

2 --- Welfare, Poverty and Social Gaps

Introduction

The measurement of poverty in Israel, like in most Western countries and international organizations, is based on the relative approach whereby poverty is a phenomenon of relative distress that must be assessed in relation to the standard of living characteristic in a given society. A family is defined as poor if its standard of living as expressed by its disposable income per standard individual is lower than half the median disposable income in the population. The findings presented in this chapter, which have been processed by the Research and Planning Administration of the National Insurance Institute (NII), are based on the annual income and expenditure surveys that the Central Bureau of Statistics (CBS) regularly conducts¹. However, this year, too, a summary of the results of dimensions of poverty and poverty lines obtained by three alternative poverty indices that the NII regularly calculates – both by expenditure and by families' income – will be presented here.

The chapter opens with a review of the social situation in Israel in 2018 and in an international comparison – public welfare expenditure as well as selected findings and analyzes on the dimensions of poverty and inequality² among families with children, in Israel in comparison with OECD countries. Subsequently, the main findings on dimensions of poverty and inequality in the entire population are presented according to the measurement method used in Israel³, and finally a brief overview of three alternative poverty indices by expenditure, which was developed by the NII over the years, and their findings for 2016-2017.

The two boxes in the chapter deal with poverty measurement according to the NII's administrative data: the first one presents poverty data among Ethiopian immigrants and the other extends the discussion on pulling families with children out of poverty, in international comparison.

¹ For more details on the measurements methods and data sources see **Appendix: Poverty Measurements and Data Sources** in this document.

² OECD (2008) **Growing Unequal? Income Distribution and Poverty in OECD Countries**.

³ Chapter 2 is a summary of **The Dimensions of Poverty and Social Gaps – Annual Report 2017**, which appears on the National Insurance Institute's website.

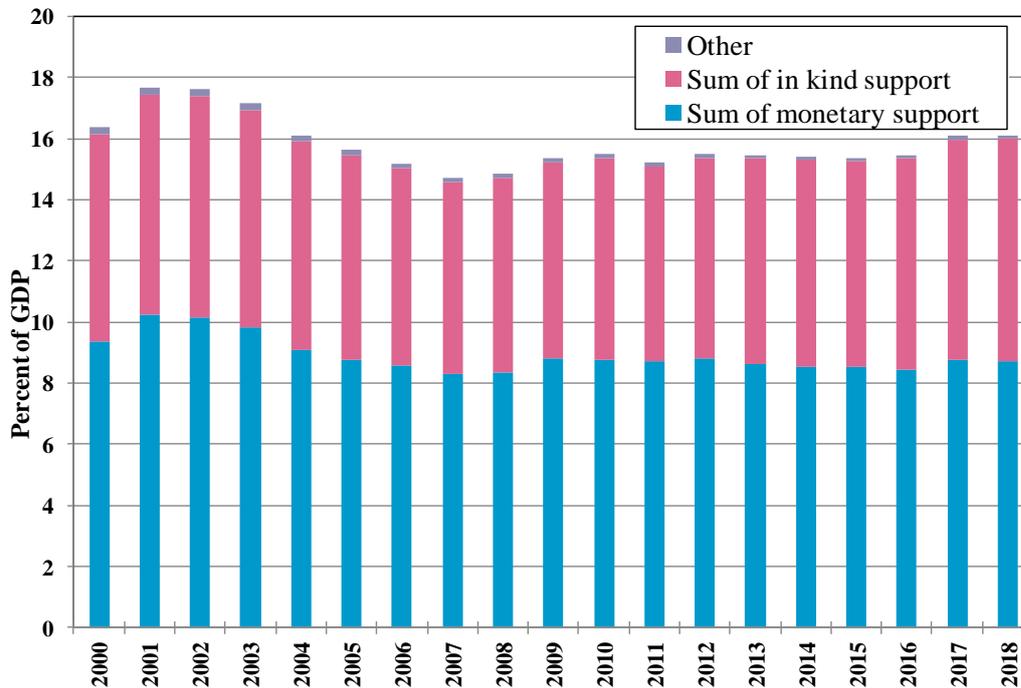
The Social Situation in Israel in International Comparison

Public Welfare Expenditure in Israel in 2018

The public expenditure in 2018 accounted for 16.1 percentage points of GDP. This rate, which peaked in 2001-2003 (which was about 20% of GDP at the time), has steadily declined until 2006 and has since been stabilized at a level of 16% - 17% of GDP (Figure 1).

More than half of the 2018 expenditure (8.7% of GDP) was allocated for monetary support, and the remainder (7.3%) for in kind support (services to citizens, mainly health care services). Along the years, the monetary support share in terms of GDP eroded slightly compared to the share of in kind support, which slightly increased.

Figure 1: Public Welfare Expenditure in Israel as a Percentage of GDP, 2000-2018



Source: The Central Bureau of Statistics (CBS)

Monetary support for working-age people has been steadily and gradually declining, from 5.3% of GDP at its peak in 2001 up to 3.7% in 2014 and 4.0% in 2018 – a trend that mainly reflects the cut in benefits. Despite some improvements in certain allowances, such as initiating the child savings plan in 2017 and the increase in disability benefits in 2018, the actual impact of monetary support in terms of percentages of GDP is not noticeable. Compared to support at working-age, which has been declining over the years, the support to the elderly remained fairly similar from 2000 to 2018, and is about 18% higher than the support to working-age families.

Table 1: Public Welfare Expenditure by its Components, Selected Years

	2000	2005	2010	2014	2015	2016	2017	2018
Total public welfare expenditure	16.4	15.6	15.4	15.4	15.3	15.4	16.0	16.1
	0	3	8	3	8	7	8	2
Total monetary support	9.35	8.75	8.78	8.55	8.52	8.42	8.78	8.72
Support to working-age population*	4.84	4.06	4.01	3.71	3.77	3.73	4.07	4.00
National insurance	3.80	3.22	3.19	2.88	2.85	2.80	3.12	3.10
Other monetary benefits**	1.04	0.84	0.82	0.84	0.92	0.93	0.95	0.91
Support to the elderly***	4.51	4.68	4.77	4.83	4.75	4.68	4.71	4.72
National insurance	2.59	2.56	2.51	2.47	2.42	2.43	2.46	2.53
Civil servants pensions	1.86	2.09	2.21	2.29	2.25	2.18	2.16	2.12
Support in rent	0.07	0.04	0.05	0.08	0.08	0.08	0.09	0.07
Total support in kind	6.81	6.71	6.57	6.76	6.75	6.94	7.16	7.27
Support to working-age population****	1.76	1.68	1.60	1.67	1.67	1.70	1.85	1.90
Support to the elderly	0.32	0.19	0.13	0.12	0.12	0.12	0.12	0.12
Health and long-term care	4.72	4.84	4.84	4.97	4.95	5.11	5.19	5.24
Other*****	0.24	0.18	0.13	0.12	0.12	0.12	0.14	0.13

Source: CBS data and analyses by the Research Administration, according to OECD survey's classification rules, in SOCX questionnaire.

* Rent support is included in the benefits in kind.

** Also includes the income grant (negative income tax)

... Survivors' pensions were moved to in-kind support to the elderly, although some of them are allocated to the working-age population.

**** In-kind benefits related to monetary benefits in the areas of survivors, work incapacity, family, etc.

***** Mainly active intervention in the labor market.

Table 2 below presents additional economic and social indices that shed light on the social situation reviewed in this chapter. In 2018, the GDP rose by 4.4%, prices rose by about 1% and real wages by 2.5%. It should be noted that the poverty figures are related to the last existing survey of 2017, when real wages increased by a higher rate of 3.9% compared to 2016. The minimum wage as a percentage of the average wage, which rose by one percentage point between the two years, completes a 4.8 percentage point increase from 2014 and thus, for the first time, exceeded half of the average wage. The unemployment rate continued to decline in 2018 and the employment rate remained high. The rate of unemployed people receiving unemployment benefits is rising steadily in light of changes in the law, that have benefited hourly workers (see also the unemployment chapter).

