

DYSFUNCTIONAL



LATET לתת

The Alternative Poverty Report | No. 18 | Israel | 2020

REALITY

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Healing or Systems Failure

Gilles Darmon, President and Founder of Latet

This year's Alternative Poverty Report is undoubtedly the harshest since LATET began investigating the poverty state of affairs in Israel over 15 years ago. This year, the report is being published concurrent to an historical turning point, and attests to the unprecedented scope of the social catastrophe we have been witnessing during the COVID-19 crisis. This is a real tragedy.

However, it would be reckless to think that the COVID crisis is just a fleeting episode in our country's history. We are experiencing the very painful birth of a new reality in Israeli society. For years, deep social changes in the complex socio-political landscape have been occurring, changes which have accelerated and intensified as a result of the COVID crisis. The change is already significant and there's no turning back. We are at a point of no return.

Two main guidelines are forming in our country during this time. The first perpetuates social polarization as a given fact, and confirms that we are a society that exists in two parallel worlds that live in a different reality. A minority devoid of economic hardship lives in one world. While the other world is populated with a majority that is in a permanent state of financial survival. The second guideline pertains to the emergence of new forces within Israeli society that contribute to the establishment of strong civil solidarity.

The main study in the report gives us an in-depth understanding of the damage caused by the COVID crisis. This is the first time since March 2019, which signaled the onset of the crisis, that we can evaluate

what is happening on the ground with regards to the scope of economic hardship and poverty. The study findings confirm the obvious: the COVID catastrophe is first and foremost a disaster for the most vulnerable and disadvantaged classes in Israel. An additional and terrible push to expanding socioeconomic inequality.

I would like to share with you the major lessons emerging from this unique study.

The worst victims of the crisis are families who were living in poverty even before COVID-19. Over 80% of this population experienced a sharp drop in their income (termination, unpaid leave or loss of income from work). These data are particularly concerning both because of the size of the population, as well as in light of how rapidly it is adversely affected. Seemingly, we would expect that the Israeli economy is robust enough to keep things together for longer when facing a financial crisis. In practice, it took less than six months to damage an unfathomable portion of the population.

And I wonder - What will happen after another inevitable lockdown, concurrent to depleting government aid and when numerous families will use up whatever little savings they have left? This is all extremely concerning, especially in light of forecasts that predict that the height of the social effect of the crisis is yet to come, which we will experience in the second quarter of 2021.

According to the study, **the amount of families living in poverty grew by 9%, from 20% before the crisis, to 29% within less than six months since**

the onset of the crisis. This data unfortunately confirms the most pessimistic financial forecasts from the beginning of the crisis, and emphasize the weaknesses of the ecosystem in Israel. At the cusp of this crisis, a significant portion of these families lived in a state of financial fragility. COVID upset the delicate financial balance, and pushed tens of thousands of new Israeli families into economic hardship and poverty. The state actually created the conditions for this fragility in that it refused in the past to significantly invest in those same families in order to build social resilience (vocational training, social security, education, etc.). At the moment of truth, during a dramatic crisis, the illusion shatters, the fragility is exposed - and the families are left to face a hopeless situation on their own. The state's intervention was inadequate at best, and inappropriate at worst. In both cases, the conclusion is clear.

The state's failure is even more resounding, especially in light of how much money flowed during the crisis, which did not halt the unprecedented financial effect on society's most vulnerable groups. The disadvantaged populations were at the bottom of the political priority list due to their inability to make their voices heard, and to exert pressure on the decision makers.

To conclude, the final lesson I would like to share with you is that **almost two thirds of the families who slipped into economic hardship, expect that it will take them a long time to escape this crisis.** This is undoubtedly the most concerning lesson, since hundreds of thousands of families

have joined the cycle of poverty in Israel, and we will have to cope with the effects of the COVID crisis on Israeli society for a long time to come, even once the imminent health crisis is over.

In light of all this, it is undoubtedly legitimate to ask the question: Are we not at the brink of a "lost decade" for the vulnerable populations in Israel? Remember, more than a decade was needed to stabilize the Israeli economy after the financial crisis at the end of the Yom Kippur War, when all strata of the population were adversely affected. Unfortunately, however, in the current crisis, the poorest will probably pay the heaviest financial price. If we do not act swiftly, an entire generation of vulnerable Israelis will be sacrificed and unwittingly become living and painful testimony of the historical crisis, without any chance and hope - a lost generation.

Nonetheless, alongside these alarming conclusions, since the onset of the crisis, we have witnessed an immense momentum and outburst of solidarity in Israeli society. The third sector managed to cope exceptionally well with the first and second wave of COVID-19. It was previously criticized for its obsolescence, inefficiency or amateurism, but it was a real lifesaver for Israeli society during the crisis. Within several weeks, it managed to recruit thousands of new volunteers and to also increase the number of donors in the most vital spheres where extensive needs emerged. By being flexible, efficient and effective, the response time of the third sector was significantly shorter than the government or military. I cannot

even imagine the social cost we would have to pay if it not for this sector's involvement.

Moreover, it is impossible to succinctly describe the amount of initiatives that emerged during the crisis, thanks to the goodwill of people who wanted to help those in need. This is an unstoppable tsunami of social solidarity, which is becoming part of the Israeli identity. In my opinion, Israeli citizens chose to respond this way in the absence of ethical political leadership that did not find solutions to cope with the crisis. The citizens became the adult in charge, and took responsibility, thus proving what dignified ethical citizenship truly is.

As a result of the COVID crisis, in many places the local elected officials took upon themselves the responsibility placed on the state, when it did not define clear lines of action and did not grant the necessary resources to stop the devastation of this crisis. This event constituted an opportunity for municipal leaders - new and veteran alike - to exhibit their effectiveness and leadership, in an uncertain environment. A new, ethical and effective leadership, the fruits of which we will see in the future, affect us on a national level. Pinpricks of light among certain populations, especially in the Arab and Haredi communities, are worth mentioning. Despite the complexity and in spite of the narrative in the Israeli media and the national leadership of these communities who did not manage to lead their public - there were others who took hold of the reins. It was actually the local leadership who led to change and managed, in many cases, to effectively stop the spread of the pandemic.

The likelihood of a COVID-19 vaccine in the upcoming year lets us see the light at the end of the tunnel of this crisis. As soon as the restrictions are lifted and growth resumes, it will be necessary to start the long and arduous process of rebuilding the Israeli social fabric, which has been badly damaged. This tragedy is also an historical opportunity to fix a structural failure in Israeli society, and to heal the inequality that it has perpetuated throughout the years. I hope that this new world, which has surfaced in lightning speed, can rely on a new leadership from the third sector and local elected officials, who will bear the heavy responsibility of urgently dealing with the issue of social inequality. This is the only way not to lose humanity in the new world, and we can restore a minimal degree of social cohesion in our country. In the event that a divided and non-egalitarian Israeli society prevails, I am not certain that the State of Israel has a real future.

Poverty-21

Eran Weintrob, CEO of Latet

Although the outbreak of COVID-19 created a pandemic, surprisingly most of the coping efforts have not been in the healthcare sphere.

The main crisis resulting from COVID is in the socioeconomic sphere. As a result of the crisis, around 422,000 Israeli families have fallen upon economic hardship, of which around an additional quarter of a million families will join the cycle of poverty. Those who were poor before COVID-19 are grappling with an unbearably difficult reality. Their situation deteriorated greatly and has become an existential threat. One third of the Israeli populace has stated that they are experiencing economic hardship, only one quarter of the households are in a good financial situation. **COVID-19 has become Poverty-21.**

Thousands of Israelis die from the disease and hundreds of thousands get infected, and even after a vaccine is found, many of them may continue to deal with the side effects. But the pandemic will be over at some point, probably in 2021. The financial crisis, on the other hand, the social inequality, hardship and poverty - these will persist in the lives of millions of Israelis for many years to come and will also affect their mental health, their ability to create a normative future for their children, and the will impact fabric of Israeli society on the whole.

It turns out that the Poverty-21 pandemic is even more dangerous than the COVID-19 one.

Seemingly, it should have been easier to cope with the financial crisis without the need to embark on a race to develop a vaccine, ventilators, and the formation of new social rules. We could have been happy with a pro-social macro-economic policy if

only the recent governments would have thought to implement such a thing or at least take effective financial steps as soon as the pandemic broke out. But the “emergency COVID government - without a budget” did not support the struggle for survival of the hundreds of thousands who went into the crisis already vulnerable and weak. On the ground we witnessed how their situation got much worse in a very short time as a result of the prolonged imposed lockdown and loss of employment at minimum wage and how their status changed from working poor to hopeless poor. Concurrent to this, political considerations that led to the outbreak of the second wave and to the need for a full lockdown instead of implementing the differential traffic-light model, caused an inability to stop the brutal and **rapid deterioration of tens of thousands of middle class families - self-employed, actors, professionals from the entertainment, tourism, and restaurant industries - to the dubious title: the new poor.**

A comprehensive examination we made at Latet demonstrates that **due to the loss of primary income and the high unemployment rates, lower middle class families are freefalling under the official poverty line almost instantly.** The deterioration to a situation where they have to forego the basic essentials needed to live in dignity and to develop a dependency on external bodies such as food aid NGOs in order to survive, may come within 12-20 months. **Less than two years to go from a normative life to poverty.**

The deep financial crisis finds these families fragile and exposed and strongly erodes the middle

class, like an iceberg that cracks and slides with a shattering noise into the frozen and unforgiving waters of the Arctic Ocean. **Almost one sixth of the middle class has been eradicated as a result of the crisis and tens of thousands of families are making their way to the lower strata of society.** We must do everything so that these families, who come to receive aid for the first time in their lives, will only experience a state of “temporary crisis” and when they return to the workforce they will manage to get back on their feet and resume their place in the middle class. The alternative is an erosion of their ability to provide the essential needs required to live in dignity, accrue huge debt and continue their freefall into the depths of poverty, from which it will be difficult if not impossible to escape. After two tsunami waves of a spike in infection rates, paralysis of the economy for a prolonged period, and the formation of a deep financial crisis – the third wave in the winter may find these families helpless and cause Israeli society to regress by decades.

The unique and comprehensive study we conducted with the ERI institute regarding the effects of COVID-19 on poverty and the 18th edition of the Alternative Poverty Report, which focuses on an analysis of the health-socioeconomic crisis as a result of the outbreak of COVID, draws a new and concerning picture of reality. **A dysfunctional reality.** And it pertains to almost all of us. The effects of the financial crisis are worse than we thought, and although the worst is yet to come, probably in 2021, it is already clear to everyone that a recession that will be with us for the next few years is unavoidable. Therefore, the main national task is to stop this demise. First we have to stop the

bleeding. And then, with great effort and together, to turn the tide and commence the upward climb.

We, at Latet and the aid organizations, will continue to be the social security net and the first line of defense that works on the ground, but in order to cope with the greatest socioeconomic challenge in the country's history, we will need a functioning government that sets appropriate priorities – and alongside the race to develop and implement a COVID-19 vaccine, does what is needed to beat Poverty-21 and to ensure the immunity of Israeli society.

LATET ORGANIZATION

Our Mission

Latet (To Give) - was established in order to reduce poverty, for a better and just society, by providing assistance to needy populations, mobilizing Israeli civil society towards mutual responsibility, and leading change in the national priorities.

Areas of Activity

Nutritional security - For 24 years, Latet has been working as a main influential leading umbrella organization, benefiting from extensive support from the civil society in Israel, and cooperating with a network of 180 aid NGOs that operate in 105 cities and towns throughout Israel and in all sectors. Together with these partner NGOs, Latet supports and provides ongoing aid to around 70,000 families in severe nutritional insecurity.

LatetYouth - Latet's youth organization aims to educate toward volunteering, developing leadership and social entrepreneurship.

Aid for Life - A holistic program that provides direct and ongoing aid, physical and social, to Holocaust survivors in need.

City Without Hunger - Latet's social lab, which examines the most effective interventional model to minimize poverty and nutritional insecurity.

Awareness and Advocacy - Initiating actions aimed at raising social awareness and leading to a change in national priorities, including: advocacy, promoting legislation, initiating campaigns and public displays and publishing **The Alternative Poverty Report**.

Emergency Relief - Expertise in providing emergency relief in situations of natural disasters, security emergencies, and in the past year with the COVID-19 crisis. With the outbreak of the pandemic and the development of the economic crisis, Latet has worked to develop and adapt an adequate response for the elderly and Holocaust survivors, as well as for impoverished families whose situation has gotten worse and for middle-class families who have asked for aid for the first time in their lives because they have lost a source of income and their financial situation has deteriorated.





The Essence and Aims of the Report

This is the 18th edition of the Alternative Poverty Report, which reflects the current trends concerning poverty and nutritional insecurity in Israel in 2020, as recognized by Latet, which operates throughout Israel in cooperation with 180 local NGOs and aid organizations.

The report is an alternative tool for gaining a better understanding of poverty. Unlike official statistical reports, it reflects the human aspect of poverty via a macro-perspective and an in-depth analysis of trends, on the one hand, while giving a voice to the aid recipients and the NGOs that support them, on the other.

The year 2020, amid the COVID-19 pandemic and the severe economic crisis that the State of Israel experienced, is characterized by new populations that have been plunged into economic hardship, and by numerous vulnerable populations sinking even deeper into poverty.

This edition of the report presents the first study of its kind in Israel, which examines the status of families who have joined the cycle of poverty and economic hardship due to the COVID-19 crisis. In addition, several scenarios are presented, which chronicle how new families have slipped into poverty and now require food aid as a result of the crisis. This is done in order to better understand the needs and the unique challenges of this population.

Throughout the different chapters, special emphasis is given on the effects of the COVID-19 pandemic on the population that lives in poverty and on the obstacles that make it difficult for them

to break free of it. The report also incorporates testimonies of aid recipients who earnestly describe their personal experiences.

The Alternative Poverty Report is published by Latet in order to directly and authentically expose Israeli society to what it actually means to live in poverty. Society usually looks at poverty from afar, mainly through the media, common conceptions or prejudices. The report is meant to share with the public the causes and characteristics of poverty, and the obstacles that make it difficult to escape from it, mainly stemming from policy that curtails poor people's ability to do so. Furthermore, the report strives to serve as a reliable and eye-opening tool for decision makers in the government and Knesset, so that they can do their jobs and take responsibility for the welfare of Israeli citizens in a comprehensive and consistent manner to solve the problem of poverty and social inequality.

At Latet, we believe that it is the inherent duty of the Israeli government to place social inequalities and poverty issues, which are only intensifying with the COVID-19 crisis, at the top of the national agenda. This should include the allocation of the necessary resources and the implementation of an inter-ministerial government plan with the goal of reaching the average poverty rates in developed countries within ten years.



Methodology



The Alternative Poverty Report is a unique document that outlines the state of poverty and social inequality in Israel in 2020. The report addresses the various components of poverty in Israeli society, and is based on an integration of findings collected from five studies and questionnaires:

- 1. The effect of COVID-19 on the financial status of Israeli citizens** - A study that examines the state of affairs regarding the economic hardship of the Israeli populace and how it has changed subsequent to the COVID crisis.
- 2. Nutritional security report** - An assessment of the degree of nutritional insecurity in Israel and the changes in light of the COVID pandemic.
- 3. A study of aid recipients** - An analysis of the characteristics and coping mechanisms of people living in poverty.
- 4. Aid trends in the food NGOs** - A study conducted among the aid NGOs working in collaboration with Latet, meant to examine the poverty trends, the needs and the processes on-site.
- 5. Public's perceptions regarding poverty** - A study examining the general public's perceptions poverty related issues and government policy regarding disadvantaged populations.

All the studies were conducted during the months of July-October 2020. Latet's Research Department prepared the questionnaires, collected, examined and analyzed the data, along with the assistance and consultation of some of the top professional research institutes in Israel:

rotem ar. institute is a research and analysis company owned and managed by Dr. Arie Rotem. Dr. Arie Rotem and Miriam Honen led the research for the report, which included conducting the various surveys among the general population and analyzing three of them.

ERI institute are experts in analyzing and solving socio-economic problems using advanced research and applied strategic thinking. The institute is headed by Gilad Tenay, an expert in the study of poverty and social justice, formerly a director and member of the founding team of the Academics Against Poverty NGO, and a lecturer at the International Justice program at Yale University. Dr. Daniella Shidlovski led the unique study that examines the effects of COVID on economic hardship in Israel.

The effect of COVID-19 on the financial status of Israeli citizens

A telephone and internet study among a representative sample of 1,350 respondents aged 18 and over that includes all sectors of Israeli society.

The data was collected in September and October 2020. During the analysis, appropriate weights were given to the Arab population to reflect its proportion in the general population.

