

CO2.2: Child poverty

Definitions and methodology

This indicator captures child poverty through two main measures:

- i) The *child income poverty rate*, defined as the proportion of children (0-17 year olds) that live in households with an equivalised post-tax and transfer income of less than 50% of the national annual median equivalised post-tax and transfer household income.
- ii) *Poverty rates for households with children by type of household and household employment status*, that is, the proportion of 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 household income, by type of household and household employment status. The household types used here are 'single adult with at least one child' and 'two 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 earner' (where only one working age adult in the household is in paid employment) and 'two earner' (where two working adults in the household are in paid employment).

In all cases household income includes both market earnings and income from capital, and in all cases is presented in equivalised form and net of all direct taxes and social security contribution paid by and government transfers received by households. Equivalised household incomes are used because all members of a given household are assumed to pool and share earned income, with the particular equivalisation method used the square root scale. Lastly, in all cases the poverty threshold – that is, 50% of the national annual median equivalised post-tax and transfer household income – is defined by the national median equivalised post-tax and transfer household income in the current 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 six OECD countries (Greece, Israel, Mexico, Spain, Turkey and the United States) more than 20% of children live in a household in income poverty, with rates particularly high – at around 1-in-4 children – in Israel and Turkey. In contrast, in ten other OECD countries (the Czech Republic, Denmark, Finland, Germany, Iceland, Ireland, Norway, Slovenia, Sweden and Switzerland) less than 10% of children live in income poverty. In Norway the child income poverty rate is only around 6%, while in Denmark and Finland it is less than 3%.

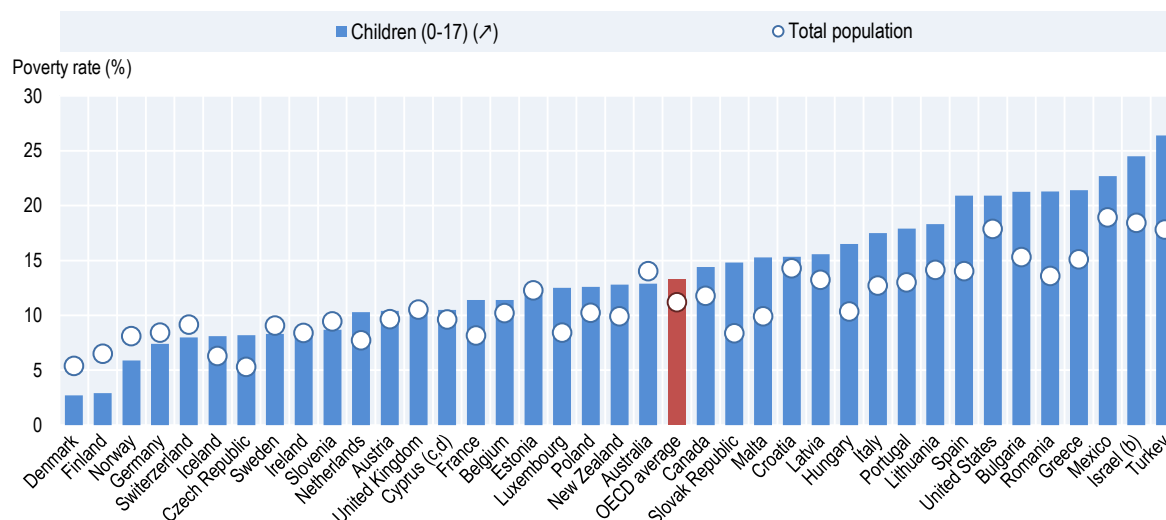
In most OECD countries children are slightly more likely than the general population to live in income poverty (Chart CO2.2.A). Income poverty rates for children are higher than income poverty rates for the total population in 21 of the 31 OECD countries with available data, with the average difference across OECD countries 2.1 percentage points. But in 10 OECD countries (Australia, Denmark, Estonia, Finland, Germany, Norway, Slovenia, Sweden, Switzerland, and the United Kingdom) children are less likely to live in income poverty than the general population. In Denmark and Norway child income poverty rates are more than 2 percentage points lower than the general income poverty rate, while in Finland the difference is as much as 3.6 percentage points.