Table 2: Economic Indices Influencing the Dimensions of Poverty (Percentages), Selected Years

Influencing factor	2006	2010	2011	2012	2013	2014	2015	2016	2017	2018
Growth rate (GDP growth)	7.2	7.2	7.0	6.2	6.6	4.3	5.4	5.0	3.5	4.4
Change in the average price level	2.1	2.7	3.5	1.7	1.5	0.5	-0.6	0.0	-0.5	1.1
Real change in average wage in the economy	1.3	0.8	0.7	0.7	1.1	1.5	2.5	2.3	3.9	2.5
Unemployment rate	10.5	8.3	7.0	6.9	6.2	5.9	5.3	4.8	4.2	4.0
Unemployment benefit recipients among unemployed	17.4	20.7	23.5	25.0	30.4	31.8	34.5	35.3	39.6	43.7
Minimum wage as a percentage of average wage	46.2	45.8	45.5	46.2	46.7	45.8	47.7	48.4	49.6	50.6
Employment rate among people aged 25-64	69.4	71.8	72.8	74.0	74.5	75.5	76.2	77.2	78.2	77.5

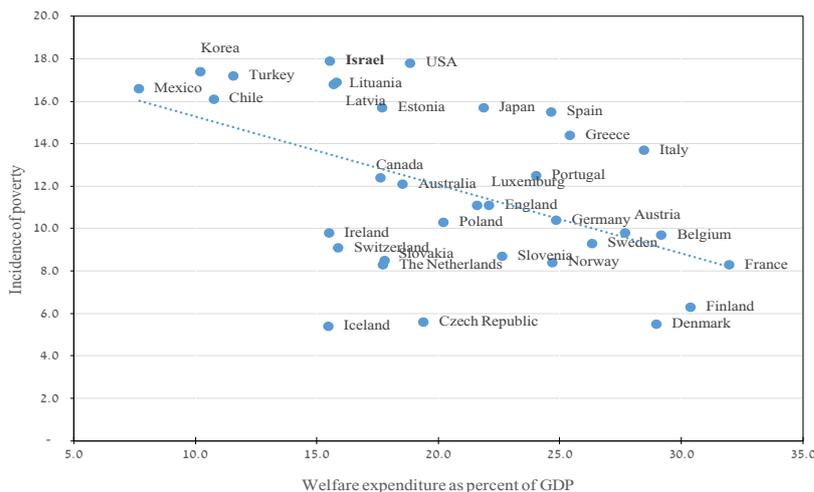
Welfare Expenditure and Incidence of Poverty by Age Groups – International Comparison

The social policy determines the level of welfare expenditure, measured for international comparison as a percentage of the GDP of each country. Below we present an international

comparison of the level of welfare expenditure as a percentage of GDP by its various components, and the age group it intends to support.

The relationship between the level of welfare expenditure and the incidence of poverty in developed countries is shown in Figure 2: First, the relationship between total social expenditure and the overall poverty incidence in the population (Figure 2A), and then the relationship between welfare expenditure for each of the three age groups (children, working age and elderly) to the incidence of poverty in each group (Figures 2B, 2C and 2D, respectively). The total social expenditure per group is normalized per capita (by their rate in the population⁴).

Figure 2A: Welfare Expenditure as a Percentage of GDP, and Incidence of Poverty Among Families, International Comparison*, 2015-2017



* The more updated figure of the two. Source of data: poverty and social expenditure – OECD; size of population groups – World Bank.

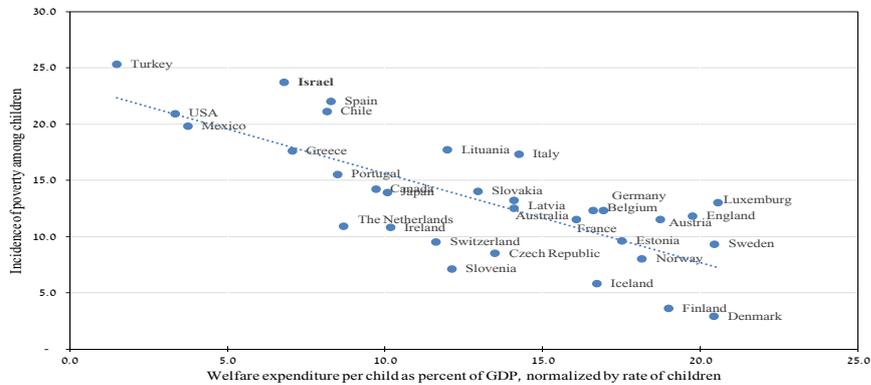
The figures show, as expected, a negative correlation between total welfare expenditure and the incidence of poverty, and a negative relationship between social expenditure for children and

⁴ The presented figure is the total welfare expenditure for that specific population group as a percentage of GDP, divided by the share of that group in the population. This figure reflects the expenditure per individual in the group as a percentage of GDP per capita. For example, in children, the welfare expenditure per one child is presented as a percentage of GDP per capita.

the elderly to their incidence of poverty. However, the relationship between the welfare expenditure and incidence of poverty in the working-age population weakens, as a result of the importance of employment, which weakens the dependence in welfare policy, and perhaps because welfare expenditure for working age people might lower the incentive to work. This phenomenon does not exist, or is less prevalent, among the non-working age groups – children and the elderly – as evidenced by the negative relationship between social expenditure for each of the groups and their incidence of poverty. In Israel, the inverse relationship between welfare expenditure and the incidence of poverty is most evident in children.

Welfare expenses were classified into the different age groups according to the segmentation of the SOCX index used by OECD: Family benefits were classified into children; benefits related to earning incapacity, expenses for labor market intervention programs and unemployment benefits were classified into working age; and old-age pension expenses were classified into the elderly group.

Figure 2B: Welfare Expenditure per Child as a Percentage of GDP per Capita, and Incidence of Poverty Among Children; International comparison, 2015 – 2017*



* See comment in Figure 2A

Table 2C: Welfare Expenditure per Working-Age Person as a Percentage of GDP per Capita, and Incidence of Poverty Among Working-Age People; International Comparison, 2015-2017*

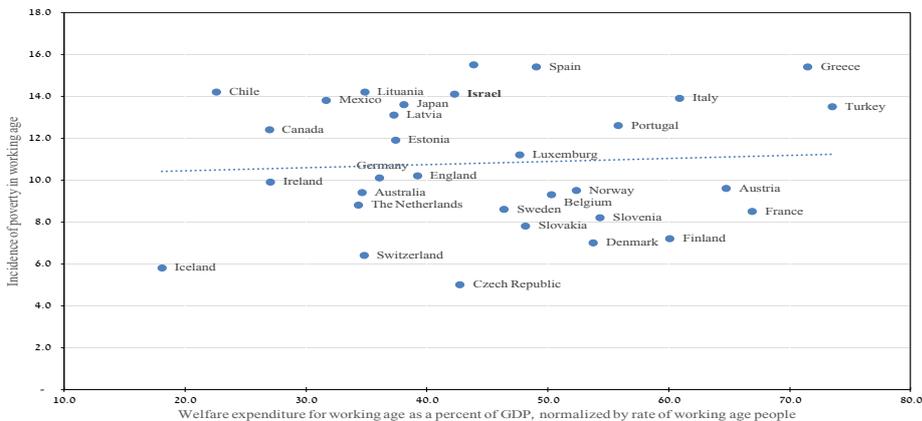
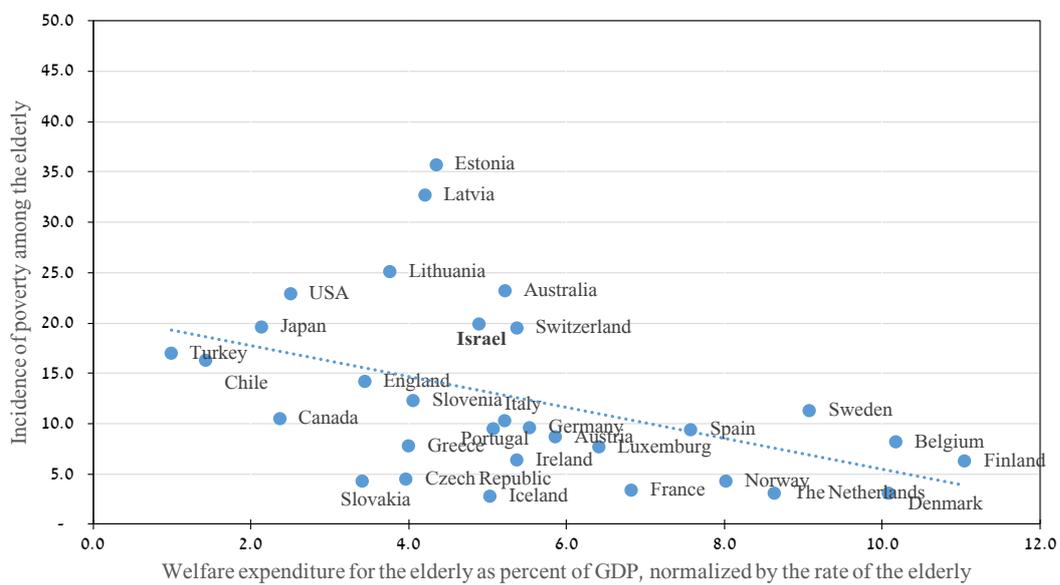


Figure 2D: Welfare Expenditure Per Elderly Person as a Percentage of GDP per Capita, and Incidence of Poverty Among the Elderly; International Comparison, 2015-2017



* See comment in Figure 2A

Dimensions of Poverty and Inequality in Israel in 2017⁵

Poverty Line and Standard of living

Since 2012, when the combined income survey conducted by the CBS was discontinued, poverty and inequality were measured according to the CBS Household Expenditure Survey, which includes – in addition to expenditure data – also detailed family income data and changes in data calculation in comparison with previous years. These changes created a break in the series and, therefore, raised a problem with direct comparison to 2016.