The maximal sampling error for this sample is +/- 2.7%, according to the standard levels of significance.

The study examines the state of affairs regarding the economic hardship of the Israeli population and how it has changed subsequent to the COVID crisis. Moreover, the study examines the characteristics of the population that was adversely affected by the crisis and the risk factors that make it difficult for this population to break free in the future.

The profile of respondents in the effect of COVID-19 study

Sex	Male	50%
	Female	50%
Age	18-24	4.3%
	25-34	18.3%
	35-44	21.8%
	45-55	17.4%
	56-64	16.5%
	65 and over	21.7%
Religion	Jewish	88.9%
	Muslim	1.6%
	Christian	8.5%
	Druze	1%
Religious Identification	Secular	55.4%
	Traditional	26.1%
	Religious / Observant	9.6%
	Orthodox (Haredi)	8.9%
Geographical Region	Jerusalem and Environs	11.9%
	Center and Environs	31%
	Haifa and the North	26.8%
	Hashfela and the South	24.5%
	Hasharon	5.8%



Aid Trends Among the Food NGOs

The study of aid trends among the food NGOs was conducted using a survey among 119 directors of aid organizations and NGOs (food NGOs, social services departments and soup kitchens) that operate on a regular basis and represent all the sectors in the country. The data was collected in July and August 2020.

The maximum sampling error for this sample is +/- 3.5%, according to the standard levels of significance.

Organizations that provide aid to populations in need populations in general and that deal with nutritional insecurity in particular, are a unique source for up-to-date and authentic testimony reflecting the complex reality with which the poverty-stricken population, as well as the directors of the food NGOs and aid organizations, grapple with. The perspectives of the NGOs is critical in presenting the comprehensive state of affairs of the poverty trends in Israel, which we want to bring forth in this report.

Aid Recipients Study

The aid recipients study was conducted among a sample of 1,196 underprivileged people receiving aid from Latet's partner food NGOs. The interviewees filled in the questionnaire and if necessary they were assisted by a Latet representative. The data was collected in July and August 2020. The maximum sampling error for this sample is +/- 2.9%, according to the standard levels of significance.

The information that was collected formed the basis for the study, which aimed to reflect the aid recipients' lifestyle and personal experiences. For the most part, this lifestyle is unfamiliar to the general public and to decision makers and government leaders. Whenever the term "aid recipients" is mentioned in the report, it refers to underprivileged families and individuals who are supported by the network of aid NGOs. Latet's network of partner NGOs supports approximately 200,000 aid recipients.

The profile of respondents in the aid recipients study

Sex	Male	33.3%
	Female	66.7%

Age	18-24	3.9%
	25-34	16.7%
	35-44	26.1%
	45-55	21.9%
	56-64	15.4%
	65 and over	16%

Religion	Jewish	79.7%
	Muslim	12.1%
	Christian	4.7%
	Druze	1.8%
	Other	1.7%

Religious Identification	Secular	29%
	Traditional	29.5%
	Religious / Observant	23.8%
	Orthodox (Haredi)	17.7%

Geographical Region	Jerusalem and Environs	8.1%
	Center and Environs	22.4%
	Haifa and the North	35.6%
	Hashfela and the South	21.2%
	Hasharon	12.7%



Nutritional Security Report

The telephone and internet study was conducted among a representative sample of 503 respondents aged 18 and over that includes all the sectors in Israeli society. The data was collected during the month of September 2020.

The maximal sampling error for this sample is +/- 4.5%, according to the standard levels of significance.

The nutritional security survey includes 18 questions that examine the nutritional security status among the Israeli population. The survey is based on the US Department of Agriculture (USDA) index, standard in developed countries, which the Israeli National Insurance Institute also uses.

In order to assess the severity of the situation in the Arab population, and subsequent to difficulties in collecting the data this year among this population, we relied on the rate of deterioration that occurred among the Jewish population in the last nutritional security survey conducted by the National Insurance Institute (2018, data from 2016).

Public Perceptions About Poverty

The results of the survey describe the opinions and perceptions of Israeli citizens regarding poverty. The survey included questions about opinions regarding poverty fighting policies during routine and during the COVID-19 crisis, perceptions regarding the scope of poverty in Israel, and a personal situational assessment regarding various issues.

The survey was conducted among the representative sample of the nutritional security survey.

The profile of respondents among the general population

Sex	Male	50.1%
	Female	49.9%

Age	18-24	5%
	25-34	18.3%
	35-44	23.1%
	45-55	17.7%
	56-64	15.7%
	65 and over	20.2%

Religion	Jewish	80.1%
	Muslim	15.5%
	Christian	2.6%
	Druze	1.8%

Religious Identification	Secular	40.1%
	Traditional	40.4%
	Religious / Observant	11.9%
	Orthodox (Haredi)	7.6%

Geographical Region	Jerusalem and Environs	10.5%
	Center and Environs	28.2%
	Haifa and the North	31.8%
	Hashfela and the South	23.3%
	Hasharon	6.2%



Key Data



The Effect of COVID-19 on Economic Hardship and Poverty

29.3%

The poverty rates in Israel rose by 9 percentage points due to the economic crisis and they are currently 29.3%, compared to 20.1% prior to the outbreak of the pandemic.

15.5%

The middle class shrunk by one sixth (15.5%) and around a third (29%) have slipped down at least one level in the economic rank.

268,000

268,000 households have entered the cycle of poverty due to the economic crisis.

10.7%

The rate of households who had to give up food during the crisis tripled, and stood at 10.7% during the crisis.

38.6%

The rate of households experiencing economic hardships rose from 24.1% before the crisis, to 38.6% during the crisis.

70%

The need for assistance from an external body (NGO or else) shot up by 70%. One quarter (24%) of the population in Israel required aid and did not receive it.

23%

Only 23% of the population in Israel describe their financial situation as good or very good, compared to 45% before the COVID-19 crisis.

58%

58% of the people slipping into economic hardship do not possess higher education, compared to 37% of those of who are not experiencing economic hardship.

50.7%

50.7% of the general population reported severe economic damage due to the crisis, compared to only 19.6% who reported severe health damage.

80%

80% of the families who lived in poverty before the COVID-19 crisis have had their employment status affected by the crisis.



The Path to Poverty

12-20

It will take a lower-middle class family between 12-20 months to slip into a state of de facto poverty where they have to give up on basic needs such as food, subsequent to a loss of income source.

17

It takes 17 months from a loss of income source until a family between the fourth and fifth income decile requires aid from a food NGO.

20

A family between the third and fourth income decile whose primary earner was let go from his job, will require aid from a food NGO and live in poverty after 20 months.

**Third
income
decile**

A family in the third income decile with two children, where both earners earn minimum wage and one of them loses their job, slips under the official poverty line immediately.



Nutritional Insecurity

143,000

656,000 (22.6%) families live in nutritional insecurity in Israel, of which 286,000 (9.9%) families live in severe nutritional insecurity (Latet, 2020). This is in comparison to 513,000 (17.8%) and 252,000 (8.8%) prior to the outbreak of the COVID-19 pandemic (The National Insurance Institute, 2018). This means that 143,000 families have joined a life of nutritional insecurity and 34,000 families a life of severe nutritional insecurity.

15.8%

395,000 (15.8%) children live in severe nutritional insecurity, in comparison to 352,000 (14.1%) according to the National Insurance Institute prior to the outbreak of the COVID-19 pandemic.

80.9%

80.9% of the aid recipients stated that the food they bought was insufficient and that they did not have enough money to buy more, compared to 15.3% of the general population who reported the same.

45.7%

45.7% of the families receiving aid described the lack of food as the most significant challenge they had to deal with as a result of the crisis.

82.3%

82.3% of the aid recipients stated that they generally or occasionally did not have enough money to eat balanced meals, compared to 19.5% of the general population.

45.1%

45.1% of families receiving aid were forced to go without infant formula for their children or to give them less than the recommended amount.

35.9%

35.9% of the aid recipients stated that their children skipped or downsized their meals because they did not have enough money to buy food, compared to 30.4% last year.



Employment

73.5%

Among 73.5% of the families receiving aid there was at least one earner before the crisis.

50.4%

50.4% of the working families receiving aid were left without any earners in the household during the COVID crisis.

85%

85% of the working families receiving aid experienced employment hardship during the COVID-19 crisis.

41.8%

41.8% of the aid recipients who work are afraid of losing their job.

56.8%

56.8% of the aid recipients state that the increased care of the children due to the COVID-19 crisis prevented them from improving their employment status, to a great or very great extent.

91%

91% the elderly receiving aid indicate that their old-age allowance does not enable them or only partially enables them to meet their basic needs necessary to live with dignity.



Education

66.8%

66.8% of the aid recipients stated that during the COVID-19 crisis, the lack of a quiet place at home made it difficult for their kids to learn.

79.9%

79.9% of the aid recipients do not have a high school diploma, 48.7% did not complete 12 years of study.

70%

70% of the aid recipients stated that they cannot afford to buy basic school supplies.

73.9%

73.9% of the aid recipients stated that they do not have computers for remote learning, compared to 33.3% of the general population who stated the same.

36.6%

36.6% of the aid recipient families stated that since the outbreak of the COVID-19 pandemic, one or more of the children in the household did not attend school on some days because they had to work and help with the family's livelihood.



Health

7.8%

7.8% of the aid recipients were infected with COVID-19 by the month of July, 23 times more than the general population (0.33%) at the same time.

61.8%

61.8% of the families receiving aid had to forgo buying medication or necessary medical care because they could not pay for it, compared to 15.7% of the general population.

35.7%

35.7% of the aid recipients stated that the underlying medical conditions they suffer from prevented them from coming to work because of the crisis.

60.7%

60.7% of the aid recipients stated that they experienced depression during the COVID crisis.

86%

86% of the elderly aid recipients experienced a sense of loneliness during the COVID crisis.

21.6%

21.6% of the elderly aid recipients were afraid of dying in their home and that nobody would know about it, during the COVID crisis.



Living Conditions

26%

26% of the families receiving aid stated that their children's social situation significantly deteriorated because they were ashamed to invite friends to their home due to their housing conditions and the financial situation.

54.7%

Among 54.7% of the aid recipients, the tension between family members got worse as a result of the extended time staying at home, and it manifested mainly in arguments and fights (72.1%) and privacy infringement (38.6%).

40.2%

40.2% of the aid recipients stated that there is little to no chance that they and their families will escape poverty.

NIS 7,551

NIS 7,551 are the monthly expenses of a family receiving aid, which is 47.9% higher than its average income (NIS 5,104).

62%

62% of the aid recipients state that their financial situation has been damaged to a great or very great extent as a result of the COVID-19 crisis.

55.6%

55.6% of the aid recipients state that they have new debt as a result of the COVID-19 crisis, almost double the general population (29.8%).

71.9%

In the past year, 71.9% of the aid recipients gave up fixing serious malfunctions in their home for a long time because of financial reasons.



The Responsibility for Fighting Poverty

63.4%

63.4% of the public thinks that the government's handling of the COVID-19 crisis, hardly or did not support the needs of impoverished populations and of populations who may slip into poverty.

79.1%

79.1% of the public thinks that the government needs to be the one to take responsibility for reducing poverty and social inequality.

21.3%

Only 21.3% of the public believes that the government is indeed dealing with the problem of poverty and social inequality.

78.6%

78.6% of the food NGOs reported an increase in the scope of activity, 26.5% had to terminate the employment of some of their workers.

57.9%

57.9% of the food NGOs report that the amount of monetary donations decreased as a result of the COVID-19 crisis.

The Effect of COVID-19 on Economic Hardship and Poverty



Photography: Ziv Koren

The Effect of COVID-19 on Economic Hardship and Poverty

268,000

As a result of the financial crisis, there is a 9% increase in poverty rates from 20.1% before the COVID-19 pandemic to 29.3% during the crisis. In other words, 268,000 households have joined the cycle of poverty.

50.7%

A health pandemic that developed into an economic crisis: 50.7% of the general population reported severe economic damage due to the crisis, compared to only 19.6% who reported severe health damage..

10.7%

The amount of households who had to give up food during the crisis tripled, and stood at 10.7% during the crisis.

15.5%

The middle class eroded significantly and shrunk by 15.5%. Around one third (29%) of the middle class have slipped down at least one level in the economic rank.

70%

The need for external assistance shot up by 70%. One quarter of the population in Israel required aid and did not receive it.

38.6%

The amount of households experiencing economic hardship rose from 24.1% before the crisis, to 38.6% during the crisis.

58%

More than half (58%) of the people slipping into economic hardship do not have a higher education, compared to 37% of those who are not experiencing economic hardship.

80%

80% of the families who lived in poverty before the COVID-19 crisis have had their employment status affected by the crisis.

In March 2020, Israel joined the list of countries that took drastic measures to stop the spread of coronavirus. The way the crisis was handled, including shutting down extensive parts of the Israeli economy and severing both adults and children from their daily routines for a prolonged period of time, led to a severe economic and social crisis. As part of the crisis, there was a sharp drop in employment rates, which sent one million Israelis on unpaid leave or caused them to leave the workforce, thousands of businesses closed (temporarily or permanently), and there has been a significant decrease in numerous households' incomes.

We are still in the throes of this crisis and it is premature to assess its full impact on the Israeli economy and society, but we can already feel the extent of the damage it has caused to extensive parts of the Israeli society. In October 2020, around six months from the outset of the crisis, ERI (Economic Research Institute) and Latet conducted a study among the Israeli populace to examine the scope and depth of the economic hardship the crisis precipitated in Israel. The study examines the effects of the crisis in three main aspects: the amount of income, shortage of basic needs required to live in dignity, and subjective economic hardship.

The study characterizes the households that fell upon **economic hardship** due to the crisis and

estimates the number of families who are at risk for further deterioration. Moreover, the study examines the unique effects of the crisis on **poverty-stricken** families from the aspects of employment, income and shortage, and the number of households who have slipped into poverty as a result of the crisis. The findings of this study may help to focus the aid efforts for families coping with the crisis and to attempt to mitigate the depth and scope of its repercussions.

The data from this unique study are based on a representative sample of 1,350 participants, aged 18 and over.¹ The participants responded to an online questionnaire or were sampled by telephone at the beginning of October 2020, during the second lockdown. The number of households in the sample represents the general population according to age, household composition, degree of religious observance, and residential area.

The study examines the change in the financial situation of households in Israel using a variety of questions:

1. Questions examining the **financial situation** in three aspects (income, shortage, and sense of hardship), pertaining to the three months that preceded the completion of the questionnaire (October 2020) as well as pertaining to the three months preceding the COVID-19 crisis.
2. Questions examining the **employment situation**

1. The sample did not include residents of East Jerusalem and residents who are not Israeli citizens.

of the wage earners in the household and the changes that occurred in their employment status during the crisis.

3. Questions examining **resilience factors** (such as having savings or support from family and friends).
4. **Characteristics of the household** (such as family composition, education, degree of religious observance).
5. **Additional effects of the crisis and an assessment of the forecasted changes for the household.**

The study characterizes the families whose financial situations have deteriorated as a result of the crisis, to various degrees of economic hardship. To clarify, “economic hardship” is a complex concept from both objective and subjective aspects.

Anyone under the poverty line suffers from economic hardship and therefore one of the measures of economic hardship in this study is the National Insurance Institute's official poverty index. According to this index, households with a disposable income per capita of less than half of the median income², are in economic hardship and poverty.

In addition, since the income index reflects only part of the household's financial picture, it is not enough to attest to the actual shortage the households suffer from, nor to the sense of the economic hardship they experience. Since the study estimates the number of families that

joined the cycle of economic hardship due to the COVID-19 crisis and it also characterizes them, the study measures this hardship using two additional indicator groups.

The first group refers to significant concessions the families have had to make due to their financial situation. For the purpose of this study, 6 indicators were selected that indicate a crisis most of all, meaning that they may change in a relatively short period of time. Furthermore, these concessions are difficult, severe and constitute a real damage to the family's living conditions. In light of the effect of the crisis on Israeli society as a whole and the adjustments the majority of the population have been required to make, only households that have had to forego 3 or more indicators were defined to be in economic hardship and poverty.

The concessions that were included are: (1) foregoing the purchase of essential food products (2) foregoing necessary medical treatments or the purchase of medication (3) lateness in paying regular household bills (4) not paying back debt (5) foregoing the purchase of children's basic school supplies (6) requiring or assistance from an external body (welfare departments, aid NGOs, etc.).

The second group of indicators refers to the subjective sense of economic hardship, along with an income level that is below the median per capita income as found in this study (NIS 6,000). The income criterion is meant to remove from the equation households that are relatively financially well-off, who have had to make adjustments to their lifestyle due to the crisis.

