

CO2.2: Child poverty

Definitions and methodology

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

- i) The *child income poverty rate*, defined as the proportion of children (0-17 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 (15-64 year-old) head and at least one child (0-17 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 is 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 the poverty rates are fully relative.

Key findings

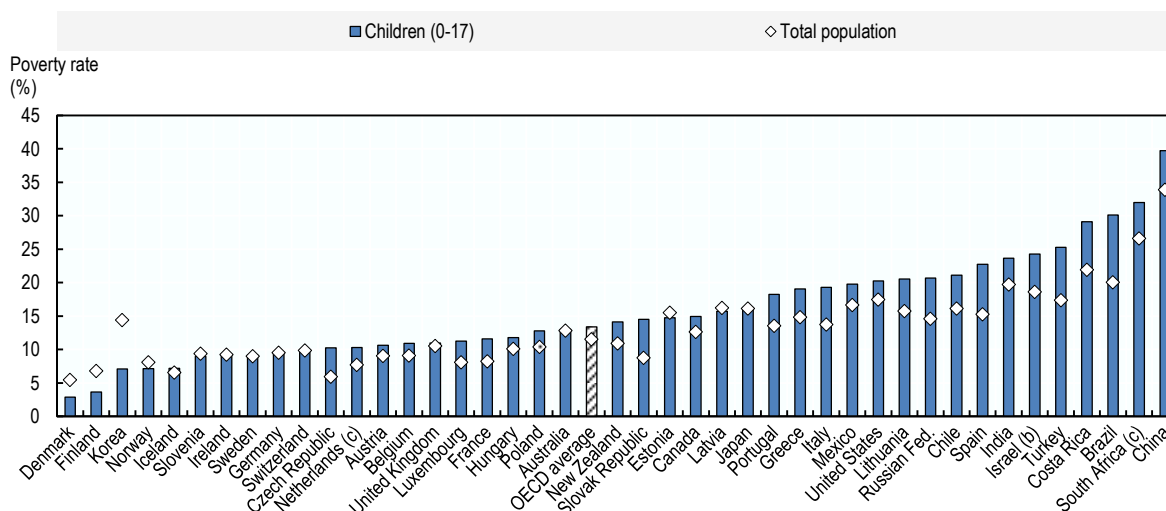
On average across OECD countries 13.5% of children live in income poverty (Chart CO2.2.A), but rates do differ considerably from country to country. In five OECD countries (Chile, Israel, Spain, Turkey and the United States) more than 20% of children live in poverty, with rates particularly high – at around 25% – in Israel and Turkey. In contrast, in nine other OECD countries (Denmark, Finland, Germany, Iceland, Ireland, Norway, Slovenia, Sweden, and Switzerland) less than 10% of children live in income poverty. In Denmark and Finland the child 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). Income poverty rates for children are higher than income poverty rates for the total population in 26 of the 34 OECD member countries with available data, with the gap between the OECD average rates for the two groups just over 2 percentage points. However, in seven OECD countries (Denmark, Estonia, Finland, Latvia, Norway, Slovenia, and to a lesser extent Ireland) children are less likely to live in income poverty than the general population. In Denmark and Finland, child income poverty rates are roughly three percentage points lower than the income poverty rate for the general 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 income poverty rates, 2014 or nearest available year^a**