As in previous years, various types of household income rose in 2017 – an outcome of the increase in wages and other income components, such as income from capital and education funds, and the increase in National Insurance transfer payments – child allowances, income support and disability benefits. The average disposable income per standard individual was NIS 6,385; the median net income according to the same definition was NIS 5,477, and the poverty line per standard individual derived therefrom reached NIS 2,739 per month. The economic income (income from wages and capital) before tax payments and compulsory insurance, increased by 4.8%, a moderate rate compared to 2016, and the disposable income (the income after deducting direct taxes and compulsory insurance contributions and other allowances and benefits) increased by an average of 4.5%. The median disposable income per standard individual as well as the poverty line rose by 4.6% (Table 3).

Table 3: Poverty Line, and Average and Median Income per Standard Person After Transfer Payments and Direct Taxes (NIS), 2015-2017

Income per standard individual	2015	2016	2017	Real growth (%)
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⁵ The topic is presented briefly here. Full findings can be found in **Poverty Dimensions and Social Gaps – Annual Report 2017**.

⁶ For elaboration on the impacts of this change, see **Poverty Dimensions and Social Gaps – Annual Report 2012**, and **Measurement of Poverty and Data Sources** in this report.

				From 2015 to 2016	From 2016 to 2017
Average	6,023	6,160	6,385	2.8	3.4
Median	5,053	5,223	5,477	3.9	4.6
Poverty line	2,527	2,612	2,739	3.9	4.6

Table 4 shows the income required in 2016 and 2017 to stay above the poverty line by family size, so that a family of 3 people needed NIS 7,257 (72.2% of the average wage), and a family of 4 people needed NIS 8,764 (87.2% of average wage) in 2017. In contrast, an income equal to the average wage (NIS 10,047) in a family of 5 people with one earner was insufficient to save the family from poverty.

Table 4: Number of Standard Individuals and Poverty Line of a Family*, by Number of People in the Family, 2016-2017

Number of people in the family	Number of standard individuals in the family	Poverty line per family			
		2016		2017	
		NIS per month	% of average wage	NIS per month	% of average wage
1	1.25	3,264	33.7	3,423	34.1
2	2.00	5,223	54.0	5,477	54.5
3	2.65	6,920	71.5	7,257	72.2
4	3.20	8,357	86.4	8,764	87.2
5	3.75	9,793	101.2	10,270	102.2
6	4.25	11,099	114.7	11,639	115.8
7	4.75	12,405	128.2	13,008	129.5
8	5.20	13,580	140.4	14,241	141.7
9 **	5.60	14,624	151.2	15,336	152.6

* The average wage for 2016 and 2017 is a weighted average of the average wage of a salaried position (Israeli employees) in the period corresponding with each survey.

** The weight of each additional person is 0.40. So for example, in a family with 10 members there are 6 standard individuals.

Dimensions of Poverty and Inequality in the General Population

In 2017, the incidence of poverty⁷ decreased slightly among families slightly, from 18.5% to 18.4%, as well as among individuals and children – by 0.7 and 0.4 percentage points, respectively. In 2017, 466,400 families lived in poverty in Israel (a 0.9% increase from 2016). The number of individuals in poverty was 1,780,500 (a decrease of 1.2%), out of which 814,800 were children. As opposed to poverty incidence indices, which mostly declined, the poverty depth and severity⁸ data indicate sharper increases between the two years (Table 5).

The incidence of poverty by disposable income is the result of transfer payments and direct taxes, which "fix" economic income. Transfer payments, mainly NII's benefits, increase family

⁷ The rate of poor people in the total population.

⁸ **Poverty depth** (also: ratio of income gap) is the gap between the head of family's income and the poverty line income.

Poverty severity is this gap with a higher weight to poor families.

income, while direct taxes reduce it. The smaller the direct tax paid by a poor family, the higher its disposable income and chances of getting out of poverty. Table 5 shows the decline in poverty incidence each year, between 2015 and 2017, after transfer payments and direct taxes. A few indices improved greatly due to policy measures (the FGT, the SEN and the Gini index for the distribution of income of the poor fell by half and more), while indices of poverty incidence, especially among children, have only improved slightly.

Without direct taxes, the resulting improvement is higher, because, despite being helpful in lowering income inequality, they are ineffective in reducing poverty as they reduce the poor's disposable income. Most poor people do not pay income tax, since they fail to reach the qualifying income threshold, hence the effect of taxation on their disposable income is only noticeable in their health and national insurance contributions.

The contribution of policy measures aiming at reducing poverty has dropped by 1.7%: the proportion of families pulled out of poverty decreased from 36% in 2016 to 35.4% in 2017, and the proportion of individuals from 24.5% to 24.3%, respectively. The proportion of rescued children increased by about 5%, reaching 11.8% in 2017 (Table 5).

Table 5: Poverty Dimensions in the General Population, by Selected Poverty Indices, 2015-2017

Poverty index	Before transfer payments and direct taxes	After transfer payments only	After transfer payments and direct taxes
2015			
Poverty incidence			
Families	29.7	17.6	18.7
Persons	28.6	19.8	22.0
Children	35.2	27.5	29.7
Poor income gap ratio* (%)	56.1	35.2	35.2
FGT index*	0.426	0.1723	0.1785
SEN index	0.216	0.093	0.105
Gini index of inequality in poor's income distribution*	0.4333	0.1923	0.1977
2016			
Poverty incidence			
Families	28.6	16.5	18.7
Persons	28.6	19.8	22.0
Children	35.2	27.5	30.8
Poor income gap ratio* (%)	53.9	33.0	34.1
FGT index*	0.4034	0.1551	0.1619
SEN index	0.212	0.088	0.101
Gini index of inequality in poor's income distribution*	0.413	0.1829	0.1861
2017			
Poverty incidence			
Families	28.6	16.5	18.7
Persons	27.5	18.7	20.9
Children	33.0	26.4	29.7
Poor income gap ratio* (%)	56.1	34.1	35.2
FGT index*	0.4185	0.1717	0.1781
SEN index	0.209	0.091	0.103
Gini index of inequality in poor's income distribution*	0.426	0.1978	0.2024

* Each family's weight in the index calculation is equal to the number of persons in it.

Table 6: The impact of transfer payments and direct taxes on poverty dimensions in the general population, by selected poverty measures, 2015 - 2017

Poverty measures	Decrease in poverty measures (percent)					
	From transfer payments only			From transfer payments and direct taxes		
	2015	2016	2017	2015	2016	2017
Poverty incidence						
Families	41.2	42.0	41.5	34.6	36.0	35.4
Persons	32.0	32.2	31.7	24.5	24.5	24.3
Children	20.6	20.9	19.8	13.6	11.6	11.8
Poor income gap ratio* (%)	37.7	39.6	38.0	36.5	37.8	36.6
FGT index*	59.6	61.6	59.0	58.1	59.9	57.5

* Each family's weight in the index calculation is equal to the number of persons in it.

Table 7: Gini Index of Inequality in Income Distribution in the Population, by Economic and Disposable Income, 1999-2017

Year	Before transfer payments and direct taxes	After transfer payments and direct taxes	Decrease due to transfer payments and direct taxes
1999	0.5167	0.3593	30.5
2002	0.5368	0.3677	31.5
2003	0.5265	0.3685	30.0
2004	0.5234	0.3799	27.4
2005	0.5225	0.3878	25.8
2006	0.5237	0.3923	25.1
2007	0.5134	0.3831	25.4
2008	0.5118	0.3853	24.7
2009	0.5099	0.3892	23.7
2010	0.5045	0.3841	23.9
2011	0.4973	0.3793	23.7
2012	0.4891	0.3770	22.9
2013	0.4766	0.3634	23.7
2014	0.4777	0.3712	22.3
2015	0.4719	0.3653	22.6
2016	0.4646	0.3577	23.0
2017	0.4585	0.3520	23.2
Change in index (percent)			
2017 vs. 1999	-12.7	-2.1	
2017 vs. 2002	-17.1	-4.5	
2017 vs. 2015	-2.9	-3.8	
2017 vs. 2016	-1.4	-1.6	

A review of Gini index of inequality in economic and disposable income per standard individual over time shows an increase from 1999 to 2006 and a stabilization until 2009. From 2010, the index is gradually declining, with a particularly sharp drop in 2013 and its correction in 2014. From 2002, when pension cuts were applied and amplified in 2003 and 2004-2017, inequality according to economic income decreased by 14.6% – in comparison with a relatively small decrease (4.3%), in that period, in inequality according to disposable income. Whereas the increase from 2002 to 2006 was mainly due to government policy in the area of benefits, the subsequent decline was mainly influenced by positive changes in inequality by economic

income⁹, i.e. a raise in both employment and real wages, partly as a result of the substantial increase in the minimum wage. The greater decline, in 2017, in the Gini index by disposable income in comparison with economic income in 2017 (1.6% and 1.4%, respectively) is due, among other things, to changes in pension policies and, prominently, the increase in the relative standard of living of low-income old age people due to the continuing rise in income supplement benefits, since 2015.