In summary, there are three indicator groups examined in this study:

Income - An income that is less than half the median per capita, in other words, under the poverty line according to the official definition.

Lack of basic conditions - A financial shortage leading to three or more significant concessions in fulfilling essential needs.

Subjective hardship - Reporting economic hardship combined with an income under half the median per capita.

Economic hardship is assessed using at least one of these indicator groups, in other words, each of them is sufficient in order to define a family as suffering from economic hardship. The study assesses **poverty**, using at least one of the two objective indicator groups (income and lack of basic conditions).

The Effect of COVID-19 on Economic Hardship and Poverty study establishes the concerns and assessments on the severe damage the COVID-19 crisis has caused to many people's lives in Israel, and on the significant expansion of the cycle of economic hardship and poverty. In addition to new populations entering the cycle of poverty concurrent to an erosion of the middle class, the study highlights the large amount of populations that lived in poverty even before the crisis, and that have experienced an exacerbation and deepening of the hardship they grapple with.

We will be coping with these severe repercussions for many years to come and therefore extensive and significant government intervention is required to alleviate the severe distress of the poverty-stricken populations. The government will need to implement macro social policies to prevent new populations from slipping from a state of temporary crisis into prolonged poverty, which will be very difficult to escape from.

2. The formula calculating the poverty line refers to the National Insurance Institute's official definition based on a report of the incomes found in this study.



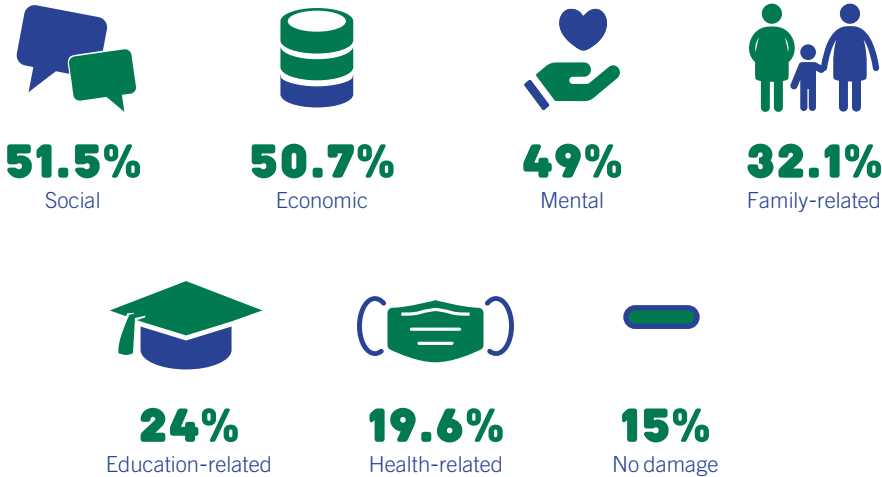
Socioeconomic Crisis

The coronavirus outbreak began as a health crisis with the potential to cause extensive morbidity and damage to various high risk groups, and occasional mortality. This crisis required the state to impose restrictions to stop the spread of the pandemic. These restrictions extensively and intensively affected the entire population, which had to make adjustments to its lifestyle.

As the crisis evolved, the health repercussions were pushed aside in comparison to the unprecedented economic and social consequences. Only 19.6% of the general population stated that they experienced severe health repercussions due to the crisis, compared to half (50.7%) of the general population who reported severe economic repercussions and 51.5% social repercussions.

Damage to Life Aspects Due to the COVID-19 Crisis

From the Effect of COVID-19 study
The amount is greater than 100% since it was possible to select more than one answer.





An Economic State of Affairs of the Population in Israel

The wave of terminations and imposed leave of absences, coupled with damage to the scope of employment and wages as a result of the COVID-19 crisis, have led to a decrease in incomes from work, which represents the bulk of income for the majority of families in Israel.

The households in Israel were divided into six categories according to economic status: upper class, three categories of middle class (upper, middle and lower), lower class and poverty. The division into classes is based on the report of the household's net income and according to the OECD's criteria (2019).¹

A downward trend was observed in income among all the economic classes, with the most minor damage being among those belonging to the upper class and the most significant damage being among the lower classes.

The middle class was hit hard and shrunk by one sixth (15.5%) and around a third (29%) of this class have slipped down at least one level in the economic rank. 37.8% of the lower middle class slipped down to the lower class or under the poverty line.

24.6% of the families in Israel live under the poverty line during the crisis, compared to 18.7% before the crisis (based on the income parameter alone). An increase of 6 percentage points, which reflects over a 30% rise in poverty rates.

The composition of the families living under the poverty line during the COVID-19 crisis is as follows: 17% lived in poverty even before the crisis, 4% belonged to the lower class before the crisis, 2% belonged to the lower middle class before the crisis and the rest belonged to higher classes.



37.8% of the lower middle class slipped down to the lower class or under the poverty line.

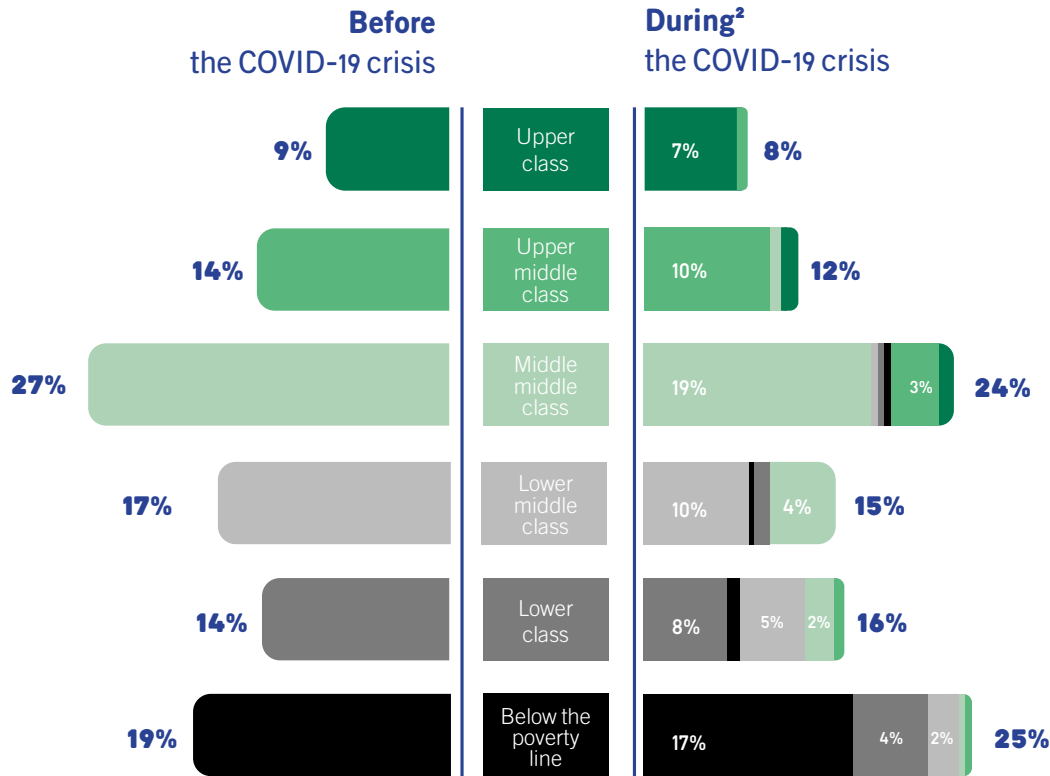
1. A segmentation of the classes according to percentage of per capita income of the country median: upper class - over 200%, upper middle class - 150%-200%, middle middle class - 100%-150%, lower middle class - 75%-100%, lower class - 50%-75%, under the poverty line - less than 50%.



The middle class was hit hard and shrunk by one sixth (15.5%) and around a third (29%) of this class have slipped down at least one level in the economic rank.

Changes to Economic Status Due to the COVID Crisis

From the Effect of COVID-19 study



2. The colors in the graph represent the economic status prior to the crisis.

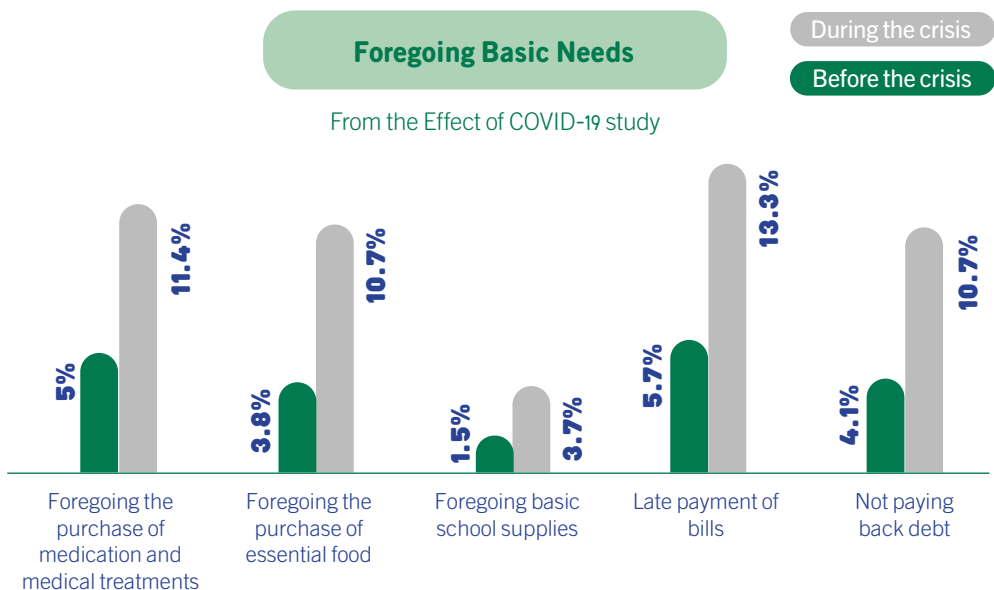
Income alone is one indicator of a deterioration in financial status, but is not enough to attest to the real shortage from which the households suffer. Another way to assess damage to financial status is to examine the damage to the household's ability to fulfill the basic needs to live in dignity. Moreover, the household's need for aid from an external body such as Welfare or an NGO, attests to the severe hardship it is experiencing in fulfilling basic needs.

The amount of households that had to make significant concessions rose significantly in all the indicators. For example, the amount of households that had to forego medical treatment or medication doubled, and stood at 11.4% during the crisis.

The amount of households who had to forego food tripled, and stood at 10.7% during the crisis.

Furthermore, the amount of households that did not pay back debt or that had difficulty paying household bills during the crisis stood at 10.7% and 13.3% respectively, more than twice the rate before the crisis.

The need for assistance from an external body (NGO or else) shot up by 70%. 33% reported that they required aid during the crisis, compared to 19% who needed it before the crisis. An especially significant increase was observed in the amount of people requiring aid but who did not receive it - around one quarter of the population in Israel, as of October 2020.

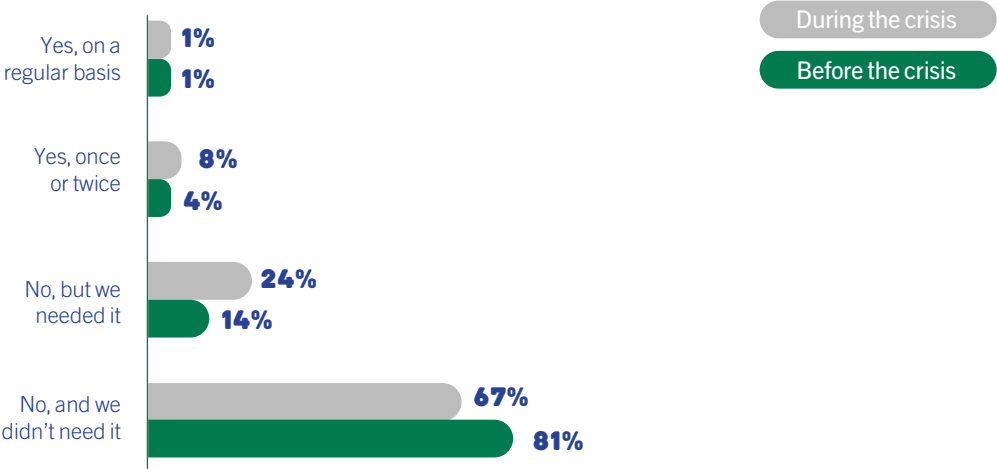




The amount of households who had to forego food during the crisis tripled, and stood at **10.7%** during the crisis.

Did you receive aid from an external body?

From the Effect of COVID-19 study



The need for assistance from an external body shot up by **70%**.
One quarter of the population in Israel required aid and did not receive it.



Less than one quarter (23%) of families in Israel report a good and very good financial situation during the crisis, compared to 45% before the pandemic.

An additional manifestation of the effects on economic status refers to the subjective sense of hardship caused by helplessness when facing the economic difficulties the family is experiencing.

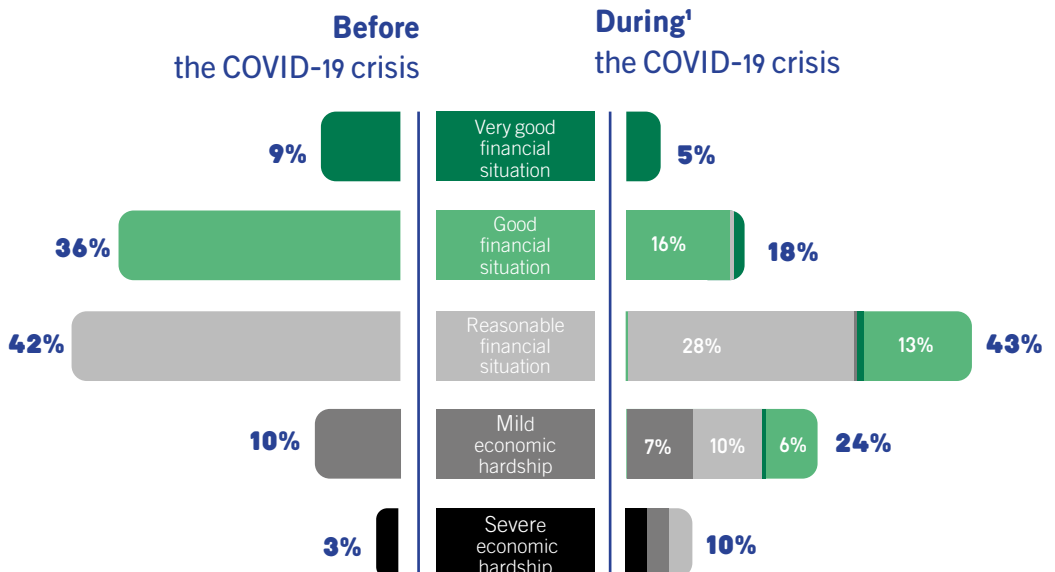
Around one half (48.7%) of the households who were in a good or very good financial situation before COVID-19, report slipping into economic hardship (mild or severe) or into a reasonable financial situation only subsequent to the crisis.

One third (31.5%) of the households who were in a reasonable financial situation before COVID-19, report slipping into economic hardship.

The amount of households reporting severe economic hardship tripled. Less than one quarter (23%) of families in Israel report a good and very good financial situation during the crisis, compared to 45% before the pandemic broke out.

Subjective Sense of Financial Hardship

From the Effect of COVID-19 study



1. The colors in the graph represent the subjective sense of hardship before the crisis.

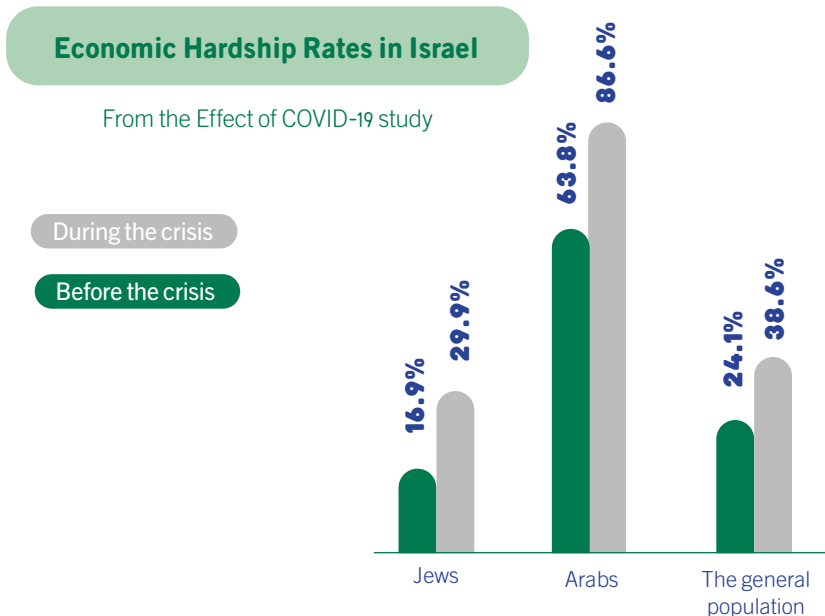


The amount of households experiencing economic hardship rose from 24.1% before the crisis, to 38.6% during the crisis.

