



## ▶ Social Protection in Action: Building Social Protection Floors for All

2022

### *Argentina: Emergency family income support during the COVID-19 pandemic*

#### Summary

Faced with the rapid onset of the COVID-19 pandemic, governments reacted with a wide variety of emergency policies to mitigate the impact of the crisis on society and the economy. While social protection is widespread in Argentina, it has not yet succeeded in providing universal income security in case of unemployment, especially for informal and self-employed workers. As a result, the COVID-19 crisis brought hardships to many.

In response to the crisis, the Government created an emergency income support measure called “emergency family income”, targeting formal unemployed, self-employed, informal and domestic workers. By the end of 2019, this group accounted for 26 per cent of the labour force and 59 per cent of them lived in poverty (DNEIG 2020). Although the programme was designed to provide a one-off payment per household, it was extended to provide three payments in total. Depending on the future evolution of the Argentinean economy, the possibilities of continuing this component of social protection will surely be the subject of future debate in post-pandemic times.

In line with the principles set forth in Recommendation No. 202, this country experience highlights the need for comprehensiveness and universality of social protection – including for persons in the informal economy – and for ensuring the financial, fiscal and economic sustainability of the social protection system.

#### Main lessons learned

- ▶ The persistence of informal employment makes it difficult to extend social protection, particularly because of difficulties in collecting and paying contributions.
- ▶ Argentina has developed a comprehensive social protection system, including old-age, survivors', disability, maternity, and health benefits; it has also developed conditional cash transfers for households with children. However, unemployment protection remains limited to salaried workers in the formal sector (Carter et al. 2013).
- ▶ The covariate shock on the economy and livelihoods induced by the COVID-19 pandemic forced the Government to adopt exceptional measures, including a programme to provide income security to informal economy workers.

#### Social Protection Floors Recommendation, 2012 (No. 202)

SDG 1.3 aims to implement nationally appropriate social protection systems and measures for all, including floors, and by 2030, achieve substantial coverage of the poor and the vulnerable.

Social protection floors (SPFs) guarantee access to essential health care and basic income security for children, persons of working age and older persons.

187 countries have adopted the Social Protection Floors Recommendation, 2012 (No. 202), to achieve universal social protection.

In line with the principles set forth in Recommendation No. 202, Argentina experience highlights the need for comprehensiveness and universality of social protection – including for persons in the informal economy – and for ensuring the financial, fiscal and economic sustainability of the social protection system.

- While the programme was successful in reducing the negative impacts of the crisis, its financial sustainability remains uncertain.
- It is essential to explore ways to sustain income security guarantees in case of unemployment and to transform the emergency programme into a longer-term unemployment protection scheme.

## Context

Prior to the onset of the COVID-19 pandemic, the Argentinean economy already faced several challenges. In 2019, gross domestic product (GDP) had contracted by 2.2 per cent and unemployment rates had risen to 8.9 per cent. More than 35 per cent of the population lived in poverty<sup>1</sup> and more than half of those under 18 years of age were classified as being poor (INDEC 2020).

The labour market structure consisted of formal employees (47 per cent), informal employees (26 per cent) and the self-employed (27 per cent). The low level of formal employment has limited the expansion of social protection to all people of working age (Cetrángolo and Curcio 2020).

In this context, few income-support measures were in place when the COVID-19 crisis hit, which led to a reduction in the employment rate of almost 10 percentage points by the second quarter of 2020 (Maurizio 2020). The resulting impact on the livelihoods of many workers necessitated the Government to rapidly adopt a set of emergency measures, including the reform of existing programmes, such as the Universal Child Allowance, the Pregnancy Universal Allowance and income transfers for the elderly, as well as the creation of a new emergency family income (IFE) for the working-age population outside of formal employment.

## Description of the initiative

The IFE programme was implemented in March 2020 to assist households in coping with loss of income due to the health crisis and lockdown measures. The programme is non-contributory and provides monetary benefits to

people between 18 and 65 of age who were either unemployed, held informal jobs, were domestic workers or were *monotributistas* in lower-income categories.<sup>2</sup> Applicants must hold Argentinean citizenship or must have been a legal resident for the past two years. Families in which at least one member holds a formal job or receives unemployment benefits, pensions or social plans (with the exception of the Universal Child Allowance, the Pregnancy Universal Allowance or *Progresar* student scholarship) are ineligible.

