

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, 12.8% of children live in relative income poverty (Chart CO2.2.A), but rates differ considerably from country to country. In five OECD countries (Chile, Costa Rica, Israel, Turkey and the United States), more than 20% of children live in relative poverty; rates are particularly high, at around 27%, in Costa Rica. In 11 other OECD countries (Austria, Belgium, the Czech Republic, Denmark, Finland, Hungary, Iceland, Ireland, Norway, Poland, Slovenia and Sweden), however, less than 10% of children live in relative income poverty. In Denmark and Finland, the child relative income poverty rate is only around 4%.

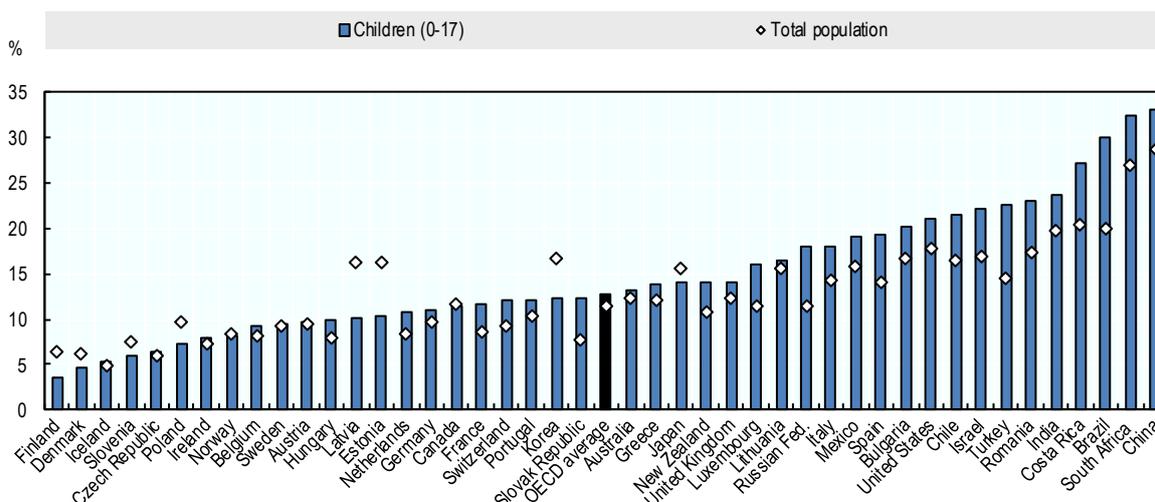
In many OECD countries, children are slightly more likely to live in income poverty than the general population (Chart CO2.2.A). Relative poverty rates for children are higher than poverty rates for the total population in 26 of the 37 OECD member countries, with the gap between the average rates for the two groups about one and a half percentage points. However, in eight OECD countries (Denmark, Estonia, Finland, Japan, Korea, Latvia, Norway, Poland, Slovenia, and, to a lesser extent, Canada and Norway) children are less likely to live in relative income poverty than the general population. In Estonia, the child relative income poverty rate is six percentage points lower than the relative income poverty rate for the whole population.

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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, 2018 or latest available year**
Relative income poverty rate (%), for the total population and for children (0-17 year-olds)