A combination of the three indicator groups (income, shortages, and subjective hardship) comprise the state of affairs of economic hardship in Israel. The COVID-19 pandemic and the subsequent economic crisis have led to a significant increase in hardship, where the number of households experiencing economic hardship skyrocketed and stood at 1,121,000 (38.6%) during the crisis. In other words, an additional 422,000 households are experiencing economic hardship (a 14% increase compared to 24.1% before the crisis). The number of people in economic hardship rose from 2,862,000 before the crisis, to 4,404,000 during the crisis, in other words, an addition of 1,541,000 individuals.

With regards to the differences between the financial hardship before the crisis and during the crisis - the degree of hardship cannot be addressed in the entire population alone; a focused look at the Jewish and Arab populations needs to be taken as well.

Nearly one quarter of the Arab families and one sixth of the Jewish families have fallen into economic hardship as a result of the COVID-19 crisis, and over 85% of the Arab families and around one third of the Jewish families suffered from economic hardship during the crisis.





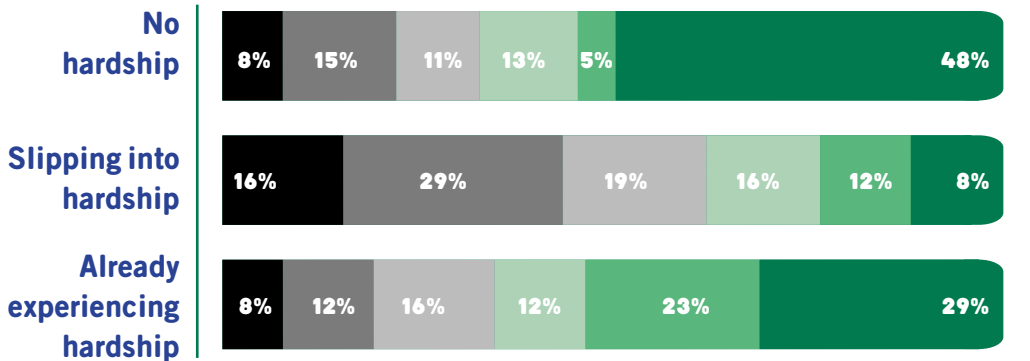
Characteristics of Those Slipping Into Economic Hardship

One of the immediate repercussions of the crisis is extensive employment-related problems. Within a brief period, over one million unemployed Israelis registered to the Israeli Employment Service, the overwhelming majority being salaried employees who were forced to take an unpaid leave of absence or were fired from their jobs. These individuals were joined by business owners who lost their livelihood either temporarily or permanently.

The most significant cause of falling upon economic hardship is employment status. 92% of the households who slipped into economic hardship experienced some sort of employment-related problem. Among the households who fell upon hardship, 45% of them experienced employment problems with both spouses.

Employment-Related Problems of Those Slipping Into Economic Hardship

From the Effect of COVID-19 study



- Both wage earners were fired or on unpaid leave
- Both wage earners experienced a loss of income from work / one was fired and the other experienced a loss of income
- One was unaffected while the other was fired or on unpaid leave
- One was unaffected while the other experienced a loss of income
- Other work-related problem
- Neither wage earner was adversely affected.



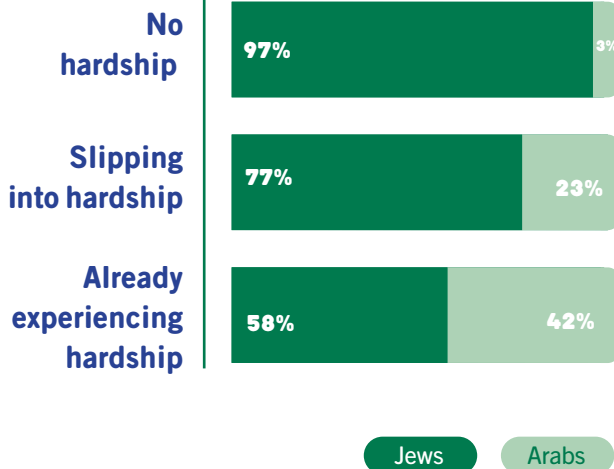
92% of the households who slipped into economic hardship experienced some sort of employment-related problem.

An examination of the demographic characteristics of those slipping into economic hardship from an aspect of nationality, degree of religious observance and education, indicates that the COVID-19 crisis hits weak and strong alike, and creates significant changes in the composition of those experiencing economic hardship in Israel. However, the crisis significantly exacerbates the vulnerability of vulnerable groups in the population.

The Jewish families comprise 77% of all those slipping into economic hardship, compared to 58% of those who suffered from economic hardship before the crisis, lower than their rate in the population (85%). The Arab families comprise 23% of those slipping into economic hardship, bigger than their rate in the population (approx. 15%).

Segmentation of Those Slipping Into Economic Hardship Per Ethnicity

From the Effect of COVID-19 study





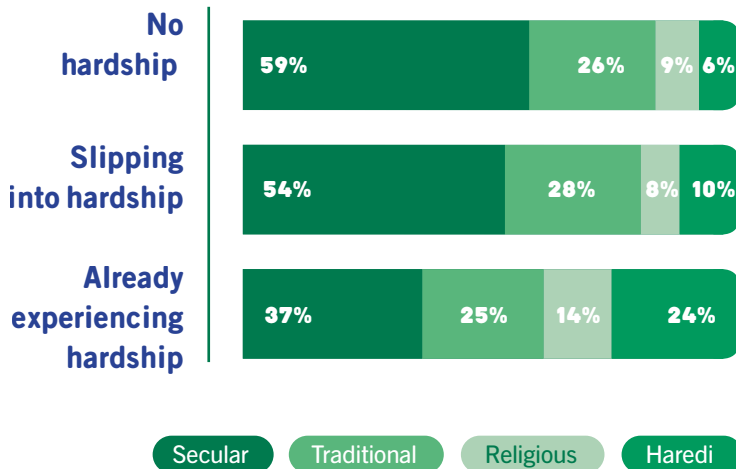
Secular families comprise 54% of those slipping into economic hardship in the Jewish population.

Secular families comprise 54% of those slipping into economic hardship, compared to 37% among those suffering from economic hardship before the crisis. This is higher than their rate in the population (approx. 44%). Haredi families comprise 10% of

those slipping into economic hardship, compared to 24% of the families who suffered from economic hardship before the crisis. This is lower than their rate in the population (approx. 14%).

The Degree of Religious Observance of Those Slipping Into Economic Hardship

From the Effect of COVID-19 study
The data refers to the Jewish sector





More than half (58%) of the people slipping into economic hardship do not have a higher education (Bachelor's degree or Master's degree).

Although education and profession usually reduce the risk of economic hardship, even those with an education are not immune from experiencing economic hardship due to the current crisis.

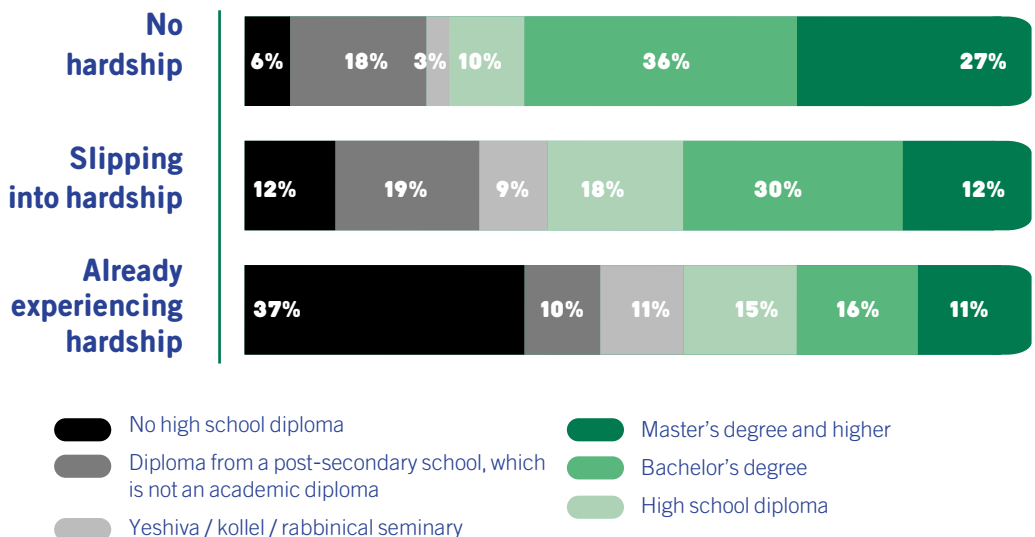
Those slipping into economic hardship are more educated and more professional than those who were already experiencing economic hardship before the crisis, but were less educated than those who did not slip. 30% of those slipping into economic hardship have a Bachelor's degree,

compared to only 16% among those slipping into economic hardship before the crisis.

More than half (58%) of the people slipping into economic hardship do not have a higher education (Bachelor's degree or Master's degree), compared to 37% of those who are not experiencing economic hardship. Only 12% of those slipping into economic hardship do not have a high school diploma, compared to 37% among those suffering from economic hardship before the crisis.

Education Status of Those Slipping Into Economic Hardship

From the Effect of COVID-19 study





Risk Factors for Deepening Economic Hardship

The COVID-19 crisis will affect our lives for a long time to come and its repercussions are forecasted to expand and deepen the longer it goes on. Even when we witness signs of the economy recovering, there will still be those who will have a hard time escaping the financial crisis they fell upon. The data shows that **60%** of families that fell into financial hardship have difficulty covering expenses most of the time or cannot cover expenses at all. In order to assess the continuity and deepening of the damage to this population, we examined several causes that may constitute risk or resilience factors for these families, such as: the ability to minimize household expenses, household savings, and support from friends or relatives that can provide assistance.

More than half (**59%**) of those slipping into economic hardship do not have any savings or cannot use them. Moreover, **90%** of those slipping into economic

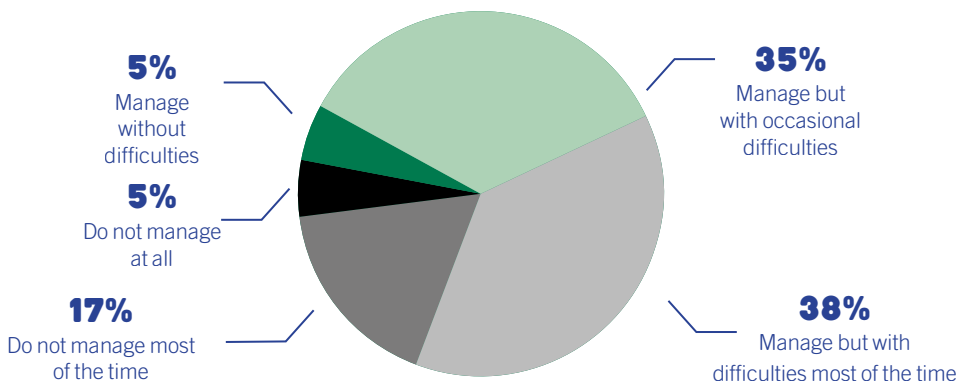
hardship cannot reduce their expenses without somewhat or significantly adversely affecting their quality of life. Over half (**56%**) of the households that slipped into economic hardship do not receive support from friends or relatives and have no one to support them at all.

Furthermore, from among those slipping into economic hardship that also have a hard time covering their expenses (**60%**), **75%** of them do not have these resilience factors and therefore they do not have a support network (social or financial) and are at risk of further deterioration.

The longer the crisis continues and the more the cycle of hardship expands, the greater the number of those at risk for additional deterioration and slipping into poverty with a significant difficulty of escaping it.

A Household's Ability to Cover Expenses

From the Effect of COVID-19 study | Of those slipping into economic hardship

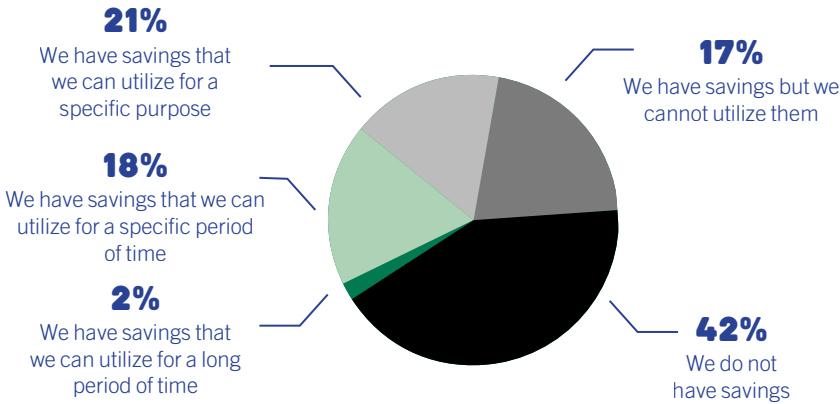




90% of those slipping into economic hardship cannot reduce their expenses without somewhat or significantly adversely affecting their quality of life.

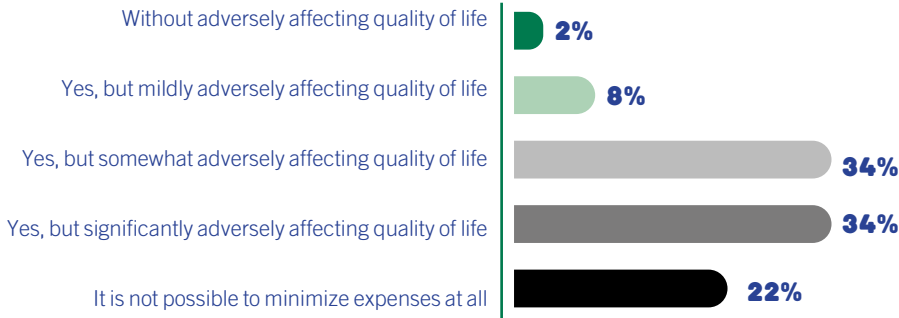
A Household's Ability to Use Savings

From the Effect of COVID-19 study
Of those slipping into economic hardship



A Household's Ability to Minimize Expenses

From the Effect of COVID-19 study
Of those slipping into economic hardship





56% of the households that slipped into economic hardship do not receive support from friends or relatives and have no one to support them at all.

Support from Relatives and Friends During a Crisis or Hardship

From the Effect of COVID-19 study | Of those slipping into economic hardship

There are people who support us now and they will continue to support us as long as necessary



9%

There are people who support us now but they will not be able to continue to support us in the same manner over time



10%

We do not get any support now, and there are people who will support us as long as necessary



10%

We do not get any support now, and there are people who will support us as long as necessary, but in a limited capacity



15%

We do not get any support now, and there is no one to support us if we need it



56%



Approx. 70% of those slipping into economic hardship estimate that their hardship will continue as is or will get worse in the upcoming year.



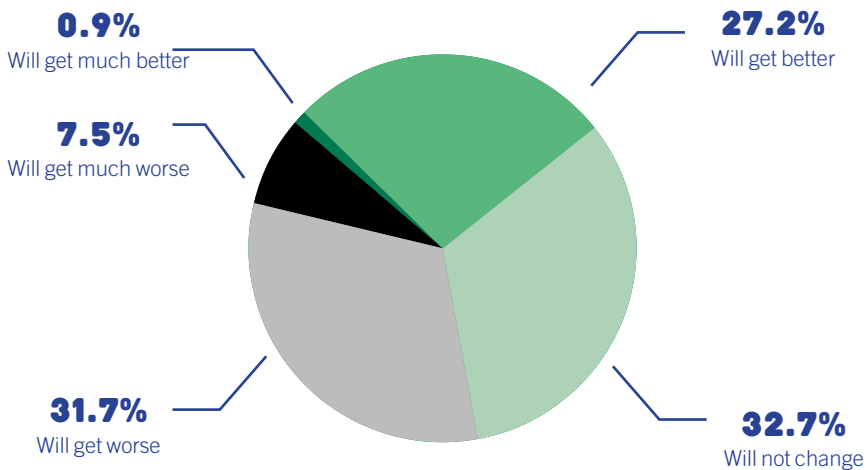
Assessment of the Financial Status of Those Slipping into Economic Hardship

The duration of the crisis and its unprecedented scope create a sense of uncertainty regarding the future. Even after the population has been vaccinated and the restrictions lifted, we are expected to face a difficult financial reality and deep recession that will last a long time. Among the households that slipped into economic hardship there is a great deal of concern for the future and for their ability to return to their financial situation from before the crisis.

