Poverty & Equity Brief

Latin America & the Caribbean

Argentina

April 2023

The economic recovery in Argentina continued in 2022 and the labor market showed a good performance. The unemployment rate reached the lowest levels registered since 2017 at 7.1 percent in the 2022Q3, and the number of registered workers closed December with a 6 percent increase (yoy). This was, however, explained mostly by growth in public employment and in the number of vulnerable independent workers that qualify for Monotributo Social. The increase in this category of workers is indicative of growing low-quality jobs in the labor market.

Inflation accelerated affecting the purchasing power of both labor and non-labor incomes (especially, non-formal wages and pensions). The CPI registered an accumulated increase of 94.8 percent in the twelve months of 2022. The total basic basket (national poverty line) climbed 108 percent in the same period, while the food basket (national extreme poverty line) rose 109.8 percent. Under this scenario, the poverty rate-under the national poverty line- is estimated to have reached 40 percent in 2022, up from 37.3 percent of the urban Argentine population considered poor in 2021. Although the poverty rate is similar across regions, half of the poor population lives in Greater Buenos Aires, the most populous region.
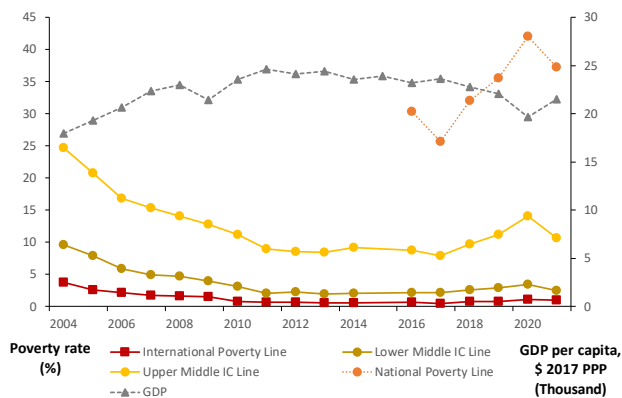
Signs of economic stagnation, persistently high levels of inflation, and the effects of a severe drought do not contribute to a positive outlook.

Inequality, as measured by the Gini index, has decreased slightly between 2019 and 2021 under the generalized deterioration of household income, particularly labor income, across the distribution. However, lower opportunities for informal and low-skilled workers to cope with inflation and raise their incomes indicate that inequality is expected to increase. For example, the real wage for formal private sector workers and public sector workers fell 15 and 18 percentage points, respectively, in the last six years, while it decreased by 40 percent among informal workers.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	10,764.6	37.3	2021
International Poverty Line 110.7 in Argentine peso (2021) or US$2.15 (2017 PPP) per day per capita	439.2	1.0	2021
Lower Middle Income Class Poverty Line 188 in Argentine peso (2021) or US$3.65 (2017 PPP) per day per capita	1,139.2	2.5	2021
Upper Middle Income Class Poverty Line 352.8 in Argentine peso (2021) or US$6.85 (2017 PPP) per day per capita	4,864.9	10.6	2021
Multidimensional Poverty Measure		1.0	2021
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		-2.19	2016-2021
INEQUALITY			
Gini Index		42.0	2021
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		0.33	2016-2021
GROWTH			
Annualized GDP per capita growth		-1.48	2016-2021
Annualized Income Growth per capita from Household Survey		-2.52	2016-2021
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		-2.79	2016-2021

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.
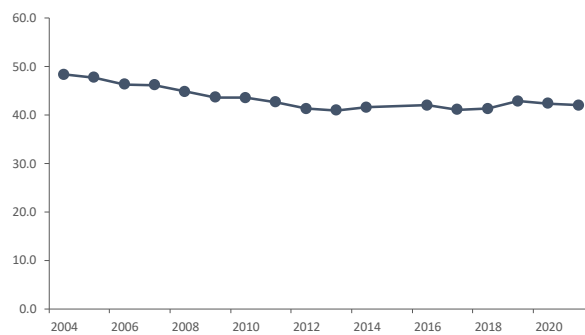
POVERTY HEADCOUNT RATE, 2004-2021

Poverty rate (%)		GDP per capita, $ 2017 PPP (Thousand)
■ International Poverty Line	● Lower Middle IC Line	
● Upper Middle IC Line	● National Poverty Line	
▲ GDP		

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

INEQUALITY TRENDS, 2004-2021
Gini Index

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

KEY INDICATORS

Distribution among groups: 2021	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	89	11	40	60
Rural population				N/A
Males	90	10	39	61
Females	89	11	40	60
0 to 14 years old	81	19	58	42
15 to 64 years old	91	9	38	62
65 and older	99	1	12	88
Without education (16+)	88	12	47	53
Primary education (16+)	88	12	44	56
Secondary education (16+)	90	10	43	57
Tertiary/post-secondary education (16+)	97	3	17	83

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

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

Multidimensional Poverty Measures: 2021	(% of population)
Monetary poverty (Income)	
Daily income less than US$2.15 per person	1.0
Education	
At least one school-aged child is not enrolled in school	0.7
No adult has completed primary education	1.1
Access to basic infrastructure	
No access to limited-standard drinking water	0.4
No access to limited-standard sanitation	0.2
No access to electricity	0.0

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

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 to incorporate inflation. 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 2017 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 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 low-income monetary poverty line.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of $2.15, $3.65, and $6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

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.