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

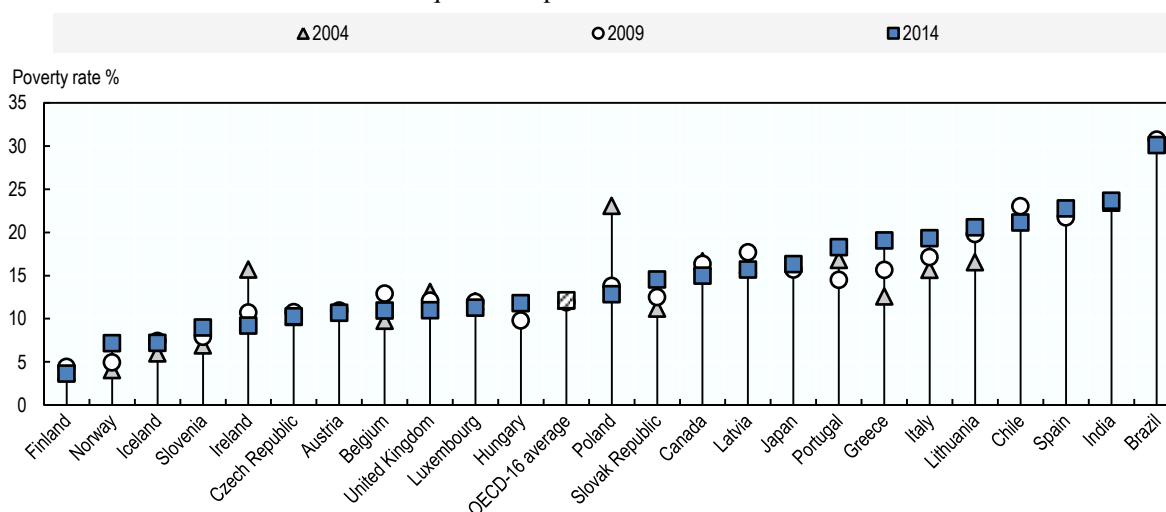


a) Data for India and the Russian Federation refer to 2011, for Japan to 2012, for Brazil and China to 2013, and for Chile and South Africa to 2015.
 b) The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law
 c) Data for the Netherlands and South Africa are provisional
 Sources: [OECD Income Distribution Database](#)

Despite considerable efforts and the introduction across the OECD of policies aimed at reducing child poverty, child poverty rates are increasing in several OECD countries. Chart CO2.2.B, for example, shows child income poverty rates in 2004, 2009 and 2014 (or nearest available). Between 2004 and 2014, child income poverty rates increased in nine of the 16 OECD countries with available data, with the increases in some fairly large. In Italy, for instance, the child poverty rate in 2014 was 3.7 percentage points higher than it was in 2004, while in Greece the rate in 2014 was 6.5 percentage points higher than the rate a decade before. In the remaining seven OECD countries with available data, child poverty rates fell between 2004 and 2014. The largest declines were in Ireland, where the child poverty rate declined by 6.5 percentage points between 2004 and 2014, and in Poland, where it fell by 10.2 percentage points.

Chart CO2.2.B. **Child income poverty rates, 2004, 2009 and 2014 or nearest available year^a**