Only about one quarter (28.1%) of those slipping into economic hardship estimate that their financial situation will improve in the upcoming year. The rest estimate that their economic hardship will continue as is or will get worse in the upcoming year.

The Households' Estimate of their Financial Situation in the Upcoming Year

The Effect of COVID-19 study shows
Of those slipping into economic hardship





Exacerbation of the Situation of the Population Living in Poverty Before the Crisis

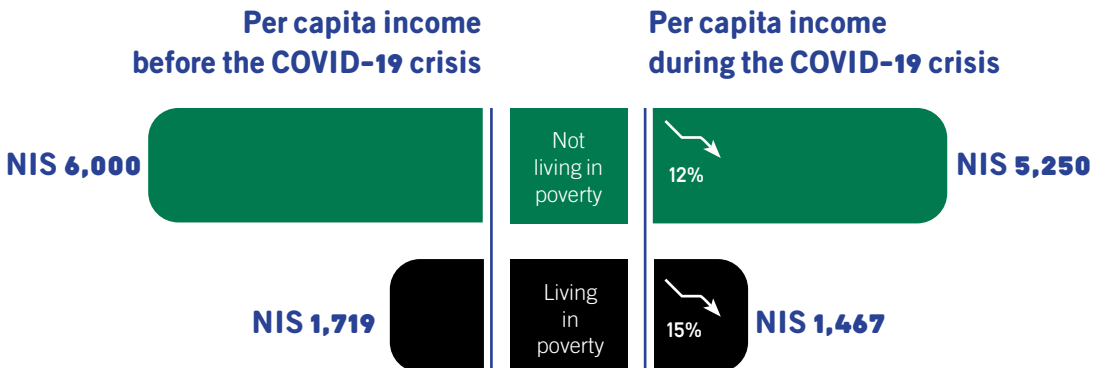
Even though the COVID-19 crisis brought about extensive economic repercussions among new populations, it also hit the vulnerable populations hard. As stated, economic hardship is assessed using at least one of the indicator groups determined in this study (income, lack of basic conditions, and subjective hardship). In addition, the study assesses poverty using at least one of the two objective indicator groups (income and

lack of basic conditions) and examines the effect of the COVID-19 crisis on those who were living in poverty also prior to the crisis.

A grave state of affairs emerges from the employment data during the COVID-19 crisis, income and degree of shortage among families who lived in poverty even before the crisis.

Median Income Per Capita

The Effect of COVID-19 study shows





The employment of 80% of the families who lived in poverty prior to the crisis was adversely affected as a result of the COVID crisis.

The employment of 80% of the families who live in poverty was adversely affected as a result of the crisis. The amount of families who had to make significant waivers grew significantly due to the crisis, and is almost three times higher in the majority of the indicators, which places the families at serious risk.

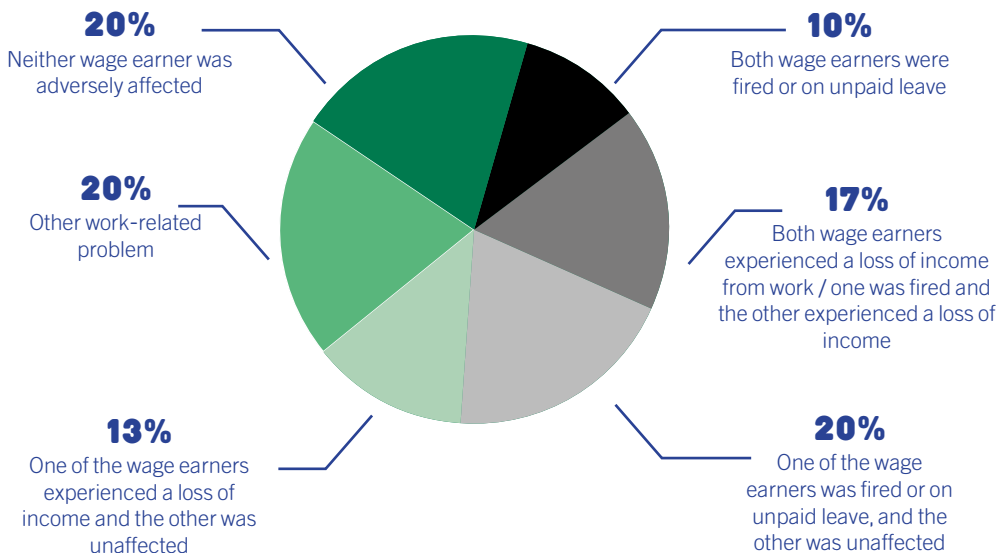
The amount of families who lived in poverty before the crisis, who had to forego the purchase of essential food products, almost tripled and stood at 26%. The amount of families who did not pay

back debt or that accumulated new debt more than doubled and stood at 66%. The poor are also vulnerable to health risks while the amount of families who had to forego essential treatments or medication, more than doubled and stands at 27%.

The rate of net income loss is higher among the families living in poverty. While the median income per capita dropped by 12% among families who do not live in poverty, among families living in poverty - the median income per capita dropped by 15%.

The Adverse Effects on Employment Of Those Living in Poverty Due to the Crisis

The Effect of COVID-19 study shows
Of those living in poverty before the crisis





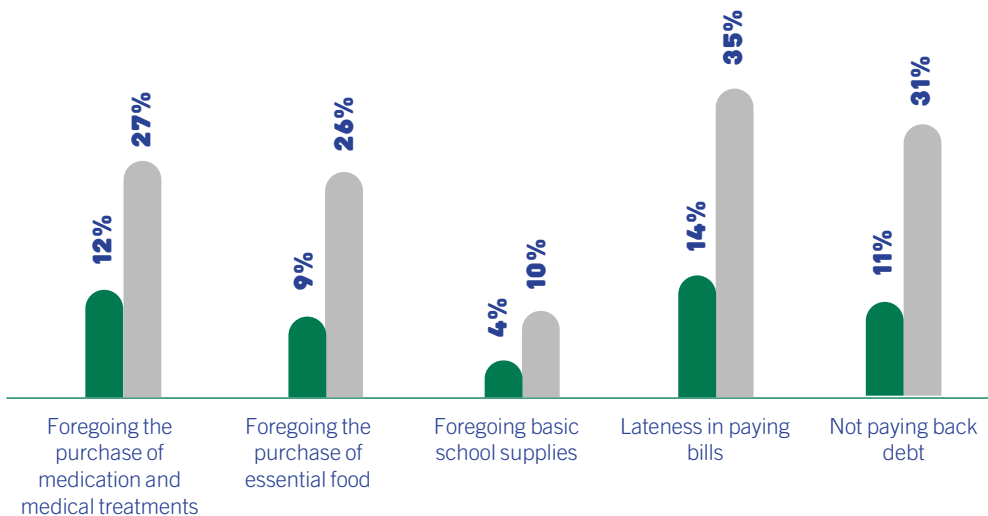
The amount of families who lived in poverty before the crisis, who had to forego the purchase of essential food products, almost tripled and stood at 26%.

Foregoing Basic Needs Among the Population Living in Poverty

The Effect of COVID-19 study shows | Of those living in poverty before the crisis

During the crisis

Before the crisis





Assessing the Poverty Rates in Israel Subsequent to the COVID Crisis

This year, we did not calculate the multidimensional poverty index. Instead, we conducted a study that will make it possible to form a broad picture regarding the effects of the COVID-19 crisis while focusing on the aspects relevant to the crisis,

pertaining to the changes in the employment status and the household's status before the crisis.

The poverty assessment in this study constitutes a cautious assessment of the poverty indices and is based on the knowledge that accumulated over the years from multi-dimensional poverty index studies. According to this index, the multi-dimensional poverty rate includes households that were poor according to the income index, and additional households that exhibit indications of a severe shortage in various life aspects. In this study, in order to define a household that is not under the official poverty line - as being in poverty, we used a significantly more conservative criterion. The poverty rates according to the multi-dimensional index may present an even graver picture.

Based on the income parameter alone, 24.6% of the families in Israel lived under the poverty line after the pandemic broke out, compared to 18.7% before the crisis. An increase of 6 percent, which reflects over a 30% rise in poverty rates. In order to assess the real poverty rates, the check needs to be expanded and include the households that are suffering from a shortage of basic conditions, meaning that the financial shortage they are experiencing leads to three or more significant waivers in fulfilling their essential needs.

Conducting the assessment as stated, indicates that the poverty rates in Israel in light of the COVID-19 crisis are even more concerning.

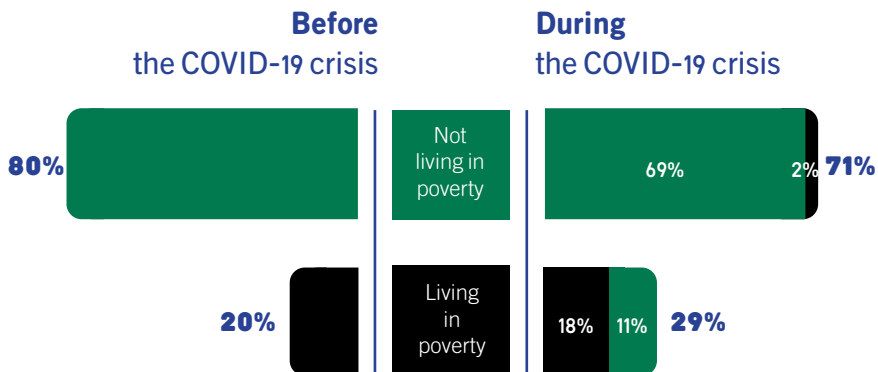
The poverty rate in Israel has increased by 9% as a result of the economic crisis to an unprecedented 29.3% (850,000), compared to 20.1% (582,000 households) prior to the outbreak of the pandemic. In other words, 268,000 families have joined the poverty cycle since the outset of the COVID-19 pandemic and the financial crisis.



As a result of the financial crisis, there is a **9%** increase in poverty rates from **20.1%** before the COVID-19 pandemic to **29.3%** during the crisis. In other words, **268,000** households have joined the cycle of poverty.

Assessing the Poverty Rates in Israel Subsequent to the COVID Crisis

The Effect of COVID-19 study shows



“I’m a single wage earner and my business stopped almost completely because of coronavirus and in recent months I have hardly worked. The government grants are mostly symbolic, they’re not enough. We’re eating through our savings, getting deeper in the hole, trying to use alternatives, welfare services, people. We own a home with a mortgage that we have to pay. And with the kids, coping isn’t easy at all, they shouldn’t feel it, they don’t need to feel the instability, they need to continue with what they are familiar with: to eat what they need, to feel good. Everything will go back to what it was, it’ll be OK, I’m sure of it.”

S, Self-employed

The Path to Poverty



Photography: Ziv Koren

The Path to Poverty

12-20

It will take lower-middle class families between 12-20 months to slip into a state where they have to forego basic needs

**17
months**

It takes 17 months from a loss of income source until a family between the fourth and fifth income decile requires aid from a food NGO.

**Third
income
decile**

A family in the third income decile where one of the wage earners is fired from their job, slips under the poverty line immediately.

**20
months**

A family between the third and fourth income decile whose primary wage earner was fired from their job, will require aid from a food NGO and live in poverty after 20 months.



Subsequent to the COVID-19 crisis, Latet conducted a comprehensive examination of the path an average family takes as a result of losing the primary source of income, a path from a normative life to a state of poverty. The path the family take, starting with it exiting the workforce, may include using savings, taking loans and lowering its quality of life to the bare minimum, to dropping below the official poverty line to the point of slipping into deep poverty. This manifests in turning to the food NGOs for aid due to the acute economic hardship that does not make it possible to fulfill the basic needs required to live in dignity.

The examination relied on an Israel Central Bureau of Statistics' income and expenses survey, government policy and the National Insurance Institute's data regarding the provision of allowances and unique grants during the crisis.

The scenarios presented rely on testimonies gathered in recent months, and refer to the characteristics of various families in which the parents earn standard salaries - the average market wages, minimum wage or the median wage for self-employed. The families are above the poverty line and are in average income deciles, before COVID-19 they were managing to cope with the financial reality. The sudden loss of employment due to the financial crisis leads to a serious loss of income and to a rapid financial deterioration.

The scenarios presented in the report describe different types of middle class families who started experiencing difficulties from March 2020, with the

onset of the COVID-19 crisis. The scenarios take into consideration the benefits given by the state, the family's financial resources, the evolution of the pandemic and the financial crisis up to November 2020. The rationale and working assumptions we used took into account the exhaustion of the unemployment benefits period, relying on savings if there are any, exhausting resources and financial assets such as selling a car, as well as using severance pay, which was supposed to serve the families as pension savings. In addition, the families used loans, which may exacerbate their financial situation in the future.

The examination reflects the process of deterioration to poverty subsequent to a loss of a primary source of income of one of the wage earners in the home, examines when the family slips below the official poverty line to a situation where it needs to drastically minimize its expenses and slips deep into poverty, requiring it to request aid from a food NGO.

The results of the examination show that lower middle class families take up to 20 months to drop beneath the official poverty line, and between 12-20 months to a situation where they have to forego basic essential needs to live in dignity and develop a dependency on external bodies like food NGOs. The examination exposes that as long as the crisis continues and the state does not provide an adequate financial security net, poverty will extend to new populations and the situation may get even worse for them.



The Katz family

The father, who is self-employed, earned an average of NIS 5,491 per month prior to the crisis (median income for self-employed according to the National Insurance Institute), the mother works full time and earns NIS 7,161 (NIS 9,000 gross). The family has three children and they receive a total of NIS 536 per month in child benefits. The family is between the fourth and fifth income decile. The family's average monthly expenses are NIS 13,649 (average expenses of the fourth income decile according to the Israel Central Bureau of Statistics). The family does not have any significant previous debt and they own a car valued at NIS 20,000.

In March 2020, when the COVID-19 crisis hit along with the ensuing lockdown restrictions, the father had to close his business and he is not eligible for unemployment benefits since he is self-employed. Furthermore, the father still had to pay his suppliers and ongoing business expenses totaling around NIS 2,500 each month, for the first four months. As a result, the family is cutting back NIS 1,000 in monthly expenses, and taking a loan of NIS 10,000 spread over the first five months (repayment over one year at an interest rate of 2%). After four months, the father reopens the business and his profits stand at NIS 1,000 per month due to the various restrictions and abundant expenses.

