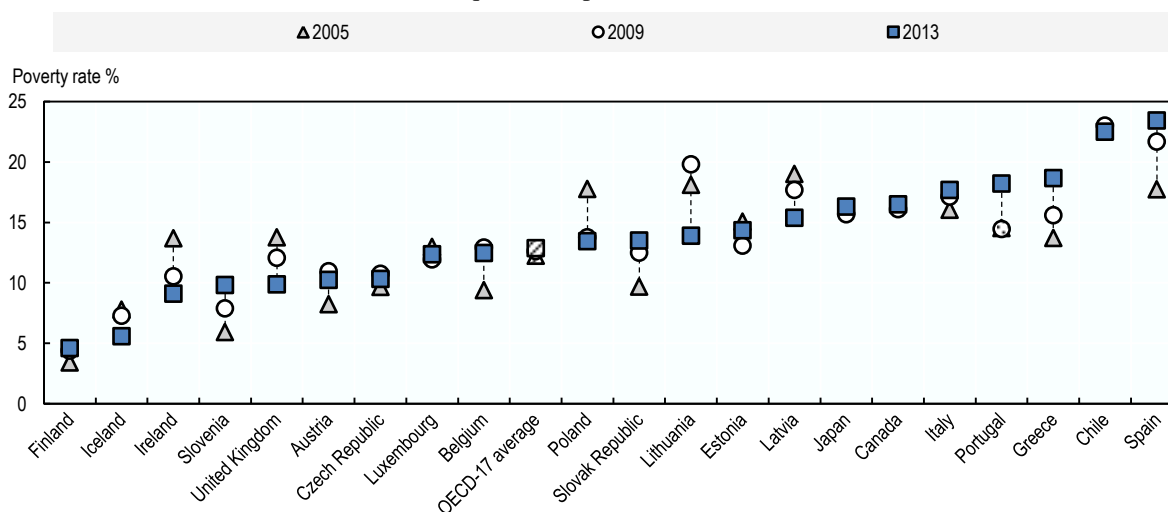
a) Data for Japan and New Zealand refer to 2012, and for Australia, Hungary, Korea, and Mexico to 2014

b) 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](#)

Chart CO2.2.B. **Child income poverty rates, 2004^a, 2008^b and 2013 or nearest available year^c**

Share (%) of children (0-to-17) with an equivalised post-tax-and-transfer income of less than 50% of the national annual median equivalised post-tax-and-transfer income



a) Data for Japan refer to 2012

b) The OECD-17 average is the unweighted mean average of those 15 countries for which data are available at all three time points

Sources: [OECD Income Distribution Database](#)

Despite considerable efforts and the introduction across the OECD of policies aimed reducing child poverty, child poverty rates are increasing in many OECD countries. Chart CO2.2.B, for example, shows child income poverty rates in 2005, 2009 and 2013 (or nearest available). Child poverty rates increased between 2005 and 2013 in 10 of the 17 OECD countries with available data, with the increase in some fairly large. In Spain, for example, the child poverty rate in 2013 was 5.7 percentage points higher than it was in 2005. Child poverty rates did fall in the remaining 7 OECD countries with available data, but in most the decrease was only fairly small. The largest declines were in Ireland and Poland, where in both cases the child poverty rate fell by around 4.5 percentage points between 2005 and 2013.

The likelihood of being poor varies with the type of household, and particularly with the employment status of any adults in the household (Chart CO2.2.C). In households with children and only a single adult, for example, the OECD average poverty rate is almost three times higher – at 64.9% – when the household is jobless than it is when the single adult is in paid employment (22.6%) (Chart CO2.2.C Panel A). The gap does vary across countries – in the Slovak Republic, for instance, poverty rates in households with children and a jobless single adult are 76 percentage points higher than those in households with children and a single working adult, while in Japan poverty rates in households with children and a single jobless adult are actually slightly lower than in those with a single working adult. Still, in almost all OECD member countries with available data, individuals that live in households with children and only a single adult are far more likely to be poor when the adult does not work than when they do.

The same is also true in households with children and two or more adults, particularly when comparing poverty rates in jobless two-or-more-adult households with children with rates from two-or-more-adult households with children that have two adult workers (Chart CO2.2.C Panel B). On average across the OECD, poverty rates in jobless two-or-more-adult households with children are again about three times as high as those in one-earner two-or-more-adult households with children, but more strikingly are also almost fifteen times as high as those in two-earner two-or-more-adult households with children. Again, the gap in the likelihood of living in poverty between jobless and working households varies across countries – in Denmark, for instance, poverty rates in jobless two-or-more-adult households with children are only around 17 percentage points higher than those in two-earner two-or-more-adult households with children, while in Italy, the Slovak Republic and Slovenia the gap is over 80 percentage points. In most OECD countries though at least half of all jobless two-or-more-adult households with children are poor, while in all but two (Mexico and Turkey) the rate for those in two-earner two-or-more-adult households with children is less than 10%.

