# Poverty & Equity Brief

Latin America & the Caribbean

# Argentina

October 2020

Argentina's 2018-19 recession negatively impacted population across the income distribution but the poorest have been disproportionately affected. High inflation was the main driver behind income losses. In real terms, the average income of the poorest 40 percent of the income distribution was lower in 2018 than in 2013, having fallen at an annualized rate of 1.6 percent. Average income also fell at a rate of 1.5 percent per year during the same period. The latest measurement available according to the international poverty line shows that the share of Argentines in the main urban areas living on less than $5.50 per day (in 2011 PPP terms) was 12.2 percent in 2018, up from 9.8 in 2017.
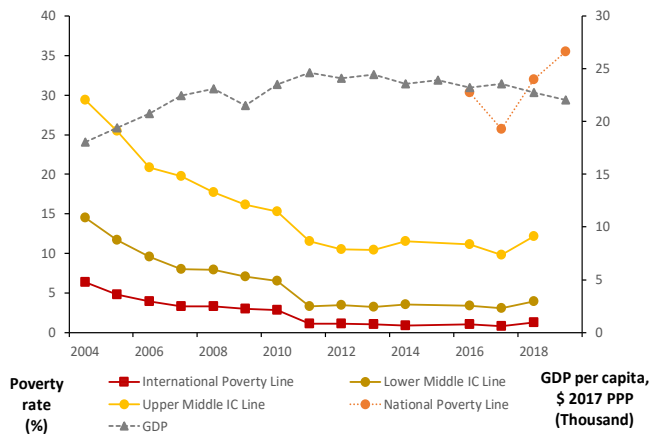
The COVID-19 pandemic shock has brought further income losses especially for informal and own-account and less skilled workers. According to the latest official data, employment rate plunged from 44.2 to 33.4 percent during the second quarter of 2020. However, the unemployment rate did not increase proportionally -it climbed from 10.4 to 13.1 percent- because the participation rate fell to 38.4 from 47.1 percent. The reduction of employment affected especially informal and self-employed workers (95.5 percent of the lost jobs), and less qualified workers (among the workers who lost the job, 45.1 percent had not completed secondary school or less, and 26.6 percent had completed secondary school).

Between 2018 and 2019, around one million Argentines in the main urban areas fell into poverty (as measured under the official national poverty line) and, as a result, the poverty rate increased from 32.0 percent to 35.5 percent. Despite effective mitigating effects of expanded social safety nets and emergency transfers implemented by the Government, the conditions for the poorest bottom 40 percent have deteriorated over the first semester of 2020 with the effects of the pandemic and lockdown measures. Going forward, the labor market needs to recover as the force to reduce poverty and inequality.

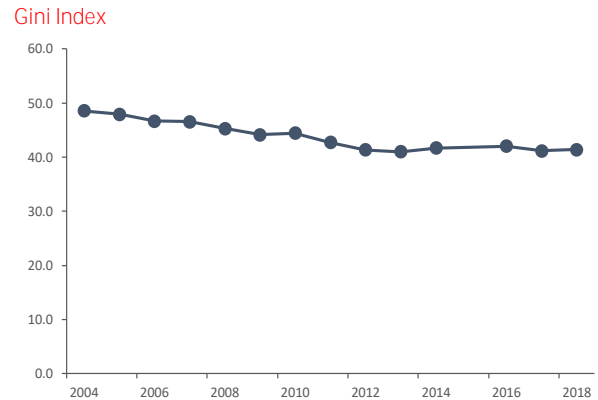| POVERTY | Number of Poor (thousand) | Rate (%) | Period |
|---|---|---|---|
| National Poverty Line | 9,948.1 | 35.5 | 2019 |
| International Poverty Line<br>37.9 in Argentine peso (2018) or US$1.90 (2011 PPP) per day per capita | 577.0 | 1.3 | 2018 |
| Lower Middle Income Class Poverty Line<br>63.9 in Argentine peso (2018) or US$3.20 (2011 PPP) per day per capita | 1,737.2 | 3.9 | 2018 |
| Upper Middle Income Class Poverty Line<br>109.8 in Argentine peso (2018) or US$5.50 (2011 PPP) per day per capita | 5,421.2 | 12.2 | 2018 |
| Multidimentional Poverty Measure | | 1.3 | 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 September 2020, and Global Monitoring Database for the rest.

## POVERTY HEADCOUNT RATE, 2004-2019



| Poverty rate (%) | |
| --- | --- |
| ■ International Poverty Line | ● Lower Middle IC Line |
| ● Upper Middle IC Line | ● National Poverty Line |
| ▲ GDP | |

GDP per capita, $ 2017 PPP (Thousand)

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 (%) | |
| --- | --- | --- | --- | --- |
| | Non-Poor | Poor | Bottom 40 | Top 60 |
| Urban population | 88 | 12 | 40 | 60 |
| Rural population | N/A* | N/A* | N/A* | N/A* |
| Males | 88 | 12 | 40 | 60 |
| Females | 88 | 12 | 40 | 60 |
| 0 to 14 years old | 77 | 23 | 62 | 38 |
| 15 to 64 years old | 89 | 11 | 39 | 61 |
| 65 and older | 99 | 1 | 10 | 90 |
| Without education (16+) | 84 | 16 | 43 | 57 |
| Primary education (16+) | 85 | 15 | 45 | 55 |
| Secondary education (16+) | 88 | 12 | 41 | 59 |
| Tertiary/post-secondary education (16+) | 97 | 3 | 16 | 84 |

| Multidimensional Poverty Measures: 2018 | (% of population) |
| --- | --- |
| **Monetary poverty (Income)** | |
| Daily income less than US$1.90 per person | 1.3 |
| | |
| **Education** | |
| At least one school-aged child is not enrolled in school | 0.7 |
| No adult has completed primary education | 1.3 |
| | |
| **Access to basic infrastructure** | |
| No access to limited-standard drinking water | 0.3 |
| No access to limited-standard sanitation | 0.5 |
| No access to electricity | 0.0 |

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

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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.

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