The government's financial plan for self-employed enabled the family to take a NIS 4,000 grant during the first month, NIS 5,420 in the second month, and NIS 1,471 the third month. Thereafter, a NIS 4,700 grant was given every month (average grants given to self-employed due to the COVID-19 crisis). These are smaller grants than the unemployment benefits

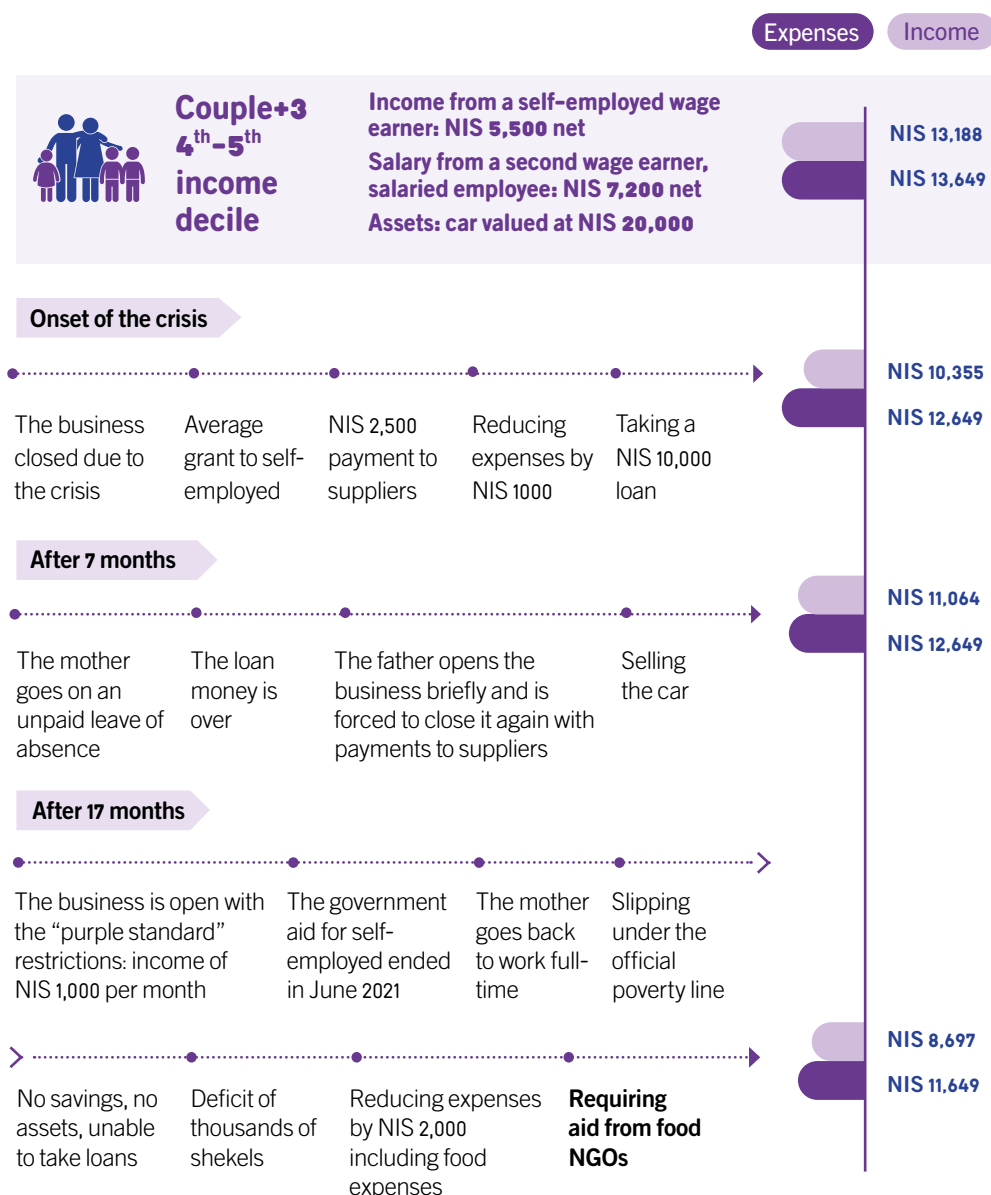
the father would be entitled to if he was a salaried employee, and therefore the family is at risk and does not have a stable financial security net. At the end of the first six months of the crisis, the one-time grants in April and in August were given to the family and therefore the family's total income (including grants, loans, etc.) were NIS 11,064 and the family's expenses were NIS 12,649 with a cumulative deficit of around NIS 6,000.

When the decision was made to impose the second lockdown, the father had to close the business a second time, and was left with payments to suppliers totaling NIS 2,500. Also, the mother was forced to go on unpaid leave and she is eligible for NIS 5,670 per month in unemployment benefits. The income from the loans ended, and the family had to sell the family car to generate additional income for the upcoming months. One year after the onset of the crisis, the mother goes back to working full time and the father reopens the business according to the "purple standard" policy. The business profits decreased substantially in light of the restrictions, and now stand at a mere NIS 1,000 per month.

After only 17 months since the onset of the crisis and after exhausting the grants for self-employed, the family's income decreases to only NIS 8,697. The family slips below the official poverty line (the poverty line for a family of 5 is NIS 10,780). The family's expenses are now NIS 11,649 after it is forced to cut an additional NIS 1,000 in expenses, cutting back a total of NIS 2,000 since the start of the crisis, including cutting back on food as well. The family currently does not have any savings, assets or ability to take loans, and is in de facto poverty with a deficit of hundreds of thousands of shekels and the need for food aid.



It takes 17 months from a loss of income source until a family between the fourth and fifth income decile requires aid from a food NGO.





The Cohen family

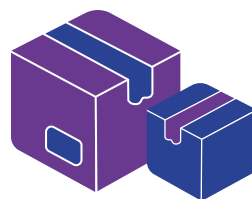
A family where both parents work full time earning minimum wage, NIS 4,624 net each per month (NIS 5,300 gross), the family has two children and they receive NIS 344 each month in child benefits. The family is in the third income decile. The family's monthly expenses are NIS 12,435 (average expenses of the third income decile according to the Israel Central Bureau of Statistics). The family has a deficit of around NIS 3,000 and it does not have a car.

In March 2020, with the onset of the COVID-19 crisis and the lockdown restrictions, the mother is fired from her job and is eligible for NIS 3,970 unemployment benefits per month, in addition to NIS 17,000 severance pay after three years seniority in her job. Despite the loss of future pension, the family decides to withdraw NIS 2,000 per month from the severance pay in order to maintain a similar level of income and it decides to also cut NIS 1,000 in the family's expenses.

The fact that one of the parents was fired from their job results in a loss of income for the family, so its overall income stands at NIS 8,938 from work and grants. The situation is enough for the family to slip below the official poverty line for a family of 4, which is NIS 9,199. The family is barely able to scrounge up money from other sources and it cannot meet its basic needs when one of its sources of income is severed.

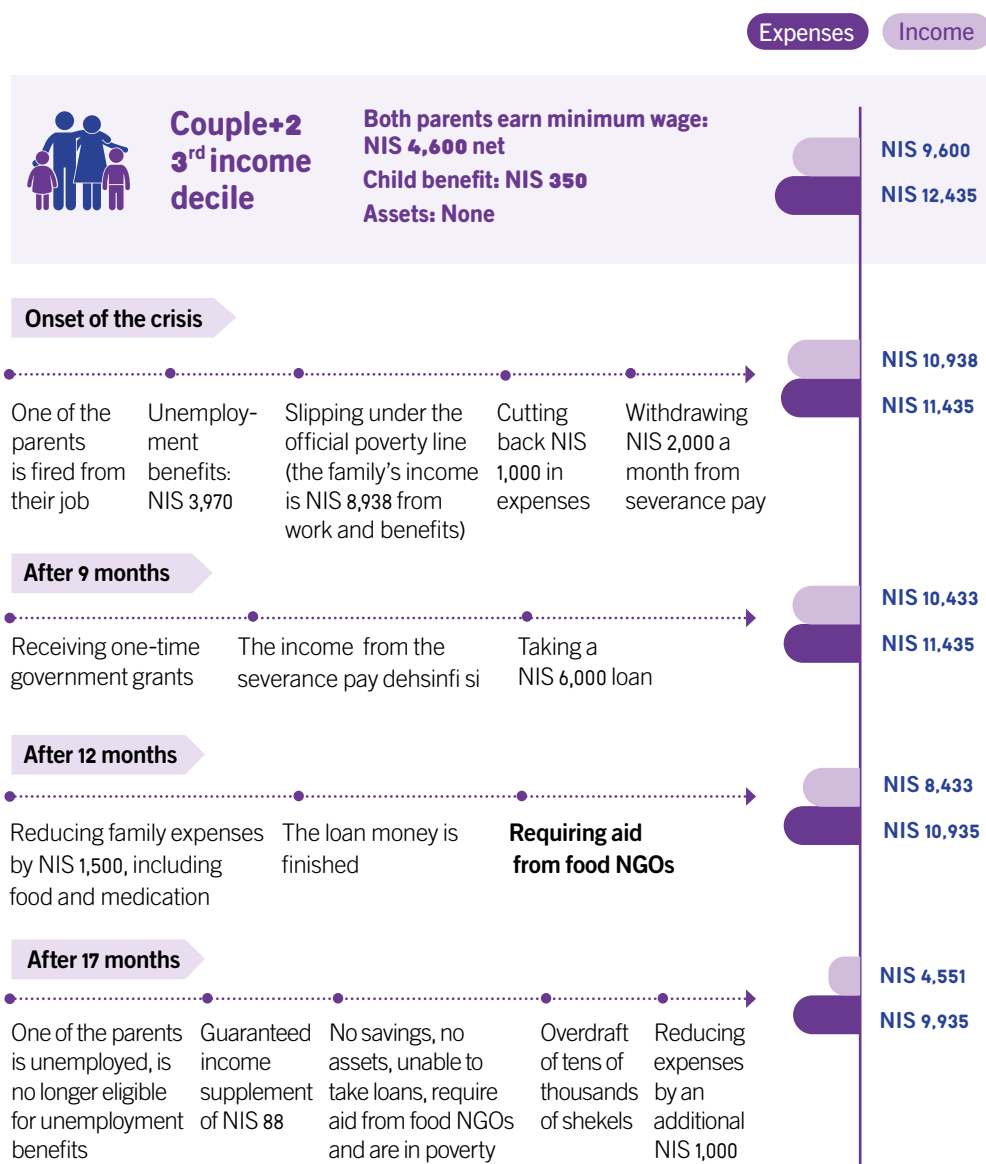
Nine months after the onset of the crisis, the family received the one-time government grants but the mother's severance pay finishes and they have to take a NIS 6,000 loan to increase their income for the next three months (repayment over a year with a 2% interest rate). After one year, the family's income is NIS 8,433 and they are forced to cut back an additional NIS 500 in expenses to a total of NIS 1,500 of the initial expense and now their expenses stand at NIS 10,935. The family also had to make painful cutbacks on food and it gets aid from a local food NGO.

This situation will only get worse 17 months after the start of the COVID crisis when the eligibility for unemployment benefits ends, and the family has to live off a guaranteed income supplement of NIS 88 and an income of NIS 4,551. The family will have to cut back an additional NIS 1,000 in expenses and will continue to live in de facto poverty.





A family in the third income decile where one of the wage earners is fired from their job, slips under the poverty line immediately.





The David family

The mother is a single parent with two children, works full time and earns NIS 8,369 net per month (NIS 11,024 gross – the average market salary, which is 25% higher than the average wage for a woman). She receives a total of NIS 344 per month in child benefits and NIS 3,000 per month in child support. The family is between the third and fourth income decile. The family's monthly expenses are NIS 12,435 (average expenses of the third income decile according to the Israel Central Bureau of Statistics), and it has a car valued at NIS 20,000.

In March 2020, with the onset of the COVID-19 crisis and the lockdown restrictions, the mother is fired from her job and is eligible for NIS 6,277 unemployment benefits per month, in addition to NIS 35,000 severance pay after three years seniority in her job. Although this harms her future pension, the mother decides to draw approx. NIS 2,500 per month in order to pay for her monthly expenses.

After 15 months from the onset of the crisis, the income from the severance pay end, and the family is not eligible for a loan and has to sell the family car to generate additional income for the upcoming months, in addition to the one-time government grants.

After 17 months, the mother is no longer eligible for unemployment benefits. She increases her income by selling the car, to NIS 5,000, and starts to work part time with an income of NIS 3,500 (NIS 4,000 gross). The family reduces its expenses by NIS 1,000.

The family's income from work and benefits stands at NIS 6,844, the family slips below the official

poverty line for a family of 3, which is NIS 7,618.

After 20 months, the money from the car sale is finished and the family now has to minimize expenses by an additional NIS 1,500, for a total of NIS 2,500 compared to the initial expense, with food being one of the more painful things it has to forego. The family does not have any savings, assets or ability to take a loan.

The family's expenses stand at NIS 9,935 and its income at NIS 6,844. The family is in de facto poverty and is forced to receive aid from a food NGO.

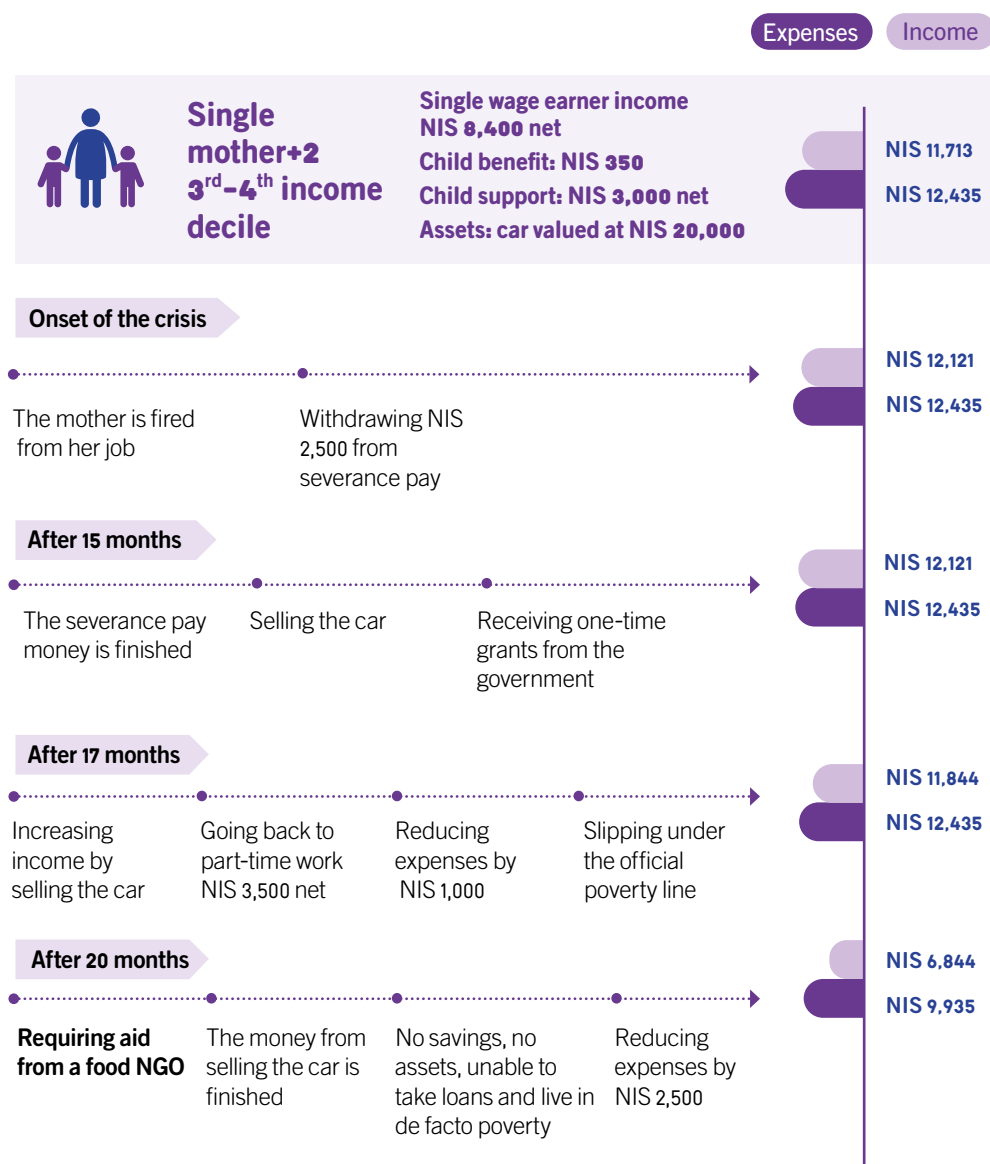
“They closed the restaurants, but I still had lots of food products, part of it was already rotten and was thrown away, and we took the other part because we didn't have money for food. I didn't know that the country doesn't care for the self-employed... Our socioeconomic situation has been getting worse and worse.

I really love to buy gifts for my grandchildren. Now I don't have the possibility to give them what I used to. For the Holidays this year, I explained the economic situation to the children, that if they want us to celebrate at my house, they will have to help pay for the expenses. For me it was the hardest. I've never asked for anything.”

B., 62, single mother



A single-parent family between the third and fourth income decile whose primary wage earner was fired from their job, will require aid from a food NGO and live in poverty after 20 months.



Nutritional Security Report



Photography: Yakir Amosi

Nutritional Security Report

656,000

In Israel, 656,000 families (22.6%) live in nutritional insecurity, of which 286,000 (9.9%) live in severe nutritional insecurity. 799,000 children (32%) live in nutritional insecurity, of which 395,000 (15.8%) live in severe nutritional insecurity (Latet, 2020).

21%

Approx. 1.2 million people (21%) reduced the amount of food or meals they eat (Israel Central Bureau of Statistics, July 2020).

45.7%

Almost half (45.7%) of the families receiving aid described food shortage as the most significant challenge they had to cope with as a result of the COVID-19 crisis.

80.9%

80.9% of the aid recipients stated that the food they bought was insufficient and that they did not have enough money to buy more, compared to 15.3% of the general population who reported the same.

35.9%

35.9% of the aid recipients stated that their children skipped or downsized their meals because they did not have enough money to buy food.

3.8%

Some of the aid recipients stated that due to economic hardship, they found themselves in humiliating situations like stealing food (3.8%), rummaging through garbage bins (4.8%) or fasting for an entire day (10.1%).

