

While a downward trend in the poverty rate was observed in 2016 and 2017 with the share of individuals living on less than 2011 PPP \$5.50 per day falling from 9 percent in 2014 to 7.8 and 7.1 respectively, the perspective is that these gains will be washed-out given the current negative economic context. Macroeconomic shocks have contracted private consumption, investment and growth, which will result in a reversal of the trend in poverty and shared prosperity.

Annualized income growth during 2012-2017 was weak (estimated at 0.66 percent annually), though still slightly favoring those at the Bottom 40 (estimated at 1.24 percent annually). Although, income inequality deteriorated between 2013 and 2016, the Gini coefficient decreased during 2016-2017 from 42.4 to 40.6 points. Argentina continues to be among the least unequal countries in the Latin American and Caribbean region, even if more unequal than OECD economies.

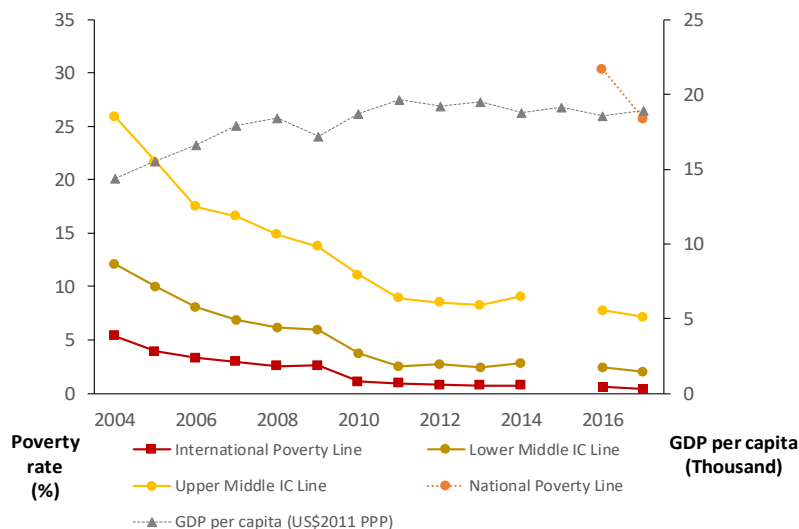
The reduction on the official poverty rate observed over 2016-2017, from 30.3 to 25.7 percent, is expected to reverse in 2018 as real wages fall. The recent economic downturn, with inflation reaching 47.6 percent annually and the value of the food and non-food poverty baskets rising 52.9 percent over 2018 suggest that increases in poverty are to be expected.

Reinforcing the social safety nets mechanisms is crucial to mitigate the adverse impacts of the crisis, and the labor market needs to recover its lost momentum as a force to reduce poverty and inequality.

| POVERTY   | Number of Poor<br>(thousand) | Rate<br>(%) | Period    |
|---|------------------------------|-------------|-----------|
| National Poverty Line   | 11,377.7                     | 25.7        | 2017      |
| International Poverty Line<br>26.8 in Argentine peso (2017) or US\$1.90 (2011 PPP) per day per capita             | 192.8                        | 0.4         | 2017      |
| Lower Middle Income Class Poverty Line<br>45.1 in Argentine peso (2017) or US\$3.20 (2011 PPP) per day per capita | 903.9                        | 2.0         | 2017      |
| Upper Middle Income Class Poverty Line<br>77.6 in Argentine peso (2017) or US\$5.50 (2011 PPP) per day per capita | 3,163.7                      | 7.1         | 2017      |
| SHARED PROSPERITY   |                              |             |           |
| Annualized Income Growth per capita of the bottom 40 percent  |                              | 1.24        | 2012-2017 |
| INEQUALITY  |                              |             |           |
| Gini Index  |                              | 40.6        | 2017      |
| Shared Prosperity Premium = Growth of the bottom 40 - Average Growth  |                              | 0.58        | 2012-2017 |
| GROWTH  |                              |             |           |
| Annualized GDP per capita growth  |                              | -0.3        | 2012-2017 |
| Annualized Income Growth per capita from Household Survey   |                              | 0.66        | 2012-2017 |

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of March 2019, and Global Monitoring Database for the rest.

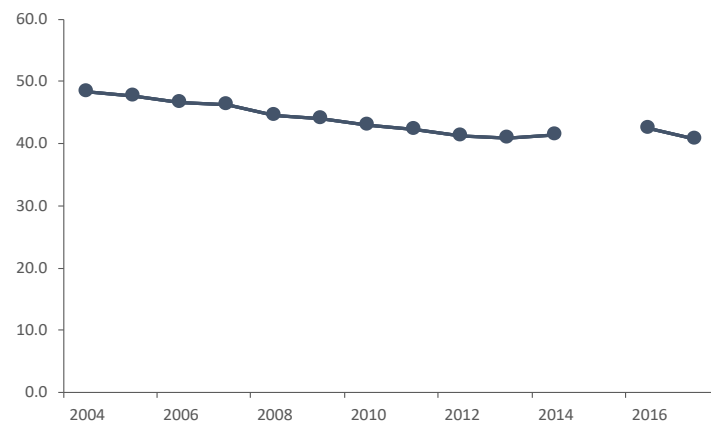
## POVERTY HEADCOUNT RATE, 2004-2017



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

## INEQUALITY TRENDS, 2004-2017

### Gini Index



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

## KEY INDICATORS (distribution among groups)

|  | Upper Middle Income line (%) |      | Relative Group (%) |        | Year |
|--|------------------------------|------|--------------------|--------|------|
|  | Non-Poor                     | Poor | Bottom 40          | Top 60 |      |
| Urban population                                     | 93                           | 7    | 40                 | 60     | 2017 |
| Rural population                                     | N/A                          | N/A  | N/A                | N/A    | N/A  |
| Males  | 93                           | 7    | 40                 | 60     | 2017 |
| Females  | 93                           | 7    | 40                 | 60     | 2017 |
| 0 to 14 years old                                    | 87                           | 13   | 62                 | 38     | 2017 |
| 15 to 64 years old                                   | 94                           | 6    | 38                 | 62     | 2017 |
| 65 and older   | 99                           | 1    | 12                 | 88     | 2017 |
| Without education (age 16 and older)                 | 89                           | 11   | 49                 | 51     | 2017 |
| Primary education (age 16 and older)                 | 91                           | 9    | 43                 | 57     | 2017 |
| Secondary education (age 16 and older)               | 93                           | 7    | 41                 | 59     | 2017 |
| Tertiary/post-secondary education (age 16 and older) | 99                           | 1    | 15                 | 85     | 2017 |

Source: World Bank using Global Monitoring Database

## 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. The harmonized data is part of the SEDLAC project (CEDLAS and the World Bank). 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.

## 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.