

Poverty & Equity Brief

Latin America & the Caribbean

Argentina

April 2021

Living conditions in Argentina were deteriorating even before COVID-19 shock, due to recession and high inflation. 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 (2011 PPP) was 14.4 percent in 2019, 12.2 percent in 2018, and 9.8 in 2017.

Despite effective mitigating effects of expanded social safety nets and emergency transfers implemented by the Government, welfare conditions deteriorated under the heavy toll the COVID-19 pandemic has taken on the labor market. The employment rate dropped from 44.2 to 33.4 percent from the first to the second quarter of 2020, affecting largely own-account and informal salaried workers. Although all population groups experienced income losses, the effect was larger for those at the bottom of the distribution. Inequality, measured by the Gini index, grew from 41.3 to 42.9 between the second quarter of 2019 and the same quarter of 2020.

The latest official data available for Argentina indicate that 40.9 and 10.5 percent of the urban population live below the national poverty and extreme poverty (11.7 and 3 million people), respectively, in the first semester of 2020. These numbers, compared with the second semester of 2019, indicate the steepest increase since 2016, when the comparable series started. The greatest increase occurred among the age group 15 to 29 (7.1 percentage points), however incidence of poverty is the highest among children (56.3 percent among the age group 0 to 14).

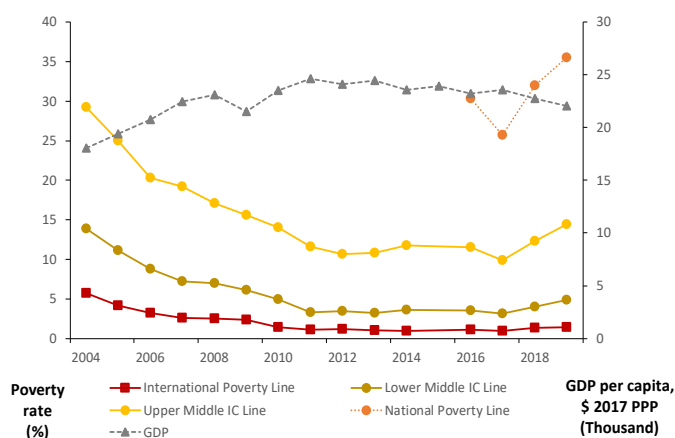
According to the National Statistics Office (INDEC), the shock impacted the population unequally on other dimensions. For instance, the burden of the increase of time devoted to housework and childcare fell disproportionately on women.

Economic recovery in the third and fourth quarters of 2020 contributed to improve labor market indicators, but the latest official numbers are still below pre-pandemic levels (37.4 of the population was employed in the third quarter of 2020). Those improvements do not seem to be strong enough to revert increases in poverty, and spikes in food prices at the end of the year are a concern.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	9,948.1	35.5	2019
International Poverty Line 66.2 in Argentine peso (2019) or US\$1.90 (2011 PPP) per day per capita	655.1	1.5	2019
Lower Middle Income Class Poverty Line 111.5 in Argentine peso (2019) or US\$3.20 (2011 PPP) per day per capita	2,191.2	4.9	2019
Upper Middle Income Class Poverty Line 191.6 in Argentine peso (2019) or US\$5.50 (2011 PPP) per day per capita	6,472.8	14.4	2019
Multidimensional Poverty Measure		1.5	2019
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		-1.46	2014-2019
INEQUALITY			
Gini Index		42.9	2019
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.79	2014-2019
GROWTH			
Annualized GDP per capita growth		-1.30	2014-2019
Annualized Income Growth per capita from Household Survey		-0.67	2014-2019
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		-0.80	2014-2019

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2021, and Global Monitoring Database for the rest.

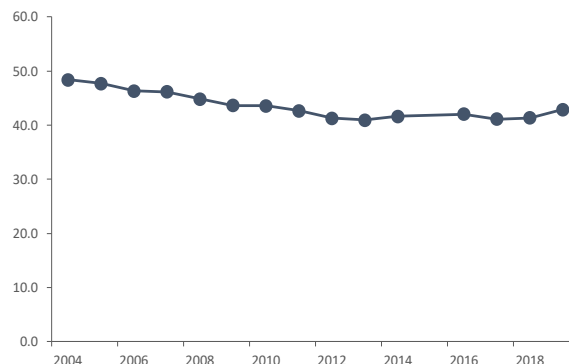
POVERTY HEADCOUNT RATE, 2004-2019



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

INEQUALITY TRENDS, 2004-2019

Gini Index



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

KEY INDICATORS

Distribution among groups: 2019	Upper Middle Income line(%)		Relative group (%)		Multidimensional Poverty Measures: 2019	(% of population)
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	86	14	40	60	Monetary poverty (Income)	
Rural population				N/A	Daily income less than US\$1.90 per person	1.5
Males	86	14	41	59	Education	
Females	86	14	39	61	At least one school-aged child is not enrolled in school	0.6
0 to 14 years old	73	27	62	38	No adult has completed primary education	1.5
15 to 64 years old	87	13	38	62	Access to basic infrastructure	
65 and older	98	2	12	88	No access to limited-standard drinking water	0.3
Without education (16+)	83	17	47	53	No access to limited-standard sanitation	0.4
Primary education (16+)	82	18	47	53	No access to electricity	0.0
Secondary education (16+)	86	14	42	58		
Tertiary/post-secondary education (16+)	97	3	15	85		

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.