Nutritional insecurity is the most severe indicator of poverty, manifested in a lack of financial ability and regular accessibility to basic food needed to maintain a normal and balanced diet. Nutritional security is defined as a situation where all people have at all times physical and financial access to an adequate quantity of healthy and nutritious food, that suits their nutritional preferences and needs, and enables an active and healthy lifestyle (The Food and Agriculture Organization of the UN). The problem of nutritional insecurity in Israel has been widespread and severe for years, and expresses the intense hardship of families who live in deep poverty, and who grapple with a constant shortage of food, which is a basic existential need and right. In Israel, 656,000 families (22.6%) live in nutritional insecurity, of which 286,000 (9.9%) live in severe nutritional insecurity. 799,000 children (32%) live in nutritional insecurity, of which 395,000 (15.8%) live in severe nutritional insecurity (Latet, 2020). Compared to the nutritional security survey of the National Insurance Institute (2018, referring to data from 2016), more than 143,000 families living in nutritional insecurity were added, 34,000 of which live in severe nutritional insecurity. Among the children, 43,000 children living in severe nutritional insecurity were added.

There is a very strong correlation between poverty and nutritional insecurity and there is correlation between the population groups characterized by high poverty rates, and those living in nutritional insecurity. Detriment to nutritional security means that all the other spheres of life are adversely affected - a baby will not be able to grow and

develop without appropriate and sufficient food, a child cannot learn and thrive at school without a sandwich or nutritious and adequate breakfast, and a person cannot function well and integrate in society. There are also numerous studies that indicate a correlation between nutritional insecurity and several different diseases, such as: diabetes, heart disease, stroke, obesity, depression, high blood pressure, kidney disease, asthma, arthritis, pneumonia, and more. In addition to the high morbidity, the population experiencing nutritional insecurity is at risk from being adversely affected by complications of the COVID-19 pandemic.

The COVID-19 pandemic has expanded and exacerbated nutritional security in Israel, when the populations living in poverty have to cope with ongoing food shortage alongside a rise in food consumption due to the children being at home without the help of the food programs at schools. This year, new populations are now dealing with this phenomenon for the first time ever. In July around four months since the onset of the COVID-19 crisis, around 1.2 million people (21%) reported that in the week before the survey they reduced the amount of food or the meals they ate. This is a significant rise since May, when the number was 14% (Central Bureau of Statistics, 2020).

In addition to the aid recipients whose situation has gotten worse, demand for the food NGOs in Israel has increased by an unprecedented rate in numbers and in such a brief period of time. The

increased demand is by families who lost the majority of their income and require aid for the first time, as well as senior citizens without family support, which were prevented access to food due to the social isolation that was imposed on them.

The crisis emphasized that nutritional security characterizes not only families living in chronic and severe poverty, among other things because the expense on food is perceived as flexible, in contrast to other rigid expenses like rent or taxes. Thus, families are often forced to forego basic food consumption in order to pay for other essential expenses. Moreover, families that fell upon financial hardship due to the crisis, might espouse the belief that the crisis will pass and they will be able to resume the standard of living they were accustomed to. In the meantime, they are not making any drastic changes, but rather cutting back on seemingly flexible expenses, food being a main one.

As the pandemic expanded, the government realized that food aid for various populations in Israel was necessary. The majority of government aid first supported the elderly population who were forced to stay at home and unable to go out to buy food. Due to repeated appeals by the food NGOs that this was an emergency and that the government must help these families more than ever - additional budgets were added. However, the aid given still does not meet the daily growing demand for food, nor does it tackle the severe crisis the country is mired in.

Nutritional insecurity has been eroding the resilience of Israeli society for many years. Now its scope is more visible to the public and will have serious long-term repercussions.



Nutritional Insecurity In Israel 2020

The Coronavirus pandemic caused a health and financial crisis in Israel, and further damage to families living in nutritional insecurity. The continuous confinement at home affected the households' increased need for food, some of whose employment was adversely affected by the crisis and they had difficulty covering their expenses. This situation caused numerous families' financial situation to worsen and to slip into economic hardship, many who were forced to forego or cut back on food, some for the first time in their lives and some more frequently than usual.

The COVID-19 pandemic caused a huge increase in requests for aid from the food NGOs, and cries for help from those living in nutritional insecurity were voiced through the press and social media. Concurrent to the lack of comprehensive government treatment, and concern that the phenomenon may expand and persist in large scopes even after the pandemic is over, at Latet we aimed to explore the state of nutritional insecurity in Israel during the pandemic compared to the last measurement that was conducted by the National Insurance Institute.

Measuring nutritional security is based on the US Department of Agriculture (USDA) index, standard in developed countries, which is also measured by the National Insurance Institute in Israel. The tool is an 18-question questionnaire that divides the respondents into three main categories:

1. **Nutritional security** - Households characterized by access to abundant food on a regular basis.

2. **Mild nutritional insecurity** - Households characterized by a certain shortage in food supply, a sense of anxiety, and adjusting the food budget and the variety of foods they eat.

3. **Severe nutritional insecurity** - Households characterized by a sense of hunger and regularly foregoing the amount of food consumed at home.

Nutritional insecurity in Israel was extensive even before the COVID-19 pandemic. The results of our study, half a year into the crisis, attest to a concerning, harsh and bleak reality. Over 2 million people live in Israel in nutritional insecurity in 2020, of which 931,000 (12%) live in severe nutritional insecurity. Moreover, 799,000 children (32%) live in nutritional insecurity, of which 395,000 (15.8%) live in severe nutritional insecurity.

656,000 (22.6%) families live in nutritional insecurity, more than one fifth of the families in Israel, of which, 286,000 (9.9%) families live in severe nutritional insecurity (Latet, 2020). Compared to the nutritional security survey of the National Insurance Institute (the last one was published in 2018 and refers to data from 2016), over 143,000 families living in nutritional insecurity were added, of which 34,000 live in severe nutritional insecurity.

The scope of the phenomenon is concerning and getting worse as the COVID-19 pandemic persists and the economic recession gets worse, while the peak of the crisis is yet to come and additional families will likely suffer from nutritional insecurity. The ongoing crisis makes it difficult



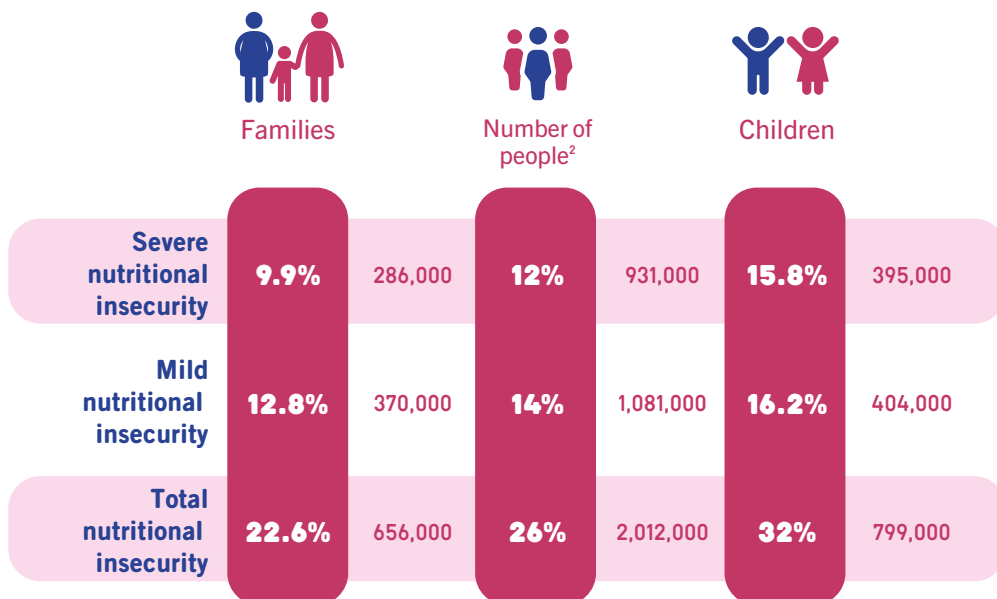
656,000 families live in nutritional insecurity in Israel in 2020, almost every fifth family.

for families who might currently be managing to cope with economic hardship by taking loans and chipping away at their savings. The continuation of this situation over time may lead to a significant cutback in expenses and to painful concessions that adversely affect the ability to address the essential needs required to live in dignity.

Numerous families will be forced to forego both quantity and quality of the food they consume at home, and will need to turn to food aid. Most of the aid in this sphere in Israel is given via NGOs and third sector organizations and relies mostly on donations and philanthropic funds.

Nutritional Insecurity In Israel During the COVID Crisis 2020

From the study conducted among the general population¹ | The data was collected during the month of September 2020.



1. The number of families, people and children was calculated according to the size of the population published by the National Insurance Institute in the last nutritional security report (2018).

2. The survey's unit of measurement is families. In order to estimate the number of people and children, the ratio was taken between the number of families per adults and children according to the last National Insurance Institute study from 2018.



Nutritional Insecurity Among Aid Recipients

The aid recipients recount a daily reality of hardship and constant shortage of food needed to live in minimal dignity. The families receiving aid live in constant fear that the food will run out, and that they will not be able to buy more food and to provide balanced meals for their children on a regular basis. The COVID-19 crisis exacerbated their distress, and they were joined by new families who were forced to ask for food aid for the first time in their lives.

Almost half (45.7%) of the families receiving aid described food shortage as the most significant challenge they had to deal with as a result of the COVID-19 crisis. 77% state that the need for food increased greatly or extremely due to the prolonged time spent at home during the crisis.

What is the most significant challenge you and your family have had to deal with due to the COVID-19 crisis?

From the Aid Recipients Study | The amount is greater than 100% since it was possible to state more than one answer.



45.7%

Shortage of food



35.5%

Mental stress



33.1%

Significant loss of family income



20.2%

Concern for the family's health



12.7%

Staying at home for a prolonged period of time together with all the family members

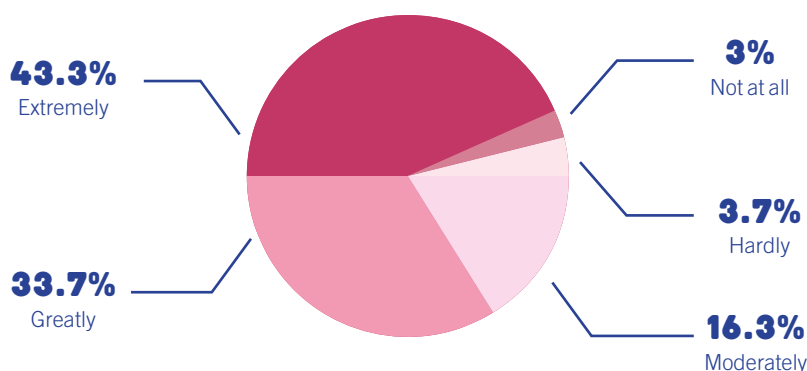


3.3%

Other

To what degree did the need for food increase as a result of the prolonged time spent at home during the COVID-19 crisis?

From the Aid Recipients Study



Since the onset of the COVID-19 crisis, over half (58.7%) of the aid recipients describe the food they consume at home as not enough occasionally or frequently, a 9.1% increase compared to last year (53.8%). 80.9% of the aid recipients stated that the food they bought was insufficient and that they often or occasionally did not have enough money to buy more, an 8% increase compared to last year (74.9%) and at a large gap from the general population (15.3%). Concurrently, 82.3% of the aid recipients stated that they mostly or occasionally did not have enough money to eat balanced meals, compared to only 19.5% of the general population.

Moreover, around half of the aid recipients (50.1%) stated a reduction in meal size and skipping meals. 26.5% of the aid recipients lost weight due to an inability to buy the food they needed. Some of the aid recipients stated that subsequent to the economic hardship and the shortage of food at home, they found themselves in humiliating situations such as stealing food (3.8%), searching for food in garbage bins (4.8%) and fasting an entire day (10.1%). 80.4% of the aid recipients stated that economic hardship was the most significant factor that prevented them or their families from obtaining food during the crisis, alongside increased prices (70.7%), difficulty ordering food online (61%) and restrictions with public transportation (59.8%).



82.3% of the aid recipients stated that they mostly or occasionally did not have enough money to eat balanced meals, compared to only 19.5% of the general population.

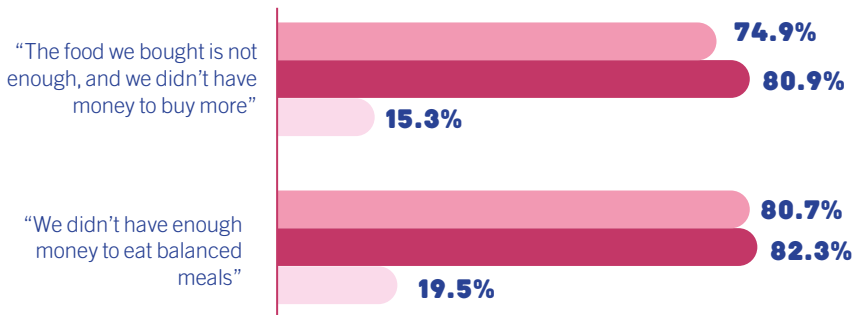
Which of the following sentences best describes the food consumed in your home in the past half a year, since the onset of the COVID-19 crisis?

From the Aid Recipients Study and a study of the general population

	The general population	Aid recipients
We have enough of the food types we want to eat	62.4%	8.4%
We have enough, but not always of the type we want	27.2%	27.8%
Occasionally not enough	7.2%	33.2%
Often not enough	1.4%	25.5%
Decline to answer	1.8%	5.1%

Ability to buy food

From the Aid Recipients Study and a study of the general population | The percentage of those answering “mostly correct” or “sometimes correct” for each of the questions



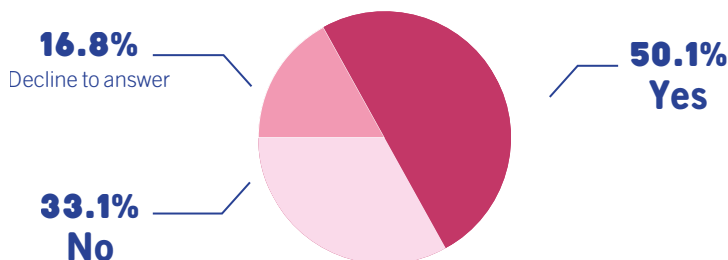
General Population 2020

Aid Recipients 2020

Aid Recipients 2019

In the past 6 months, since the onset of the COVID-19 crisis, have you and/or other adults in your home cut back on meal size or skipped meals due to a lack of money to buy food?

From the Aid Recipients Study



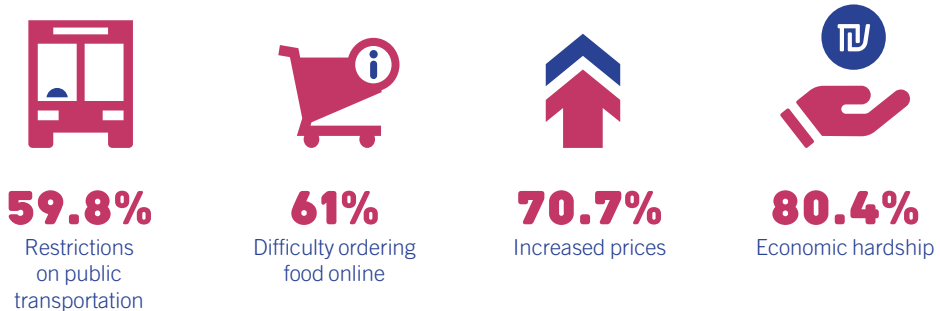
Have you had to take any of the following drastic measures due to the COVID crisis?

From the Aid Recipients Study | The amount is greater than 100% since it was possible to choose more than one answer.



To what extent have the following factors prevented you or your family members from obtaining food during the COVID crisis?

The percentage of those answering “greatly” or “extremely” pertaining to each of the factors is presented | From the Aid Recipients Study





Nutritional Insecurity Among Children

Children are the group that is most severely harmed by a shortage of food, in light of the grave repercussions of nutritional insecurity on their development. Almost every third child in Israel (32%), comprising 799,600 children, live in nutritional insecurity, of which 395,400 (15.8%) live in severe nutritional insecurity (Latet, 2020). Severe nutritional insecurity among children manifests in them not consuming the food groups necessary for their normal development, accompanied by a feeling of hunger, skipping meals and imbalanced nutrition. These have serious repercussions not only on the children's physical status, but on their mental and social status as well.