Poverty by Population Groups

The different population groups differ in terms of trends and changes in poverty dimensions in the years 2016-2017 (Tables 8-11). Table 8 presents the incidence of poverty by economic and disposable income in the different groups, and Tables 9 and 10 show the proportion of these groups in the general population and in the poor population. Table 11 presents the values of the income gap ratio by population groups.

Old-Age

The incidence of poverty among elderly families rose from 20.8% in 2016 to 21.8% in 2017, but the depth and severity of poverty decreased by 1.2% and 1.6%, respectively (Among families headed by an elderly as defined by law. These indices have increased among families headed by an elderly according to the old definition).

In the beginning of 2017, the increment to the income support for old-age and survivor pensions was increased, further to these pensions previous increase at the end of 2015, in order to bring the total old-age pension closer to the poverty line (by family size) and to compare the situation of individuals and couples to the relevant poverty line for each one, in accordance with the recommendations of the Committee to Fight Poverty. Thus, for example, the benefit for an individual without dependents, with income supplement, was increased from January 2017 by between NIS 60 to NIS 131 by age group, and for couples by between NIS 95 to NIS 212. These supplements improved the situation of the elderly in poverty, although they were not enough to rescue all the elderly from poverty.

⁹ Part of the decline in the inequality index may be technical and related to the transition from the income survey to the expenditure survey, due to the difficulty in identifying the sources of the "fracture" between the two series of surveys.

The moderate increases in the portion of poor elderly, despite these policy measures, stem from the positive changes in the labor market: the large increase in the standard of living of the working population, deriving from a real increase in both wages and employment – kept the non-working population (including the elderly) away from this growth, and it is reasonable to assume that the situation of the poor elderly would have been much worse without the increase to the pensions.

Arabs and Haredi

The incidence of poverty among Arabs decreased from 49.2% to 47.1% between 2016 and 2017 as well as among children and individuals; but the depth and severity of poverty increased, by 10% and 22%, respectively. The incidence of poverty on the Haredi population has also decreased, according to economic income and disposable income (from 2014 the degree of Jewish religiousness is subjectively determined by the interviewee and therefore the variable "Haredi by subjective definition" was added to the characteristics of the head of the household, replacing indirect definitions of the Haredi population in the past).

Families with Children and Single-Parent Families

The incidence of poverty among families with children, which accounts for more than half of the poor families, decreased from 23% to 21.6% between 2016 and 2017, but the depth and severity of poverty increased by 5.6% and 12.3%, respectively. The incidence of poverty decreased mainly among small families (1 to 3 children), from 17.4% to 15.9%. Among large families (5 or more children) the incidence of poverty decreased by 4.1% according to disposable income, and by 3.4% according to economic income. In contrast, the income gap ratio for measuring the depth of poverty increased among all families with children by 2.2%.

The incidence of poverty in single-parent families decreased from 26.0% to 24.1% over these two years, mainly as a result of changes in the labor market, as the incidence of economic poverty also fell among these families, from 40.9% to 38.2%. In 2017, the proportion of employed persons in this group increased to about 90% due to a 3.2 percentage point raise in the employment rate¹⁰. It appears that the reform that began in 2017, which reduced the wage offset

¹⁰ It seems that the findings for this group, which is relatively small, tend to fluctuate in the survey, since in 2016 an opposite phenomenon was recorded: The incidence of poverty rose, and the rates of employment decreased compared to 2015, when the incidence of poverty was much lower than the previous year as well.

rate of single mothers receiving a subsistence allowance (income support or alimony), from 60% to 25%, has provided a work incentive in this population, which is reflected in poverty dimensions. However, despite the improvement, the poverty rate in these families, most of them with up to three children, reaches 24.4% compared to 15.9% in families with 1 to 3 children in the general population. This is a considerable gap, which exists despite the higher employment rates of single-parent families, and is due to part-time work, usually for lack of choice, low subsistence allowance, and a low work grant, even though is relatively high in comparison with other grant recipients.

Table 8: Poverty Incidence, by Population Group, 2016 and 2017

Population group (families)	2016			2017		
	Economical	Disposable	Centralization	Economical	Disposable	Centralization
General population	28.9	18.5	1.00	28.4	18.4	1.00
Head of household characteristics						
Jewish**	24.9	13.2	0.72	24.4	13.4	0.73
Haredi (according to last school)	64.3	51.5	2.78	58.4	43.3	2.36
Haredi (according to	58.9	45.1	2.44	57.1	43.1	2.35
Immigrant	36.4	17.0	0.92	37.3	18.4	1.00
Arab	52.4	49.2	2.66	52.1	47.1	2.57
Total families with children	27.4	23.0	1.24	25.9	21.6	1.18
1 to 3 children	21.6	17.4	0.94	20.4	15.9	0.86
4 or more children	54.7	49.8	2.69	52.8	49.3	2.69
5 or more children	67.2	63.8	3.45	64.9	61.2	3.34
Single-parent families	41.0	26.0	1.40	38.2	24.4	1.33
Head of household employment						
Working	19.3	13.5	0.73	18.5	12.6	0.69
Employed	19.7	13.4	0.72	18.9	12.6	0.68
Self employed	16.5	14.6	0.79	15.8	12.8	0.70
Of working age and not working	91.3	69.4	3.75	93.3	75.7	4.12
Single provider	38.4	27.0	1.46	37.6	24.9	1.36
Two or more providers	7.5	5.2	0.28	7.3	5.4	0.29
Head of household age, working						
Up to 30	30.1	22.7	1.23	33.5	24.7	1.34
31 to 45	24.5	19.3	1.04	21.9	17.1	0.93
46 to retirement age	18.8	13.1	0.71	17.8	13.3	0.72
Head of household age, retirement						
Elderly*****	47.7	20.8	1.12	47.9	21.8	1.19
Of legal pension age*****	50.6	21.6	1.17	50.5	22.8	1.24
Education of the head of household						
Up to 8 years of study	68.3	44.4	2.40	70.6	49.4	2.69
9 to 12 years of study	32.9	21.7	1.17	31.3	21.1	1.15
13 or more years of study	21.0	12.9	0.70	21.0	12.5	0.68

* The concentration index: the ratio of poverty rates by disposable income. Reflects the ratio between the poverty rate in that group and that of the general population.

** Including non-Jews who are not Arabs.

*** The last school where the interviewee learned / is learning.

**** Level of religiousness reported by the interviewee: secular, traditional, religious, Haredi, mixed.

***** According to the definition used thus far: from age 60 for women and 65 for men.

***** The definition was adjusted to the age of retirement from work under the Retirement Age Law, so this population is not uniform, until completion of retirement age raising process.

Table 9: Share of Selected Groups in the General and Poor Populations* (Percentages), 2016

Population group (families)	General population		Poor population			
			Before transfer payments and direct taxes		After transfer payments and direct taxes	
	Families	Persons	Families	Persons	Families	Persons
Head of household characteristics						
Jewish**	85.4	79.9	73.5	62.1	61.0	52.2
Haredi (according to last school)	4.5	7.9	10.1	18.6	12.6	21.0
Haredi (according to)	6.1	9.9	12.4	21.5	14.9	23.9
Immigrant	19.7	16.3	24.7	17.5	18.0	12.3
Arab	14.6	20.1	26.5	37.9	39.0	47.8
Total families with children	44.9	65.7	42.5	70.5	55.8	81.0
1 to 3 children	37.1	48.4	27.7	36.3	34.8	39.3
4 or more children	7.8	17.3	14.8	34.3	21.0	41.8
5 or more children	3.6	9.4	8.4	22.2	12.5	28.1
Single-parent families	5.7	6.4	8.1	9.6	8.0	8.7
Head of household employment status						
Working	80.3	88.7	53.5	71.8	58.7	75.6
Employed	69.7	77.1	47.5	63.1	50.4	64.6
Self employed	10.6	11.6	6.0	8.7	8.3	10.9
Of working age not working	4.8	4.3	15.3	13.8	18.1	15.3
Single provider	30.6	26.8	40.7	49.2	44.7	53.2
Two or more providers	49.6	61.9	12.8	22.5	14.0	22.4
Head of household age, working age						
Up to 30	16.0	17.3	16.6	19.7	19.7	19.8
31 to 45	34.9	42.6	29.6	43.8	36.5	49.6
46 to retirement age	29.2	30.1	18.9	20.0	20.6	21.2
Head of household age, retirement age						
Elderly*****	22.2	11.6	36.7	17.7	25.0	10.3
Or legal pension age *****	19.9	10.1	34.9	16.5	23.2	9.4
Education of the head of household						
Up to 8 years of study	7.4	5.8	17.4	13.3	17.7	13.7
9 to 12 years of study	37.3	39.4	42.4	46.8	43.6	47.9
13 or more years of study	55.4	54.8	40.2	39.9	38.7	38.5

* The weight given to each family in calculating the index is equal to the number of persons in it.

** Including non-Jews who are not Arabs.

*** The last school where the interviewee learned / is learning.

**** Level of religiousness reported by the interviewee: secular, traditional, religious, Haredi, mixed.

***** According to the definition used thus far: from age 60 for women and 65 for men.

***** The definition was adjusted to the age of retirement from work under the Retirement Age Law, so this population is not uniform, until completion of retirement age raising process.