Despite considerable efforts and the introduction across the OECD of policies targeted at reducing child poverty, child income poverty rates are generally fairly stable in most OECD countries. Chart

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, 2012^a**

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



a) For '0-17' year olds, data for Canada refer to 2011. For 'all ages', data for Canada refer to 2011 and for Finland to 2013

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

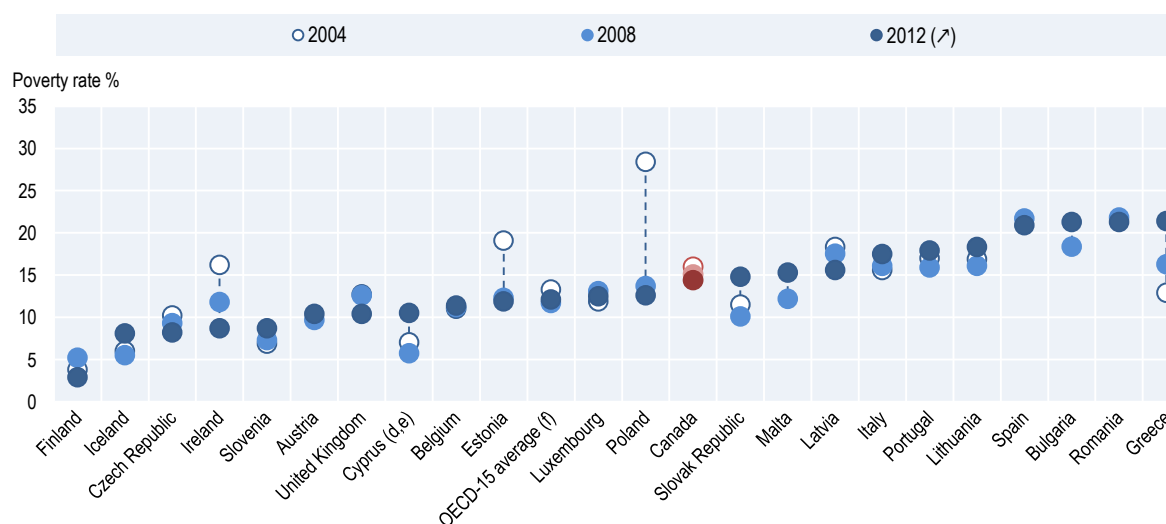
c) Footnote by Turkey: The information in this document with reference to « Cyprus » relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of United Nations, Turkey shall preserve its position concerning the "Cyprus issue";

d) Footnote by all the European Union Member States of the OECD and the European Commission: The Republic of Cyprus is recognized by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Sources: [OECD Income Distribution Database](#)

Chart CO2.2.B. **Child income poverty rates, 2004^a, 2008^b and 2012^c**

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



a) For 2004, data for the United Kingdom refer to 2005

b) For 2008, data for Spain refer to 2009

c) For 2012, data for Canada refer to 2011

d) See note c) in chart CO2.2.A

e) See note d) in chart CO2.2.A

f) The OECD-15 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](#)

CO2.2.B, for example, shows child income poverty rates in 2004, 2008 and 2012. In a few OECD countries (Estonia, Ireland and Poland) rates fell considerably between 2004 and 2008, although in all three cases improvements were far smaller following the start of the economic crisis in 2008. In Greece, meanwhile, child income poverty rates increased by almost 9 percentage points between 2004 and 2012, with much of the increase coming after 2008. Generally though, in most countries child income poverty rates in 2012 were similar to those in 2008 and 2004. This is illustrated well by the OECD-15 average, which fell slightly from 13.3% in 2004 to 11.7% before increasing marginally to 12.1% in 2012.

Child income poverty rates are generally slightly higher among children living in single adult household than among children in two adult households, but across household types rates are highest when the household is jobless (Chart CO2.2.C). For single adult households, the OECD average child income poverty rate is about three times as high – at 62.6% - for jobless households than it is for those where the single adult is in paid employment (20.0%) (Chart CO2.2.C Panel A). The gap does vary across countries – in the Slovak Republic, for instance, income poverty rates for children in jobless single adult households are 84 percentage points higher than those for children in working single adult households, while in Iceland the gap is less than 9 percentage points. Regardless, in all OECD countries children in jobless single adult households are more likely to be in income poverty than children in working single adult households.