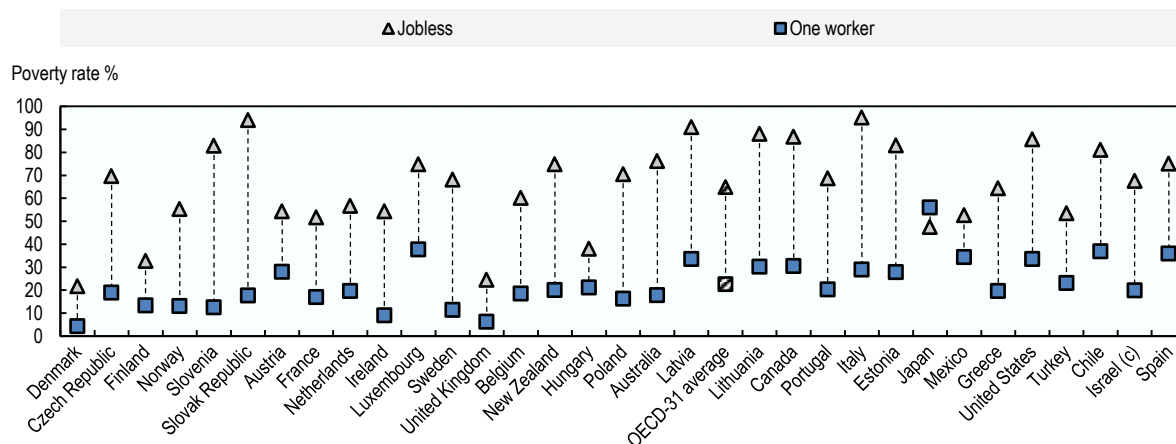
Comparability and data issues

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](#).

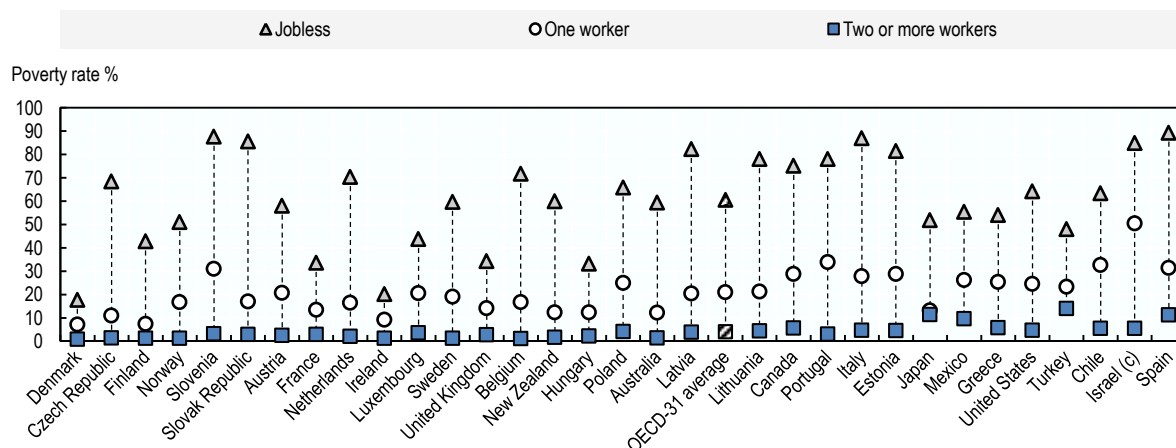
Chart CO2.2.C. **Poverty rates in households with children and a working age-head, by household type and household employment status, 2013 or nearest available year^a**

Proportion (%) of individuals in households with children^b and a working-age head with an equivalised post-tax-and-transfer income of less than 50% of the national annual median equivalised post-tax-and-transfer income

Panel A. Poverty rate in households with a single adult and at least one child



Panel B. Poverty rates in households with two or more adults and at least one child



Countries are ranked in ascending order according to the poverty rate in all households with a working age head.

a) Data for Japan and New Zealand refer to 2012, and for Australia, and Hungary and Mexico to 2014

b) Children are defined here as those 0-to-17 years of age

c) see note b) in chart CO2.2.A

Source: [OECD Income Distribution Database](http://www.oecd.org/els/income/)

Sources and further reading: OECD Income Distribution Database; OECD (2015), "In it together: why less inequality benefits all", OECD, Paris (www.oecd.org/els/social/inequality/); Whiteford P. and W. Adema (2007), "What Works Best in Reducing Child Poverty: A Benefit or Work Strategy?", OECD Social, Employment and Migration Working Paper, No. 52, OECD, Paris (www.oecd.org/els/workingpapers/); and, OECD (2009), Doing Better for Children, OECD, Paris (www.oecd.org/els/social/childwellbeing/); Doing Better for Families, OECD, Paris (www.oecd.org/social/family/doingbetter/); EU-SILC (2013).