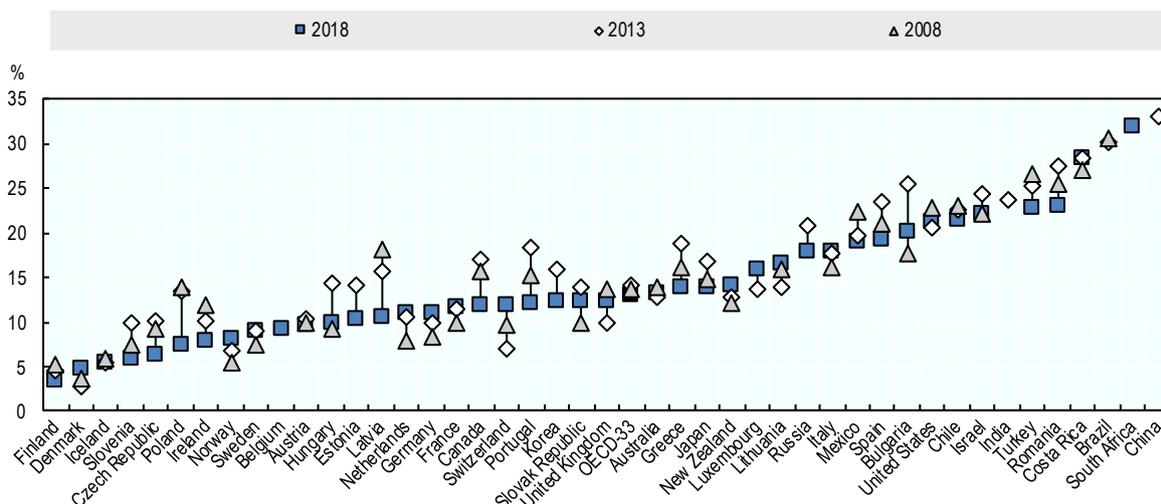


Note: Data are based on equivalised household disposable income, i.e. income after taxes and transfers adjusted for household size. The poverty threshold is set at 50% of median disposable income in each country. Data refer to 2018 for all countries except Costa Rica (2020), Canada, Latvia, Sweden and the United Kingdom (2019); Chile, Denmark, Iceland, the United States and the Russian Federation (2017); Netherlands (2016); South Africa (2015); New Zealand (2014); Brazil (2013); China and India (2011).

Sources: OECD Income Distribution Database

Despite considerable efforts and the introduction of policies aimed at tackling child poverty across the OECD, child relative poverty rates have increased in several OECD countries. Chart CO2.2.B shows child relative income poverty rates in 2008, 2013 and 2018 (or latest available). Between 2008 and 2018, child poverty rates increased in 13 of the 33 OECD countries with available data. In the Netherlands for example, the child relative poverty rate grew by about 3 percentage points. In the remaining twenty OECD countries with available data, child relative income poverty rates fell over the same period. The largest declines were in Canada, Ireland, Mexico and Turkey, where the rates declined by 3-4 percentage points, and in Latvia and Poland, where they fell by 6-7 percentage points.

Chart CO2.2.B. **Child relative income poverty rates, 2008, 2013, and 2018 or latest available year**
Relative income poverty rate (%) for children (0-17 year-olds)

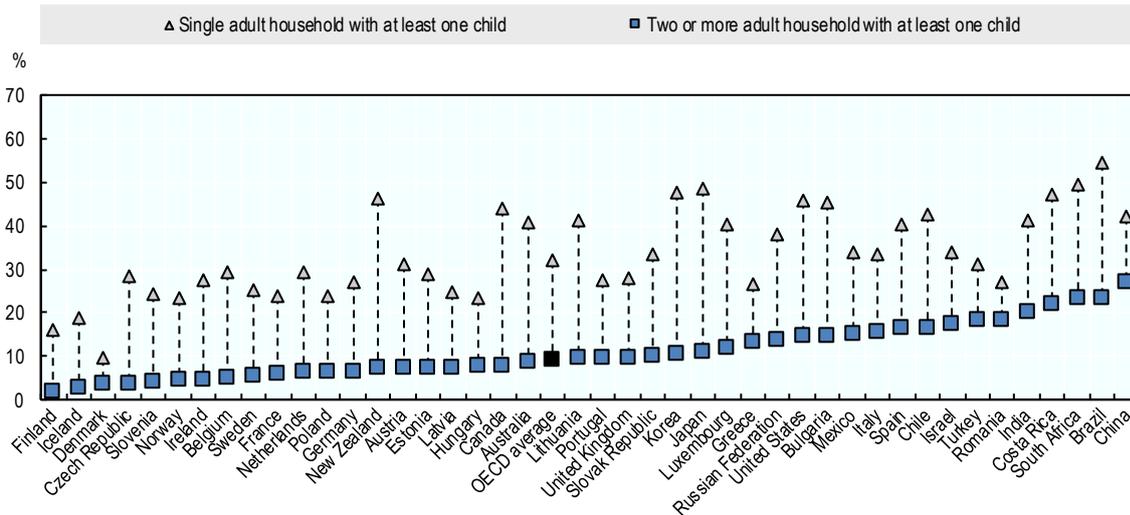


Note: Data are based on equivalised household disposable income, i.e. income after taxes and transfers adjusted for household size. The poverty threshold is set at 50% of median disposable income in each country. Data refer to 2018 for all countries except Costa Rica (2020), Canada, Latvia, Sweden and the United Kingdom (2019); Chile, Denmark, Iceland, the United States and the Russian Federation (2017); Netherlands (2016); South Africa (2015); New Zealand (2014); Brazil (2013); China and India (2011).