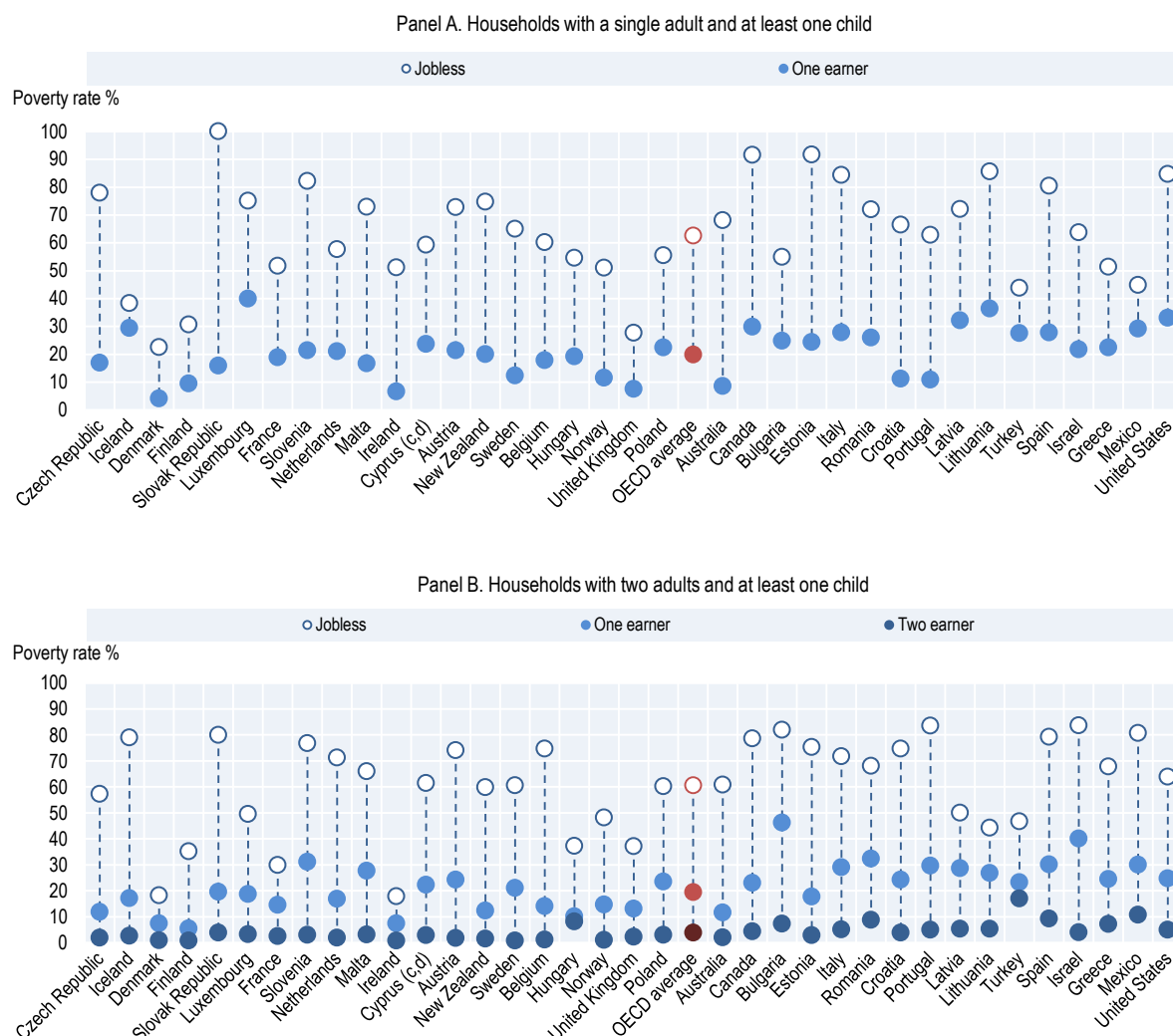
The same is also true for two adult households, particularly when comparing children in jobless two-adult households to children in two earner two adult households (Chart CO2.2.C Panel B). On average across the OECD, child income poverty rates for children in jobless two-adult households are again about three times as high as they are for children in one-earner two-adult households, but more strikingly are also about fifteen times as high as those for children in two-earner two-adult households. Again, the gap between jobless and working households varies across countries – in Denmark, for instance, child income poverty rates for children in jobless two-adult households are only around 17 percentage points higher than those for children in two-earner two-adult households, while in Israel the gap is close to 80 percentage points. In most OECD countries though at least half of all children in jobless two-adult households are in income poverty, while in all but two (Mexico and Turkey) the rate for those in two-earner two-adult 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](#).

Chart CO2.2.C. Poverty rates in households with children, by household type and household employment status, 2012^a

Proportion (%) of 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 household income



Countries are ranked in ascending order according to the poverty rate in all households.

a) Data for Canada refer to 2011

b) Between 0 and 17 years old

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

d) see note d) in chart CO2.2.A

Source: [OECD Income Distribution Database](#)

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).