

# Poverty & Equity Brief

Latin America & the Caribbean

## Argentina

April 2020

Over 2019, the adverse economic situation and high inflation had a negative impact across the whole income distribution. All population groups faced losses in real income, although the poor were more adversely affected.

According to the latest official data, 35.4 percent of the population in main urban areas were poor and 7.7 percent were extremely poor. This is 10 and 2.2 million people in poverty and extreme poverty respectively, in the first semester of 2019.

The latest measurement available according to the international poverty line shows that the share of individuals living on less than \$5.50 (2011 PPP) per day was 9.6 percent in 2018. Emergency measures to protect the most vulnerable appear to have helped deaccelerating welfare losses over the second semester of 2019, however increases in poverty over the first part of the year would not be reversed.

Inequality, as measured by the Gini index, increased slightly from 41.2 to 41.4 points during 2017-2018. Looking to the evolution over a five-year period, average income fell during 2013-2018 (estimated at -1.55 percent annually) and the reduction was slightly higher for those at the Bottom 40 (-1.62 percent annually).

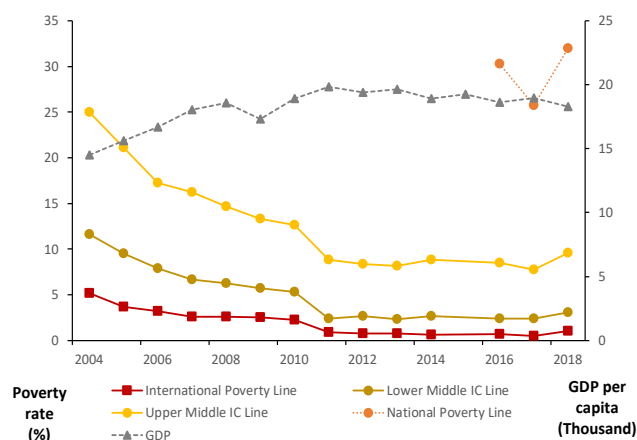
High uncertainty about macroeconomic conditions and the effects of the COVID-19 pandemic suggest that increases in the poverty rate are to be expected. Shared prosperity and income inequality are also expected to deteriorate as poorer households are affected the most by current negative economic conditions.

Looking forward, the main challenge for the Government is to strengthen and expand the social safety nets, chiefly to avoid the current situation to become structural for those harmed by recent shocks and to prevent the vulnerable from falling into poverty. In this context, social assistance programs, particularly Universal Family Allowances (AUH), continue to be a fundamental instrument to reach poor households and those with greater risk to fall into poverty. Currently, around 2.2 million households receive AUH (4 million beneficiaries).

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	8,920.9	32.0	2018
International Poverty Line 37.9 in Argentine peso (2018) or US\$1.90 (2011 PPP) per day per capita	448.3	1.0	2018
Lower Middle Income Class Poverty Line 63.9 in Argentine peso (2018) or US\$3.20 (2011 PPP) per day per capita	1,351.9	3.0	2018
Upper Middle Income Class Poverty Line 109.8 in Argentine peso (2018) or US\$5.50 (2011 PPP) per day per capita	4,252.4	9.6	2018
Multidimensional Poverty Measure		1.1	2018
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		-1.62	2013-2018
INEQUALITY			
Gini Index		41.4	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.07	2013-2018
GROWTH			
Annualized GDP per capita growth		-1.41	2013-2018
Annualized Income Growth per capita from Household Survey		-1.55	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		-1.62	2013-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

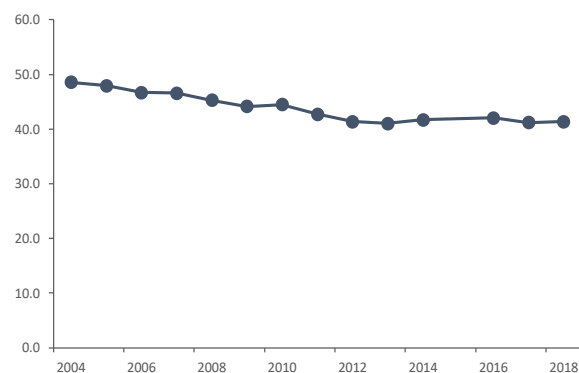
## POVERTY HEADCOUNT RATE, 2004-2018



Source: World Bank using EPHC-S2/SEDLAC/GMD

## INEQUALITY TRENDS, 2004-2018

### Gini Index



Source: World Bank using EPHC-S2/SEDLAC/GMD

## KEY INDICATORS

Distribution among groups: 2018	Upper Middle Income line (%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2018
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	90	10	40	60	<b>Monetary poverty (Income)</b>	
Rural population	N/A*	N/A*	N/A*	N/A*	Daily income less than US\$1.90 per person	1.0
Males	91	9	40	60	<b>Education</b>	
Females	90	10	40	60	At least one school-aged child is not enrolled in school	0.7
0 to 14 years old	82	18	62	38	No adult has completed primary education	1.3
15 to 64 years old	92	8	39	61	<b>Access to basic infrastructure</b>	
65 and older	99	1	10	90	No access to limited-standard drinking water	0.3
Without education (16+)	90	10	43	57	No access to limited-standard sanitation	0.5
Primary education (16+)	88	12	45	55	No access to electricity	0.0
Secondary education (16+)	91	9	41	59		
Tertiary/post-secondary education (16+)	98	2	16	84		

Source: World Bank using EPHC-S2/SEDLAC/GMD

Source: World Bank using EPHC-S2/SEDLAC/GMD

Notes: N/A missing value, N/A\* value removed due to less than 30 observations

## POVERTY DATA AND METHODOLOGY

Official poverty estimates have been produced since 1988 by Argentina's National Statistical Office (INDEC), using income data from the Encuesta Permanente de Hogares (EPH). The survey is representative of the population living in the 31 largest urban areas in the country, which accounts for almost 62 percent of the total population. New regional poverty lines were introduced in 2016 based on 1997/98 and 2004/05 Household Expenditure Surveys and adjusted each period using official regional CPI. The official poverty methodology is based on adult equivalences, which adjusts by differing caloric needs per gender and age composition of household members. World Bank poverty estimates rely on a harmonized version of the EPH. All monetary measures, including poverty rates, are adjusted to US dollars in 2011 PPP using private estimates of inflation from 2007 to 2015, and official sources afterward. The harmonization process results in an income aggregate that undergoes specific imputations to make it comparable across countries. World Bank poverty estimates are produced based on international poverty lines, using a per capita approach. Due to differences in the poverty lines and in the construction of the income aggregate, official and international poverty rates are not comparable, and may follow different trends and levels. While International dollar-a-day methodology should be used for cross-country comparisons, the national official methodology should be used for country-specific analyses. In addition to monetary poverty, the Multidimensional Poverty Measure (MPM) includes indicators on education and access to basic infrastructure. The measure is anchored on the \$1.90 (2011 PPP) monetary poverty line.

## HARMONIZATION

The numbers presented in the brief are based on the regional data harmonization effort known as the Socio-economic Database for Latin America and the Caribbean (SEDLAC) - a joint effort of the World Bank and CEDLAS from the National University of La Plata (Argentina). SEDLAC includes 18 countries and more than 300 household surveys since the 80s. Several Caribbean countries have not been included in the SEDLAC project due to lack of data. Since an income-based welfare aggregate is widely used in the region for official poverty estimates, income-based microdata is used for the Global Monitoring Database (GMD) and Global Poverty Monitoring. SEDLAC covers demographics, income, employment, and education. Terms of use of the data adhere to agreements with the original data producers.