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. The OECD average poverty rate in households with children and only a single adult is, at 31.9%, almost 23 percentage points (or three times) higher than the poverty rate in households with children and two or more adults (9.4%) (Chart CO2.2.C). The gap is often largest in the OECD's English-speaking, Latin American and East Asian countries – in Australia, Canada, Chile, Costa Rica, Ireland, Japan, Korea, New Zealand and the United States, for instance, poverty rates in households with children and only a single adult are around or more than 30 percentage points higher than those for households with children and two or more adults. At only six percentage points, Denmark has the smallest gap in poverty rates between single adult and two or more adult households with children.

Chart CO2.2.C. **Poverty rates in households with children by household type, 2018 or latest available year**
Relative income poverty rates (%), individuals in working-age households with at least one child, by type of household



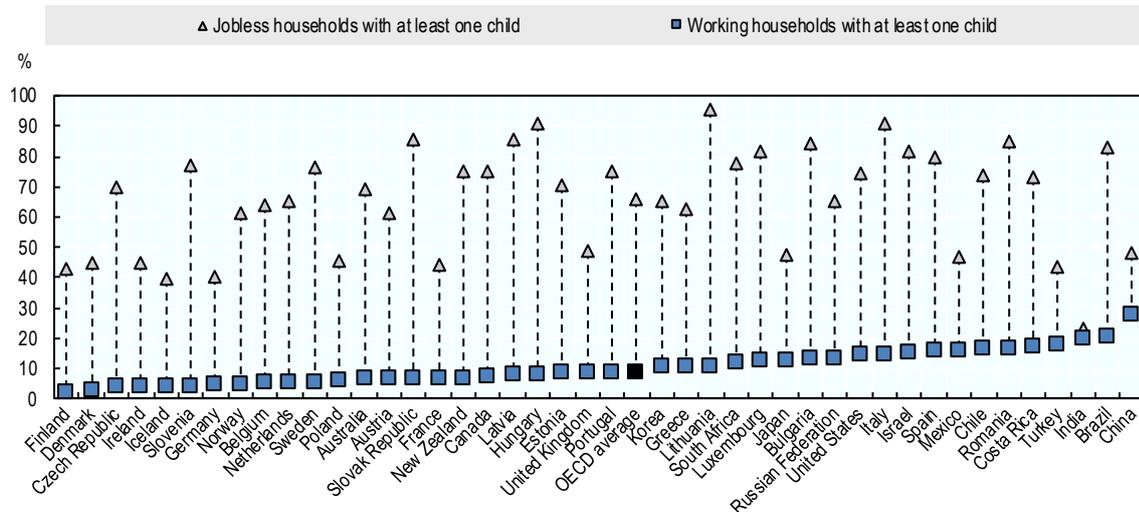
Notes: Data are based on equivalised household disposable income, i.e. income after taxes and transfers adjusted for household size. The poverty threshold is set at 50% of median disposable income in each country. Working-age adults are defined as 18-64 year-olds. Children are defined as 0-17 year-olds. Data refer to 2018 for all countries except Costa Rica (2020), Canada, Latvia, Sweden and the United Kingdom (2019); Chile, Denmark, Iceland, the United States and the Russian Federation (2017); Netherlands (2016); South Africa (2015); New Zealand (2014); Brazil (2013); China and India (2011).
Source: [OECD Income Distribution Database](https://www.oecd.org/dataoecd/11/50/45290312.pdf)

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, 65.8% of individuals living in jobless households with children also live in relative income poverty, compared to only 8.9% of individuals in working households with children. Lithuania (85 percentage points) and Hungary (83 percentage points) have the largest gaps in the OECD, while Mexico has the smallest at 31 percentage points.

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](https://www.oecd.org/dataoecd/11/50/45290312.pdf).

Chart CO2.2.D. **Poverty rates in households with children by household employment status, 2018 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 refer to 2018 for all countries except Costa Rica (2020), Canada, Latvia, Sweden and the United Kingdom (2019); Chile, Denmark, Iceland, the United States and the Russian Federation (2017); Netherlands (2016); South Africa (2015); New Zealand (2014); Brazil (2013); China and India (2011).

Source: [OECD Income Distribution Database](http://www.oecd.org/social/income-distribution-database.htm)

Sources and further reading:

OECD (2021), OECD Income Distribution Database, <http://www.oecd.org/social/income-distribution-database.htm>

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