Table 10: Share of Population Groups in the General and Poor Populations* (Percentages), 2017

Population group (families)	General population		Poor population			
			Before transfer payments and		After transfer payments and	
	Families	Persons	Families	Persons	Families	Persons
Head of household characteristics						
Jewish**	85.4	79.8	73.2	61.5	62.6	52.2
Haredi (according to last school)	5.1	8.4	10.5	18.3	12.0	19.2
Haredi (according to	6.6	10.4	13.2	22.5	15.5	24.0
Immigrant	19.6	16.0	25.8	17.4	19.7	13.0
Arab	14.6	20.2	26.8	38.5	37.4	47.8
Total families with children	45.2	66.4	41.2	69.8	53.2	80.1
1 to 3 children	37.5	49.3	26.9	36.0	32.5	38.3
4 or more children	7.7	17.1	14.3	33.8	20.7	41.8
5 or more children	3.5	8.9	7.9	20.9	11.5	26.1
Single-parent families	5.7	6.3	7.7	9.4	7.6	8.5
Head of household employment						
Working	80.3	88.8	52.2	70.3	55.1	73.0
Employed	69.2	76.1	46.0	61.3	47.3	62.7
Self employed	11.1	12.6	6.2	9.0	7.8	10.2
Of working age and not working	4.6	4.2	15.2	14.4	19.1	16.4
Single provider	29.7	25.7	39.3	48.0	40.3	49.9
Two or more providers	50.6	63.1	12.9	22.3	14.8	23.1
Head of household age, working						
Up to 30	16.0	17.5	18.9	21.6	21.5	21.4
31 to 45	34.4	42.0	26.5	41.8	32.0	47.0
46 to retirement age	29.2	30.4	18.3	19.4	21.1	21.3
Head of household age, retirement						
Elderly*****	22.6	11.8	38.2	18.5	26.9	11.3
Of legal pension age*****	20.4	10.2	36.3	17.2	25.4	10.4
Education of the head of household						
Up to 8 school years	7.3	5.9	18.1	14.0	19.6	14.7
9 to 12 school years	36.8	39.0	40.5	45.7	42.4	48.0
13 school years or more	55.9	55.1	41.4	40.3	38.0	37.2

* The weight given to each family in calculating the index is equal to the number of persons in it.

** Including non-Jews who are not Arabs.

*** The last school where the interviewee learned / is learning.

**** Level of religiousness reported by the interviewee: secular, traditional, religious, Haredi, mixed.

***** According to the definition used thus far: from age 60 for women and 65 for men.

***** The definition was adjusted to the age of retirement from work under the Retirement Age Law, so this population is not uniform, until completion of retirement age raising process.

Table 11: Income Gap Ratio of the Poor* in Selected Population Groups, 2016 and 2017

Population group (families)	2016			2017		
	Economical income	Disposable income	Centralization index**	Economical income	Disposable income	Centralization index**
Whole population	54.2	33.7	1.0	55.6	35.2	1.0
Head of household characteristics						
Jewish**	55.5	31.6	0.9	56.0	31.1	0.9
Haredi (according to last school approach)**	54.9	32.6	1.0	55.8	34.1	1.0
Haredi (according to subjective definition)**	55.3	33.5	1.0	53.9	33.7	1.0
Immigrant	61.9	31.3	0.9	64.0	28.7	0.8
Arab	52.1	36.0	1.1	54.9	39.7	1.1
Total families with children	49.1	34.0	1.0	50.7	35.9	1.0
1 to 3 children	44.7	30.8	0.9	47.0	31.5	0.9
4 or more children	53.7	36.9	1.1	54.7	39.8	1.1
5 or more children	55.6	37.9	1.1	58.3	42.3	1.2
Single-parent families	55.5	35.1	1.0	56.8	35.7	1.0
Head of household employment						
Working	40.5	29.9	0.9	41.3	31.4	0.9
Employed	40.5	29.6	0.9	41.5	31.2	0.9
Self employed	40.7	31.0	0.9	40.3	32.8	0.9
Of working age and not working	96.1	55.8	1.7	96.6	56.0	1.6
Single provider	45.5	32.9	1.0	46.2	34.7	1.0
Two or more providers	29.6	22.6	0.7	30.9	24.4	0.7
Head of household age, working						
Up to 30	48.4	32.1	1.0	49.3	34.8	1.0
31 to 45	48.5	33.9	1.0	51.2	36.6	1.0
46 to retirement age	54.1	37.4	1.1	54.2	36.4	1.0
Head of household age,						
Elderly*****	75.2	28.6	0.9	75.4	29.1	0.8
Of legal pension age*****	76.3	28.0	0.8	75.8	27.7	0.8
Education of the head of						
Up to 8 years of study	68.6	37.0	1.1	71.4	41.6	1.2
9 to 12 years of study	51.1	35.4	1.1	50.6	35.2	1.0
13 or more years of study	53.1	30.5	0.9	55.8	32.7	0.9

* The weight given to each family in calculating the index is equal to the number of persons in it.

** Including non-Jews who are not Arabs.

*** The last school where the interviewee learned / is learning.

**** Level of religiousness reported by the interviewee: secular, traditional, religious, Haredi, mixed.

***** According to the definition used thus far: from age 60 for women and 65 for men.

***** The definition was adjusted to the age of retirement from work under the Retirement Age Law, so this population is not uniform, until completion of retirement age raising process.

Unemployed at Working Age

In spite of its enormous size, the incidence of poverty for non-working families of working age continued to rise in 2017, from 69% to 76%. That is, 3 out of 4 non-working families of working age live in poverty. Due to the importance of child allowance for the disposable income of this population group, and in light of the erosion of the allowance compared to the rise of living standards (unlike old-age pensions), the contribution of policy measures to reducing poverty in this group decreased by about 21%. The incidence of child poverty in these families also increased from 87% in 2016 to 90% in 2017. The conditions of these families have also deteriorated: the depth of poverty has slightly increased and its severity has increased by about 4%.

The income gap represents the distance of poor families from the poverty line, and the concentration index of the income gap ratio is the ratio between the income gap in a particular population group and the income gap in the whole poor population. Compared with measures of poverty incidence, most of which declined slightly, in 2017, the depth and severity of poverty increased in the general population and in most of the population groups. The concentration index of income gap ratio has declined, especially among immigrant families, but rose in families with 5 or more children, families whose head is 45 years of age or older, and among those with up to 8 years of study.

Poverty According to Expenditure

Since the early 1970s, poverty in Israel has been defined using the relative approach, which is accepted by most scholars and social policymakers in the Western world. According to this approach, poverty is a phenomenon of relative distress, and a family is defined as poor when its living conditions are significantly lower than the typical living conditions in the society as a whole, and not when it is unable to purchase a certain basket of basic products required for its subsistence.

In the 1990s, a semi-relative approach to poverty measurement was developed in the USA, whereby a threshold expenditure on a **basic basket of goods** was defined (and in this regard, the approach is absolute), but the value of that basket is calculated as a percentage of the median

expenditure on basic consumer products. This approach was recommended as an alternative to the official poverty index in the USA, and was developed by a committee of experts from US and UK academies (National Research Council – NRC), following an initiative of the Congressional Economic Commission, and designed to review in depth the official poverty measurement in the United States and to propose an alternative measurement. Its principles were formulated after years of thorough and comprehensive theoretical and empirical research. The committee recommended that the basket of goods be based on actual consumption habits, as reflected in household spending surveys.

We will review below three alternative indices of the existing poverty index, developed by the Research and Planning Administration of the NII and calculated in a similar manner as the the above approach, based on household expenditure and not on their income. These indices are calculated using three methods: **NRC** (National Research Council), **MBM** (Market Basket Measure) and **FES** (Food Energy Intake and Share). These methods take into account the various components of family consumption in absolute comparison to a certain fixed consumption basket and in a relative comparison to the consumption baskets of other households.

Poverty Measurement According to NRC Approach

In a study published by the NII in 2004¹¹, an attempt was made to measure poverty in Israel using the National Research Council (NRC) approach, which is based primarily on the calculation of a **threshold expenditure for a representative family** (composed of two adults and two children), calculated from the consumption data of the population itself, as reflected in expenditure surveys conducted by the CBS. The basket used as a basis for calculating the threshold expenditure, includes goods and services in the areas of food, clothing, footwear and housing, as well as related essential products. The threshold expenditure is adjusted for different family compositions using an equivalence scale, which takes into account the family composition in terms of number of adults and children. The income compared to the threshold expenditure is the disposable income available to the family (gross income from all sources minus direct taxes). Another component added to the income is the **in-kind income**, if the

¹¹ M. Sabag- Endeweld and L. Achdut (2004), Developing an experimental index of poverty in Israel according to expenditure, Research & Planning Administration, National Insurance Institute.

family receives public housing and pays a reduced rent in relation to market prices¹². A poor family is the one whose disposable income is insufficient to finance the expenditure on this basket.