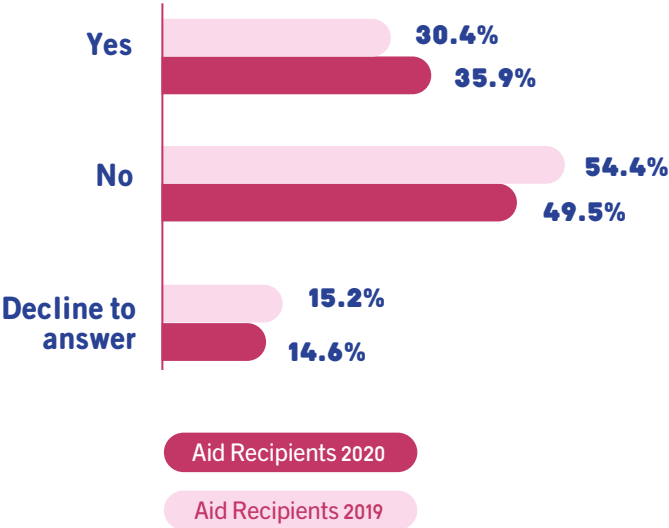
35.9% of the aid recipients have stated that since the onset of the COVID-19 pandemic, the children in their households have cut back on meal size or skipped meals as a result of the economic hardship, an 18.1% increase compared to last year (30.4%). For 68.4% of the aid recipients, the main component of their children's diet is carbohydrates (41%), bread and spreads (27.4%).

25.7% of the aid recipients reported that their children went to school without a sandwich on a regular basis or often. This adversely affected the children's ability to concentrate, to be open to learning, and also harmed their ability to create social relationships at school. This statistic decreased slightly compared to last year (27.9%), probably due to the limited number of days that children physically went to school during the COVID-19 crisis. One of the reasons that the situation of families in nutritional insecurity has gotten worse this year is that the food programs in the education system closed along with the schools during the various lockdowns.

Another severe effect of nutritional insecurity on children at home manifests in the difficulty buying infant formula due to the high prices, despite these being essential for the babies' normal development. Around half (45.1%) of the parents receiving aid had to forego infant formula for their children or give them less than the recommended amount (to dilute it in water or to skip meals).

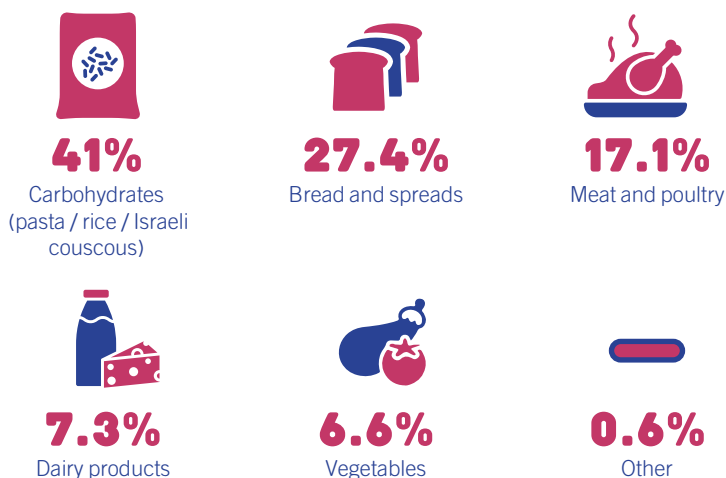
In the past 6 months, since the onset of the COVID-19 crisis, have the children in your home cut back on meal size or skipped meals due to a lack of money to buy food?

From the Aid Recipients Study



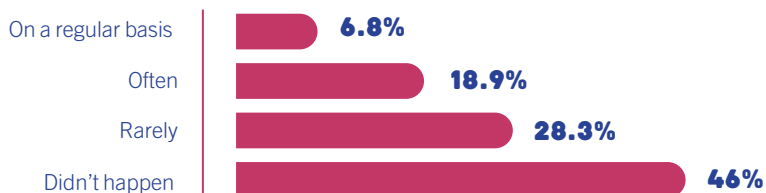
Select the main product in your children's nutrition

From the Aid Recipients Study



If your children do not get a meal at school, did it happen in the past year that your children went to school without a sandwich or other food for the day?

From the Aid Recipients Study

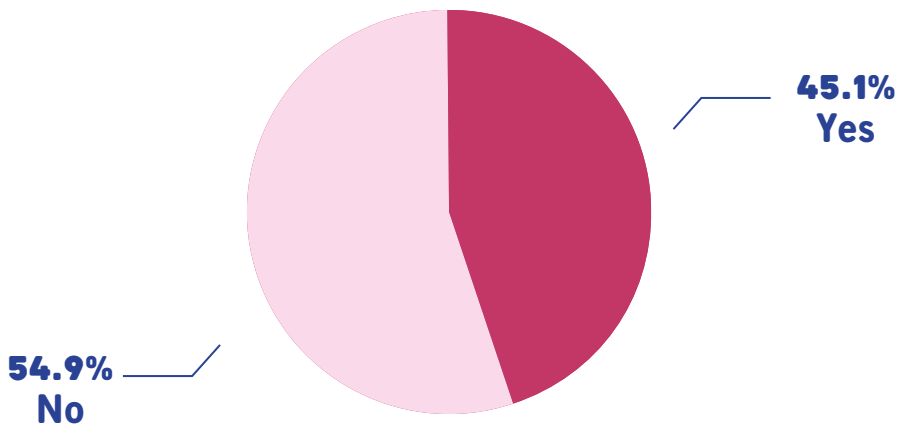




35.9% of the aid recipients have stated that since the onset of the COVID-19 pandemic, the children in their households have cut back on meal size or skipped meals as a result of economic hardship, an 18.1% increase compared to last year (30.4%).

Have you had to forego infant formula for your children or give less than the recommended amount (dilute in water / skip meals) because of your financial situation?

From the Aid Recipients Study



My grandmother raised me and we always had the same basic things: there were three cucumbers, three tomatoes, you cut them in half and make a small salad every day. I was very ashamed to talk about it. I would go to friends' homes, see their fridge and couldn't believe it. How is it that they have so much food?

A, Netanya



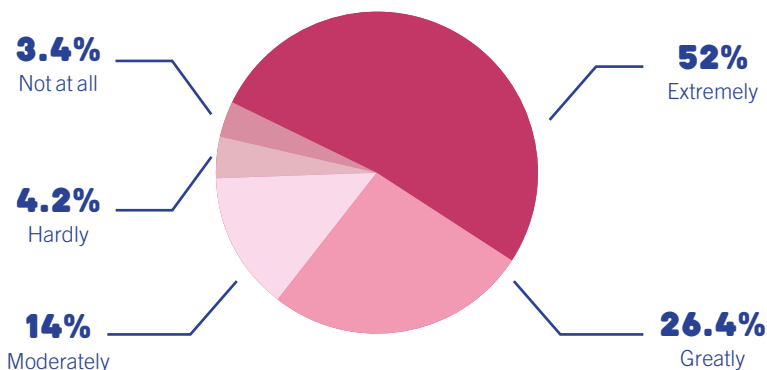
Receiving Aid from Food NGOs

One of the ways of coping with nutritional insecurity is to turn to NGOs that provide food baskets and to soup kitchens providing hot food. The food basket that the families receive from the NGOs helps them in different ways and frees up resources for them for other essential needs. **63.6%** of the families stated that the basket enables them to buy more food that they and their families need. **35.8%** of the families stated that the food basket frees up budget for rigid expenses such as rent, bills or debt repayment, and around a third (**34.4%**)

reported that the food basket frees up budget to pay for medication and medical treatments. Thus, the food baskets the aid recipients receive from the food NGOs helps them in other ways beyond assistance in the nutritional security sphere, since it enables families to direct resources to other basic needs, and can thus help minimize the depth of the families' poverty. Furthermore, **78.4%** of the aid recipients feel a great deal or very great deal of dependence on the aid of bodies like the National Insurance Institute, aid NGOs, welfare, family, friends, etc.

To what degree do you feel dependent on the aid of bodies or other people (such as National Insurance, aid NGOs, welfare, friends/ family, etc.)?

From the Aid Recipients Study





63.6% of families receiving aid stated that the food basket they get from the NGO enables them to buy more food.

Does the food basket you receive from the NGO help you in other ways?

The amount is greater than 100% since it was possible to state more than one answer
From the Aid Recipients Study



13.8%

The food basket does not help me in other ways



34.4%

The food basket frees up some of my budget to pay for medication and medical treatments



35.8%

The food basket frees up some of my budget to pay for rent, bills or repay debt



63.6%

The food basket enables me to buy additional food that my family and I need

"You have to struggle for your day-to-day survival, for your food. It starts to eat away at your muscles and your brain, you can't think, you become an animal, because you are constantly in a state of survival.
Y, Social Work student



The number of families living in severe nutritional insecurity grew by 34,000.

Latet serves as a national food bank and as an umbrella organization for 180 local food NGOs that operate in 105 towns in all sectors of Israeli society. As part of its activity, food is distributed to around 70,000 families through the network of these local partner NGOs, from three different sources: salvaging food from the food industry (food manufacturers and retail chains), purchasing wholesale food and collecting food from the general public.

The food distribution is conducted while maintaining the dignity of the recipients, ensuring their nutritional security in terms of the frequency and manner in which the food is distributed, as well as ensuring a balanced nutrition that is of high quality and varied, including fresh protein (poultry and dairy products), basic dry goods, etc.

Latet's operations are based on a highly efficient economic model that makes the most out of the resources invested in the aid program. For every shekel invested in infrastructure, operations and logistics, NIS 9 worth of food is distributed. Food originating from food rescue also presents an amazing opportunity to use existing resources (and to protect the environment by reducing landfills and food destruction) and enables Latet to help more families.

We believe that a national plan based on food rescue and purchase is the most efficient method to help the largest number of families. This type of project presents many advantages in terms of

nutritional security and economic efficiency as well as social and environmental benefits.

According to the current data presented in the report, in Israel, 286,000 families in Israel live in severe nutritional insecurity. The budget required to minimize the problem is at least NIS 1.7 billion a year, while fully addressing the problem would require around NIS 2.7 billion a year. However, the government does not even allocate one shekel from Israel's state budget to handle this issue, despite the commitment expressed by many governments in the past. Subsequent to the economic crisis accompanying the COVID-19 pandemic, the number of families suffering from nutritional insecurity has grown and the depth of nutritional insecurity has worsened significantly. In light of the scope and severity of the problem, the government must establish a national initiative for nutritional security based on food rescue and purchase, to increase the tax deduction rate food companies that donate food are entitled to and to take full responsibility for ensuring access to basic food for Israeli citizens who need it the most.

Latet will continue to work and fight to implement an efficient and effective solution to the problem. The organization calls the government to take full responsibility for handling the problem and as a first step to allocate NIS 225 million from the state budget, in order to help approx. 20% of the families living in severe nutritional insecurity.

Employment



Photography: Ziv Koren

55.5%

55.5% of the families living in poverty in Israel are working families (National Insurance Institute, 2019).

73.5%

73.5% of the aid recipient families had at least one wage earner before the COVID crisis.

33%

The employment status of one third of the low wage earners was harmed during the crisis, more than the other wage groups (National Insurance Institute, 2020).

50.4%

50.4% of the working families receiving aid were left without any wage earners in the household during the COVID-19 crisis.

85%

85% of the working aid recipient families experienced employment problems during the COVID-19 crisis.

41.8%

41.8% of the aid recipients are afraid of losing their job.

56.8 %

56.8% of the aid recipient families state that the increased childcare during the COVID-19 crisis prevented them from improving their employment status.

Health



Photography: Ziv Koren

NIS 1.538

The top quintile spends an average NIS 1,538 on healthcare per month, more than three times the bottom quintile, which spends an average of NIS 467 per month (Israel Central Bureau of Statistics, 2018).

7.8%

Almost one tenth (7.8%) of the aid recipients were infected with COVID-19 by the month of July, 23 times that of the general population (0.33%) who was infected during the same period.

61.8%

61.8% of the aid recipients had to forego buying medication or necessary medical care because they could not pay for it, compared to only 15.7% of the general population.

60.7%

60.7% of the aid recipients stated that they experienced depression during the COVID-19 crisis.

86%

86% of the elderly aid recipients experienced a feeling of loneliness during the COVID-19 crisis.

Living Conditions



Photography: Ziv Koren

22%

Prices in Israel are 22% higher than the averages prices in the OECD countries (Israel Central Bureau of Statistics, 2020)

62%

62% of the aid recipients state that their financial situation has been damaged to a large or very large extent as a result of the COVID-19 crisis.

47.9%

The average monthly expenditure of an aid recipient family is 7,551 NIS, which is 47.9% higher than its average income (5,104 NIS).

55.6%

55.6% of the aid recipients accrued debt as a result of the COVID-19 crisis, almost double the general population (29.8%).

71.9%

In the past year, 71.9% of the aid recipients gave up fixing major long-term damage in their homes for financial reasons.

78.9%

78.9% of the aid recipients are in debt, a 27.4% increase compared to last year (61.9%).

54.7%

Among half (54.7%) of the aid recipients, tension between family members got worse as a result of the prolonged time at home together, and it manifested in violence among 7% of the aid recipients, and among 6.5% the tension led to one of its residents running away from home.

Education



89%

At the height of the crisis, approx. 89% of the unemployed in the general population did not have an academic degree (Ministry of Finance, 2020).

Widening Gaps

Closing the school system for extended periods of time and the transition to remote learning exacerbated the social inequality for pupils from a low socioeconomic status.

79.9%

79% of the aid recipients do not have a high school diploma, 48.7% of the aid recipients did not complete 12 years of schooling.

36.6%

36.6% of the aid recipients stated that since the outbreak of the COVID-19 pandemic, one or more of the children in their household did not attend school on some days because they had to work and help support the family.

73.9%

73.9% of the aid recipients stated that they do not have computers for remote learning, compared to 33.3% of the general population.

59.5%

59.5% of the aid recipients stated that not having internet access at home made it difficult for their children to learn during the COVID-19 crisis.

The Responsibility for Fighting Poverty



Photography: Ziv Koren

22%

Only 22% of the population had a great degree of faith in the government's handling of the COVID-19 crisis (Israel Central Bureau of Statistics, 2020).

79.1%

79.1% of the public thinks that it is the government's responsibility to reduce poverty.

21.3%

Only 21.3% of the public believes that the government is indeed dealing with the problem of poverty.

63.4%

63.4% of the public thinks that the government's handling of the COVID-19 crisis barely or did not support the needs of impoverished populations and of populations who may slip into poverty.

61.9%

61.9% of the NGOs stated that the aid recipients' situation got worse as a result of the COVID-19 crisis.

78.6%

78.6% of the NGOs stated that the scope of activity increased as a result of the COVID-19 crisis.

16%

Israel's national expenditure on welfare is 16%, compared to an average 20.1% in the OECD (OECD, 2018).

42.8%

42.8% of the aid recipients that were added during the crisis, started receiving regular aid from the NGO they turned to for help.

Thank You

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MAZON

A Jewish Response
To Hunger



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The Effect of COVID on Economic Hardship and Poverty

Although the spread of the COVID-19 virus has created a health pandemic, we are mainly dealing with a socio-economic crisis. We are still in the throes of this crisis and it is premature to assess its full impact on the economy, but the extent of the damage it has caused to extensive parts of Israeli society are already being felt.

In October 2020, Latet, together with the ERI institute, conducted a comprehensive study among the Israeli populace to examine the scope and depth of the economic hardships caused by the crisis. The results of the study and its analysis, which are laid out in the 18th edition of the Alternative Poverty Report, present a concerning reality.

A dysfunctional reality. 422,000 additional households have slipped into financial hardship, 268,000 families have been plunged into poverty.

The COVID-19 pandemic and the subsequent economic crisis have led to a significant increase in financial hardship, and to hundreds of thousands of middle class Israelis slipping into a life of poverty. The number of households experiencing economic hardship has skyrocketed and is currently estimated at 1,121,000 (38.6%), in other words, an additional 422,000 households are experiencing economic hardship (a 14% increase compared to 24.1% before the crisis). The poverty rate in Israel has increased by 9% as a result of the economic crisis to an unprecedented 29.3% (850,000 households), compared to 20.1% (582,000 households) prior to the outbreak of the pandemic. The crisis has also significantly affected households that were living in poverty before the crisis, which mainly manifests as 80% of them being adversely affected from an occupational aspect during the crisis.

The Effect of COVID-19 on Economic Hardship and Poverty study also attests to the erosion of the middle class, which has shrunk by one sixth (15.5%). Around one third (29%) of the middle class have slipped at least one rung down the socioeconomic ladder. Concurrently, the need for aid from external parties has skyrocketed by 70%. Despite heroic attempts by civilian society, and the lack of appropriate and adequate government response, one quarter of the population in Israel has needed aid during the crisis, but did not receive it.

We have to beat poverty