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



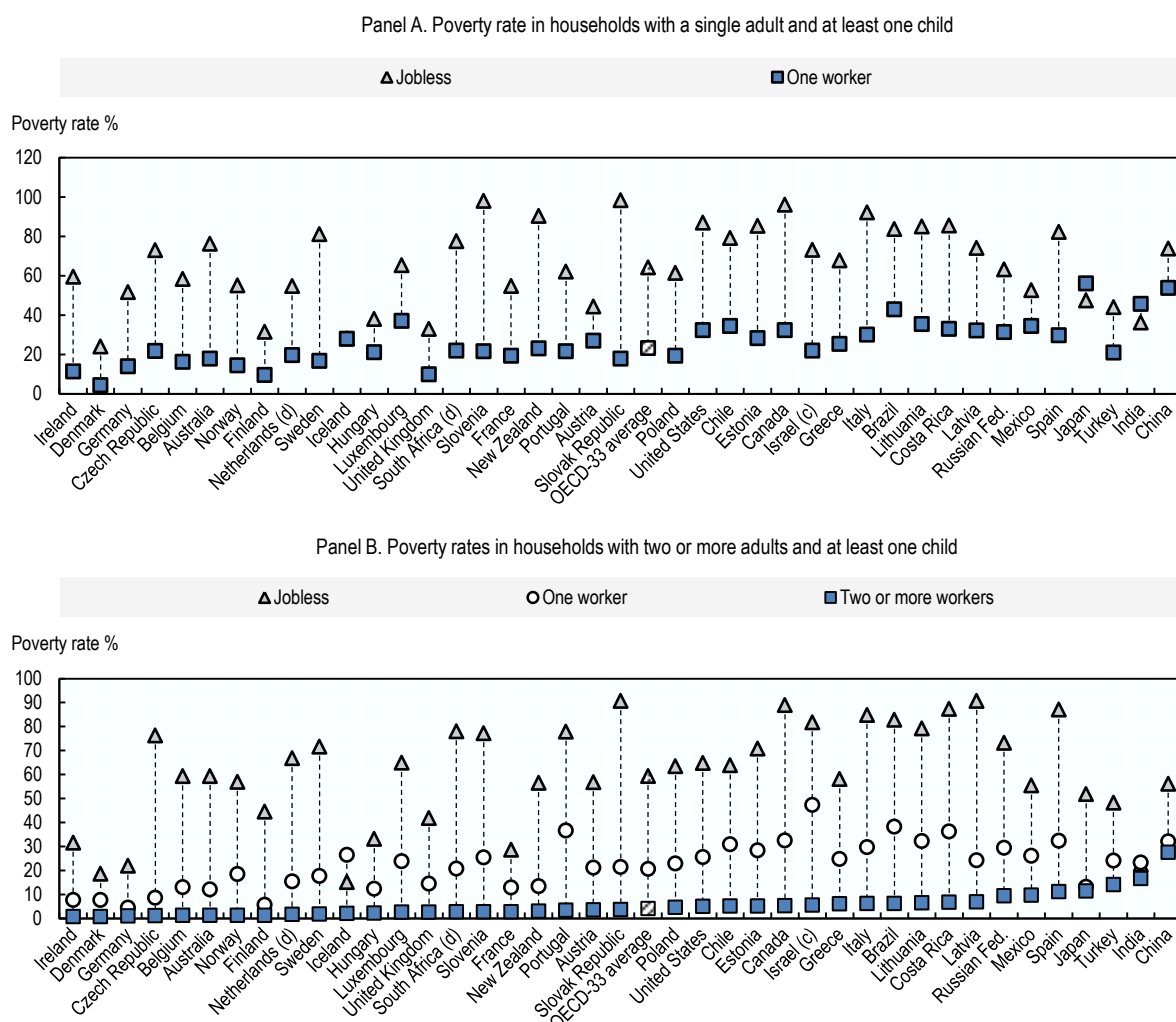
a) Data for India refer to 2011, for Japan to 2012, for Brazil to 2013, and for Chile to 2015

b) The OECD-16 average is the unweighted mean average for the 16 OECD countries with data available at all three time points.
 Sources: [OECD Income Distribution Database](#)

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 64.2% – when the household is jobless than when the single adult is in paid employment (23.2%) (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 over 80 percentage points higher than those in households with children and a single working adult, whereas 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, individuals that live in households with children and only a single adult are far less likely to be poor when the adult works than when they do not.

Chart CO2.2.C. Poverty rates in households with children and a working age-head, by household type and household employment status, 2014 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



Countries are ranked in ascending order according to the poverty rate in households with two or more adults, at least one child, and two or more workers
 a) Data for India and the Russian Federation refer to 2011, for Japan to 2012, for Brazil and China to 2013, and for Chile and South Africa to 2015.
 b) Children are defined as 0-17 year-olds.
 c) See note b) in Chart CO2.2.A

d) Data for the Netherlands and South Africa are provisional
Source: [OECD Income Distribution Database](#)

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-plus-children households with poverty rates from two-earner two-or-more-adult-plus-children households (Chart CO2.2.C Panel B). On average across the OECD, poverty rates in jobless two-or-more-adult-plus-children households (59.4%) are about three times as high as those in one-earner two-or-more-adult-plus-children households (20.7%), and about fourteen times as high as those in two-earner two-or-more-adult-plus-children households (4.2%). Again, the gap between jobless and working households varies across countries – in Iceland, for instance, poverty rates in jobless two-or-more-adult-plus-children households are only around 13 percentage points higher than those in two-earner two-or-more-adult-plus-children households, while in Canada, Latvia, and the Slovak Republic the gap is over 80 percentage points. In most OECD countries though at least half of all individuals in jobless two-or-more-adult-plus-children households are poor, while in all but three (Japan, Turkey and Spain) the rate for those in two-earner two-or-more-adult-plus-children households 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](#).

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);