The study presented two alternatives for calculating the threshold expenditure and equivalent income to each type of family, which differ in the definition of housing expenditure: in the first alternative, the housing expenses is calculated based on the total current payments for residential purposes (loans and mortgages, rent, etc.), and in the other one, according to rent (for people who rent an apartment) or charged rent (for apartment owner). In the case of a family that lives in its own apartment, it is compensated on the income side. The component that is added to the income is the difference between the charged rent and the total current expenses on the apartment¹³.

Poverty Measurement According to MBM Approach

In another study by the NII in 2011¹⁴, a poverty index combining the Canadian and American approaches was calculated. The Market Basket Measure (MBM) index, as calculated for the Israeli economy, is located on the continuum between the two endpoints of absolute and relative indices, and belongs to a set of indices in which the poverty line is derived from an adequate basket of consumer goods that reflects a reasonable estimate of a minimum adequate standard of living. Its correlation with minimum living expenses means this this poverty line can be used to assess the suitability of the amount of subsistence benefits – income support and income supplement – which are the last safety net for those unable to support themselves and their families. A key difference between the NRC and the MBM indices lies in the calculation of the food component: in the NRC, food expenses are measured according to the actual data, like the other expenses on the adequate basket (which also includes clothing, housing and various supplements), by means of an expenditure multiplier; and in MBM they are determined on a

¹² In addition to direct taxes, additional expenses are deducted from the income, according to the American committee. These include commute expenses, daycare for children, kindergartens and caregivers to children of working parents.

¹³ In the two alternatives, calculation of the income equivalent to the threshold expense takes into account the benefit that is included in public housing services: a family that lives in a public housing (of the housing organizations Amidar, Amigur etc.) is compensated in its income at the amount of the difference between the free market income and the rent it actually pays.

¹⁴ D. Gottlieb and A. Fruman (2011). Measurement of Poverty According to the Adequate Consumption Basket in Israel 1997-2009, Research and Planning Administration, National Insurance Institute.

normative rather than actual basis – according to nutrition principles based on family composition by gender and age.

Poverty Measurement According to FES Approach

The FES (Food Energy Intake and Share) approach is based on calculating the normative food expenditure based on recommendations from nutrition experts, so that one can function properly in daily life. The calculation of spending on non-food products is more complex and based on a two-point average on the standard of living: a minimum standard of living (food energy intake), where the family budget is just sufficient to buy the normative food basket, and the actual standard of living of the family which is higher. The hallmark of this standard of living is that the actual expenditure on food is equal to the normative food basket, and the expenditure on non-food items is higher than the amount spent by the family at the lowest point, since a family with an income that just suffices to spend on the normative food basket has to make a difficult choice between essential expenses on food and non-food expenditure.

Box 1: Poverty Among Ethiopian Migrants

Following demonstrations by Ethiopian migrants in protest over their social situation, we will present below data on the economic situation of members of the community, defined here as immigrants or children of Ethiopian immigrants. The data on these people, as much as the data in this chapter, is based on the CBS surveys: 2017 Expenditure Survey, Income Surveys till 2011 and Expenditure Surveys from 2012.

The findings show that, despite the improvement in the economic situation of this population in the last decade – an increase in the participation rate in the labor market, an increase in work income and a decrease in the incidence of poverty – the incidence of poverty is still much higher among them than in the general population. Among households, although the incidence of poverty has consistently dropped from almost 60% a decade ago to 25.7% in 2017¹, it was still about 40% higher than the general population and almost twice higher than that of the Jewish population (Figure 1). Ethiopian migrants are also poorer among immigrants – 28.0% compared to 18.4%, respectively. Among families with children, the incidence of poverty is similar between Ethiopian migrants and the general population: 22.1% and 21.6%, respectively (Table 1).

Unlike other populations in poverty, the high poverty incidence of Ethiopian migrants is not due to low employment rates, because these are particularly high: 91.2% of families work, and 67.5% have two or more providers, in comparison with 80.3% and 50.6% in the general population, respectively. According to findings not shown here, the decline in poverty incidence over the past decade is mainly explained by an increase in employment rates, but the rates of poor families are still high – 49.7% of families with one provider and 10.6% of families with at least two providers, compared to 24.9% and 5.4%, respectively, in the general population (Table 1).

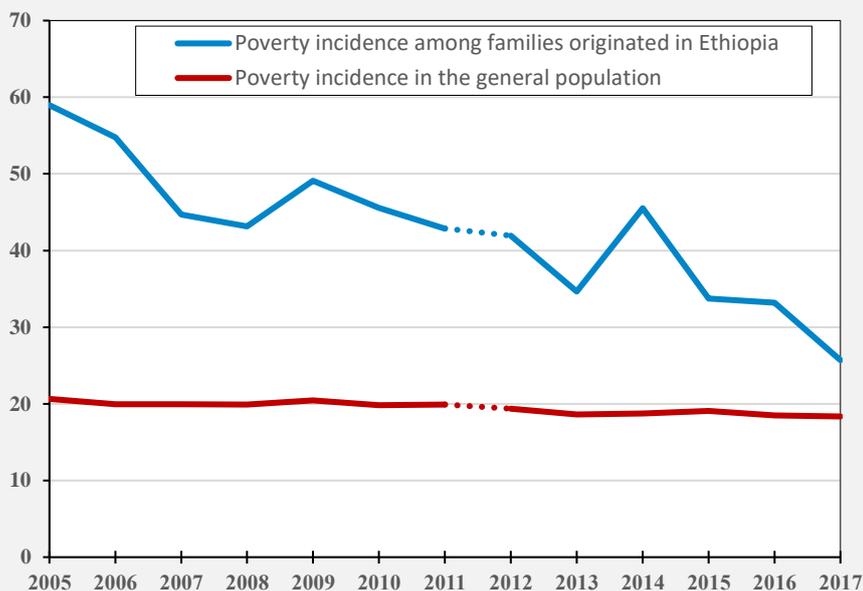
The high incidence of poverty in this population is also the result of educational gaps: those with an elementary education (up to 8 years of study), are poorer than the general population, but those with secondary and higher education are even poorer. Moreover, Ethiopian migrants are on average less educated than the general population: 21.4% of them have elementary education only, compared to 7.3% of the general population, and 29.0% of them have secondary education compared to 55.9% of the general population (Table 1).

¹ The fluctuation in the incidence of poverty in the last decade may be the result of the small samples in the surveys.

These data leads to three conclusions:

- Those with lower education find it difficult to escape poverty even with high participation rates in the labor market. This raises the need to strengthen the social security network as well as to ensure that they are trained in the labor market, thus enabling people of all levels of education to live in comfort.
- The limited accessibility to education is probably the result of inequalities in opportunities (education and studies) in each of the various life stages and various institutions of the education system, a fact that may have long-term detrimental effects on them.
- Even those who have succeeded in overcoming the limited access to education are more likely to be in poverty than the general population – a fact that may indicate discrimination, in addition to the opportunity gaps².

Figure 1: Incidence of Poverty on Ethiopian Migrant Families in Comparison with the General Population, 2005-2017



² A separate study is planned to examine these differences and their causes thoroughly.

The different calculations using this method were done twice: first using the family monetary income, and then including in-kind income. As part of our data, most of the income in kind is the result of ownership of the apartment.

Incidence of Poverty

Using the three measurement methods reviewed above, which are based on a consumption basket and, as mentioned, have an absolute component, the dimensions of poverty usually decrease over time (Table 12). Thus, between 2014 and 2017, the poverty indices according to the NRC and FES decreased according to monetary income from 16.9% to 16.3% and from 16.1% to 12.9%, respectively. The poverty rate of families fell in the official index in the same period from 18.8% to 18.4%, which means it remained fairly stable. This is because the relativity of the official index changes in parallel with the increase in the general standard of living, whereas in the indices that involve an absolute approach, there may be an increase in the general standard of living, along with a decrease in the basic expenses required in the prescribed consumption basket.

In general, the dimensions of poverty based on income that includes the imputation of owned housing are usually lower than those based on monetary income (in indices allowing two alternatives to be compared), i.e. the inclusion of the apartment ownership component reduces the gaps among families in the society. The consistent declining trends in poverty rates are also common to the different methods in the case of total income measurement, except for the MBM index, which indicates slight fluctuations in the four years in the table. Poverty level in 2017, according to the expenditure-based indices (other than the MBM), is usually about 4-5 percentage points lower than the indices obtained according to the official method.

Table 12: Poverty Rate in Families, Individuals and Children, According to the Different Approaches, 2014–2017

Year	NRC			FES			MBM		
	Families	Individuals	Children	Families	Individuals	Children	Families	Individuals	Children
By monetary income									
2014	16.9	20.1	27.7	16.1	23.9	36.0			
2015	16.6	19.2	26.4	15.4	22.1	33.7			
2016	16.7	19.3	26.5	14.0	21.3	32.8			
2017	16.3	18.8	25.6	12.9	19.6	30.1			
By total income									
2014	15.0	19.2	27.7	15.5	23.8	36.5	17.9	23.4	34.4
2015	14.4	18.1	26.4	14.6	21.9	34.4	19.8	25.7	38.2
2016	14.0	17.8	26.0	13.3	21.1	33.5	19.2	25.6	38.1
2017	14.0	17.7	25.7	12.4	19.6	30.8	18.4	24.2	35.4

Table 13: Poverty Rate and Threshold Expenditure by Family Compositions, According to the NRC, FES and MBM Approaches, 2016-2017

Family composition	NRC				FES				MBM			
	2016		2017		2016		2017		2016		2017	
	Threshold expenditure (NIS)	Poverty rate (%)										
By monetary income												
Single adult	2,973	21.3	3,027	22.0	1,910	7.7	1,934	7.6				
Two adults	4,829	11.8	4,917	11.6	3,836	6.1	3,860	6.1				
Two adults + child	5,958	12.1	6,066	11.0	5,830	8.4	5,868	6.5				
Two adults + two children	7,002	13.6	7,129	13.5	7,648	13.7	7,672	10.7				
Two adults + three children	7,982	17.3	8,127	15.7	9,618	18.6	9,681	17.2				
Two adults + four children	8,913	34.0	9,075	29.4	11,421	37.0	11,562	35.4				
Two adults + five children	9,804	44.5	9,982	44.7	13,279	57.1	13,389	53.9				
single adult + two children	5,487	21.7	5,586	23.9	5,732	25.2	5,919	22.4				
By total income												
Single adult	3,504	13.1	3,586	14.0	2,395	6.1	2,421	5.9	3,547	14.6	3,656	14.8
Two adults	5,692	8.2	5,826	8.1	4,809	3.2	4,830	3.8	6,026	9.4	6,196	10.0
Two adults + child	7,023	12.7	7,188	12.4	7,308	8.4	7,344	7.4	7,829	19.2	8,039	14.5
Two adults + two children	8,252	14.4	8,447	14.7	9,587	14.7	9,601	11.4	9,486	22.6	9,725	22.4
Two adults + three children	9,408	16.9	9,630	16.6	12,057	18.6	12,115	16.3	11,138	26.7	11,420	22.7
Two adults + four children	10,505	32.1	10,753	28.3	14,318	38.8	14,470	36.8	12,682	45.0	13,022	42.0
Two adults + five children	11,556	44.6	11,828	42.6	16,647	58.5	16,756	53.5	14,208	62.8	14,563	55.2
single adult + two children	6,467	27.9	6,619	28.2	7,185	28.8	7,408	32.4	7,340	35.5	7,587	39.7

The analysis of the incidence of poverty and threshold expenditure (the minimum expense required not to be considered poor) for 2016-2017, by each of the methods, shows that for most families, the incidence of poverty by total income (in which the owned housing component is included) is lower than by monetary income. However, this is not true regarding fairly young families, with 1 or 2 children, with two parents or single-parents, perhaps because these families have a relatively low rate of housing ownership. The similarity in the incidence of poverty by the FES method, whether or not the income in kind is included, is generally greater than in the NRC method.

According to the three methods of measuring poverty by expenditure, there is a correlation between the number of children and the incidence of poverty, so that according to the well known model from the official poverty data, the incidence of poverty increases with the increase with the number of children.

Values of threshold for small families according to the NRC and MBM methods are higher than the values according to the FES method; however this ratio is inverse in large families (Table 13). Accordingly, the same applies to the incidence of poverty. This difference is due to the equivalence scale of the NRC and MBM methods, which differs between children and adults, unlike the calculation by the FES method.

The threshold money spending under which a single adult was defined as poor in 2017 was about NIS 3,000, according to the NRC method, and much lower, less than NIS 2,000, according to the FES method. The inclusion of the housing ownership component into the calculation increases the threshold by NIS 500 in both cases. In the transition from one to two individuals, the equivalence scale in the FES index provides the least advantage per size; it raises the money expenditure twofold and the total expenditure even more. The highest vales of absolute expenditure, in comparison of all three methods, when the in-kind expenditure related to housing ownership is included, are obtained from the MBM index, which were slightly higher than those calculated by the official index in 2017.

Box 2: Impact of Child Allowances on Poverty Rescue – an International Comparison

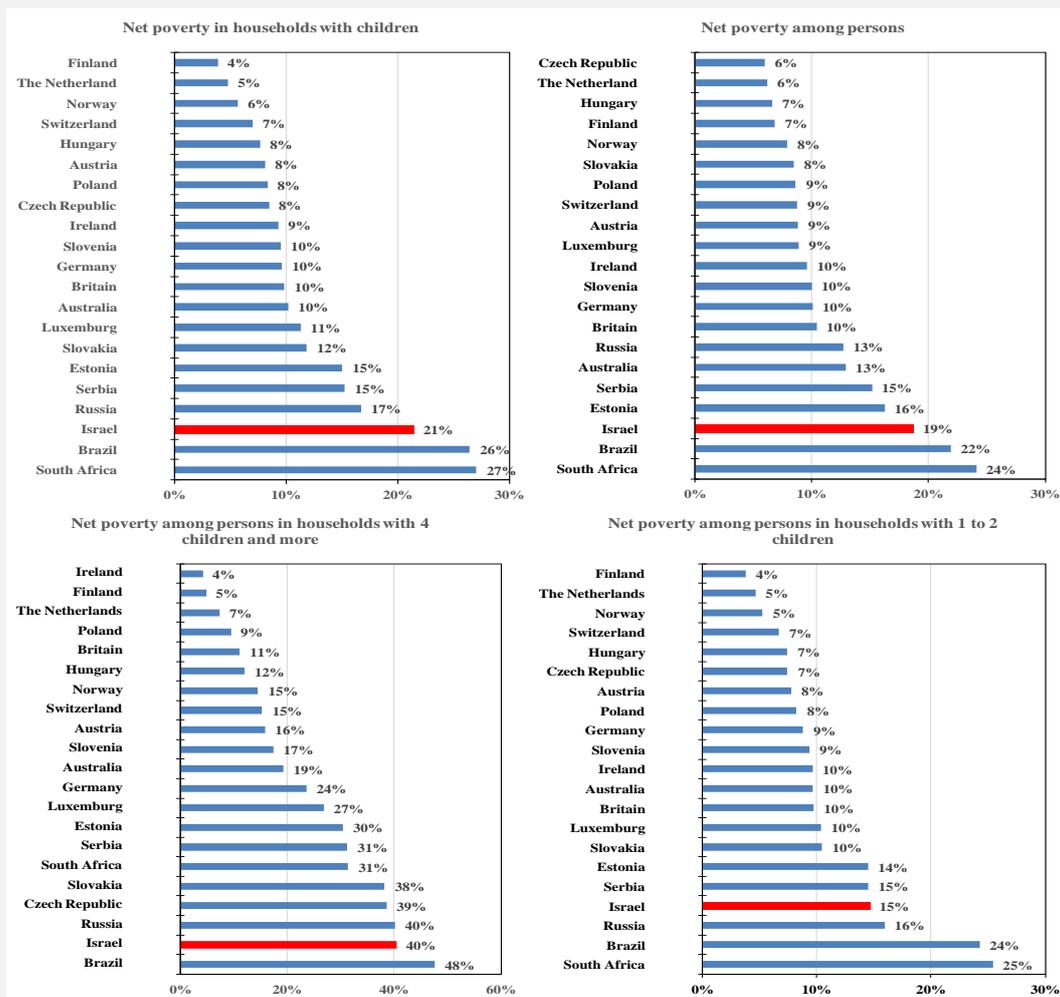
The payment of child allowances is one of governments' tools to help families with children in financing the heavy expense involved in raising children, improving their economic situation, and in the case of a weak population even in the rescue from poverty.

The amount of allowance varies between countries according to the government's social policy. LIS (Luxembourg Income Study)¹ data allows examining the role of child allowances in rescuing households from poverty in those countries. For each country, the poverty line and poverty rates by standard person² income, before and after government transfers and taxes, and before transfer and taxes plus child allowance.

¹ <https://www.lisdatacenter.org/>

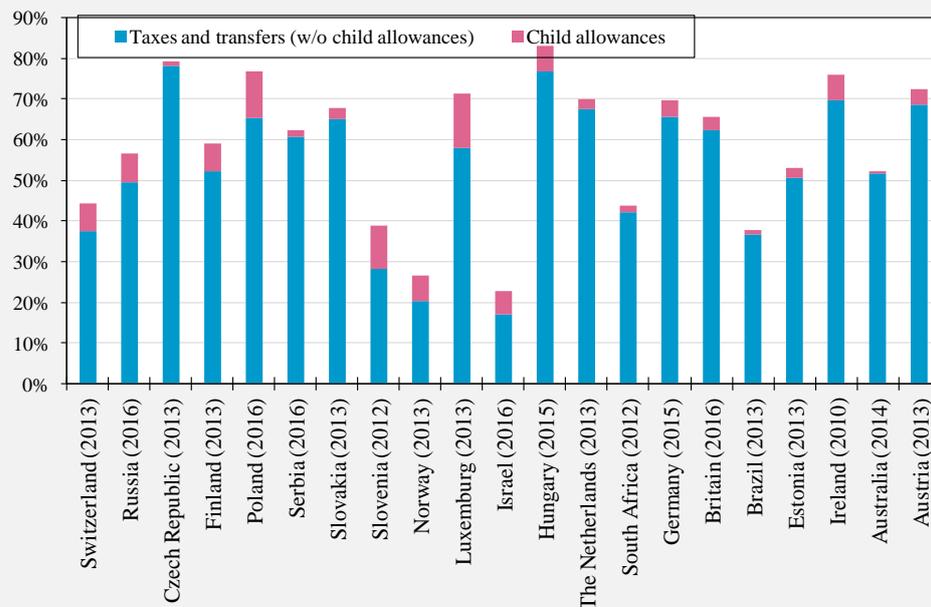
² Calculation done according to the OECD definition. The number of standard persons is the root of the number of persons in the household.

Figure 1: Incidence of Poverty Among Individuals after Transfer Payments and Taxes, by Number of Children in the Household – Israel and Selected Countries, 2016*



* Data source: LIS. Israel data for 2016; other countries 2010 – 2016.

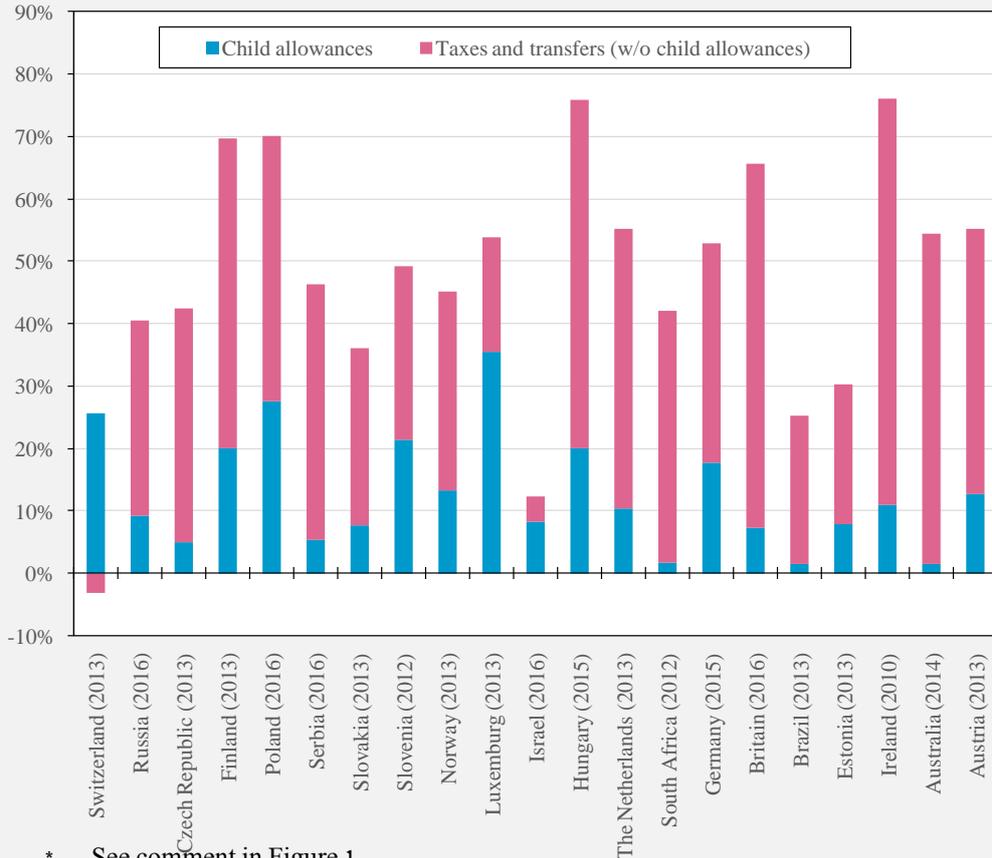
Figure 2A – Decrease in the Incidence of Poverty Among Individuals in the General Population – Israel and Selected Countries, 2016*



* See comment in Figure 1.

According to the findings, the number of children in the household affects the incidence of poverty in all countries (Figure 1). It can be seen that for any family size, even for a relatively small family of 1-3 children, Israel is ranked at the bottom in terms of the impact of allowances on rescue from poverty. The incidence of poverty for individuals in Israel is 19%, and for households with children it increases to 21% – due to the high proportion, 40%, of poor persons in households with 4 or more children.

Figure 2B: Decline in Poverty Incidence Among Persons in Families with Children – Israel and Selected Countries, 2016*



* See comment in Figure 1.

Examining the direct effect of child allowances on poverty rescue compared to the government policy as a whole (transfer payments and taxes), considerable differences can be seen among the countries and the different household compositions as shown in Figure 2A. The overall effect is represented by the connection of the two colors in each column, and the effect of child allowances is represented in blue. It can be seen that in Israel all policy measures lead to a 23% reduction in the incidence of poverty (the lowest rate among the countries compared), 6% of which is due to child allowances. Without the child allowances, the decline rate would have been 17%. Among persons in households with children, the government's policy reduces poverty incidence by 12%, about 8% of which is due to child allowances. By comparison, some countries, such as Switzerland, Luxembourg, Finland and Poland, are more successful in eradicating poverty among families with children, at a rate of 20%.

Figure 2C: Decline in Poverty Incidence Among Persons in Households with 1 to 3 Children – Israel and Selected Countries, 2016*

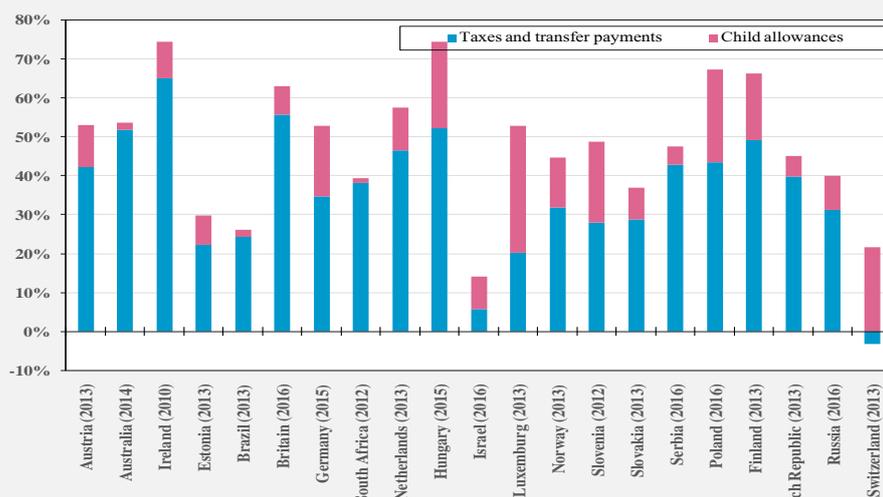
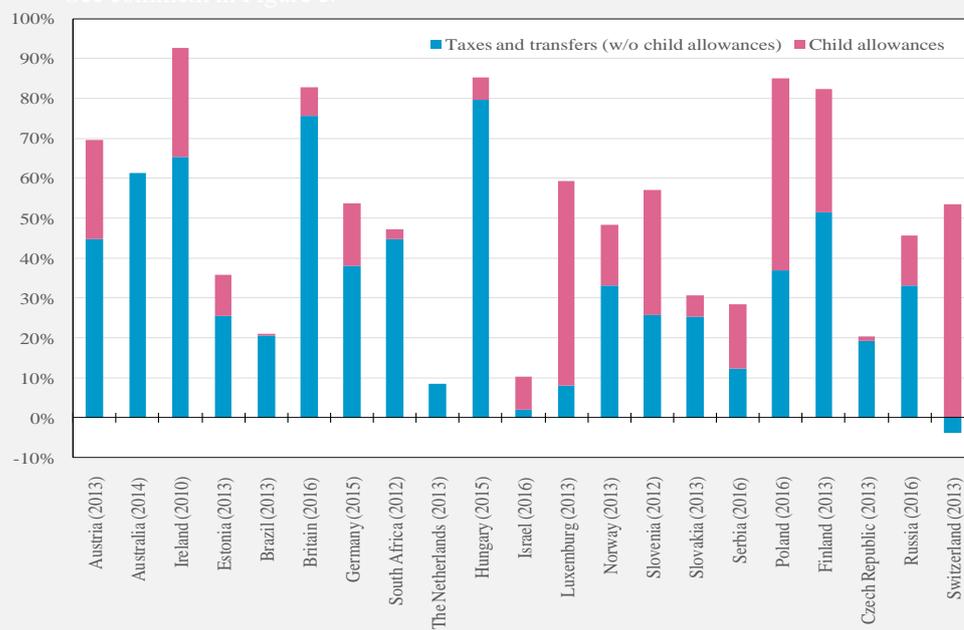


Figure 2D: Decline in Poverty Incidence Among Persons in Households with 4 Children and More – Israel and Selected Countries, 2016*

See comment in Figure 1.



* See comment in Figure 1.