The IFE was initially intended to be a one-time transfer of 10,000 Argentina pesos (US\$142),<sup>3</sup> equivalent to almost 60 per cent of the monthly minimum wage in Argentina. However, due to the ongoing COVID-19 crisis, two additional transfers for the same amount were made in June and August 2020.

Nearly 13 million people applied for the IFE and more than 9 million households were accepted, accounting for 20 per cent of the Argentinean population and one third of the active-age population (ANSES 2020). In less developed provinces such as Santiago del Estero, Chaco, Formosa, Corrientes and Salta, beneficiaries accounted for more than 40 per cent of the population, indicating geographic disparities in the hardship caused by the COVID-19 pandemic (ANSES 2020).

The success of the programme is a testimony to the extreme vulnerabilities faced by informal or unemployed workers, who constitute a significant part of the Argentinean workforce and were without any form of income protection when the COVID-19 crisis first hit. Informal or unemployed workers account for 62 per cent of IFE beneficiaries or almost 5.5 million people (see figure).

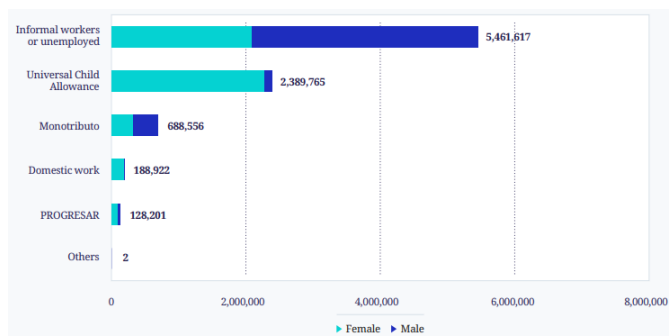
When analysing the gender of beneficiaries, a higher share of women (56 per cent) may be observed compared to men (44 per cent). There are three reasons for this (ANSES 2020).

<sup>1</sup> According to the National Statistics Institute, a household is poor if its income is not enough to purchase a set of essential goods and services. As of December 2019, the poverty line for an adult ranged from 10,200 pesos (US\$145) per month for the northwest region to 14,800 pesos (US\$210) per month for the southern region.

<sup>2</sup> *Monotributistas* are low-income workers who are eligible to file under a simplified tax collection mechanism, which also provides them with access to social protection at reduced contribution rates. For more information, see Cetrángolo et. al (2018).

<sup>3</sup> Amount expressed in United States dollars using the average reference exchange rate of the Central Bank of the Argentine Republic for 2020 (70.59 pesos per US\$1).

**Figure. Beneficiaries of the Argentinian IFE scheme, by group/employment status and gender**



► Source: ANSES (2020).

When analysing the gender of beneficiaries, a higher share of women (56 per cent) may be observed compared to men (44 per cent). There are three reasons for this (ANSES 2020). First, women are overrepresented in the lower-income professions; second, priority was given to women applicants in the event of multiple applications from a single household; and third, more than one quarter of IFE benefits were granted to beneficiaries of the Universal Child Allowance and domestic workers, two groups in which women make up the majority (95 and 97 per cent, respectively).

## Impact

First, the IFE provided coverage – albeit temporarily – to 5.5 million people who were previously excluded from the social protection system. Secondly, the IFE was particularly successful in reaching the poorest, including 89 per cent of those in the lowest income decile. Previous social protection interventions, such as the Universal Child Allowance and the Pregnancy Universal Allowance, had reached only 61 per cent of this group. Third, the IFE shielded the economy by mitigating the impacts of the crisis on livelihoods. A government study on the impact of the first payment made under the IFE estimated that it prevented a 5 to 6 percentage point increase in poverty and a 4 to 7 percentage point increase in extreme poverty (Argentina 2020).

In terms of finances, IFE programme costs amounted to 236.17 billion pesos (US\$3.3 billion) in 2020, equivalent to about 1 per cent of GDP and 15 per cent of the Government's total COVID-19 pandemic response package for 2020 (ANSES 2020). The Government's emergency measures were financed mainly through extraordinary taxes and assistance from the Central Bank to the Treasury. Those measures led to an increase in the Government's budget deficit, which reached 6.5 per cent of GDP in 2020, up from 0.5 per cent of GDP in 2019. A long-term financing strategy that encompasses the collection of taxes or social security contribution will be required to sustain income- security measures for those reached by the IFE in the long term.

## What's next?

The COVID-19 pandemic has highlighted the need to expand income-security measures for self-employed workers and workers in the informal economy, who were not protected by existing unemployment insurance schemes in Argentina. Introducing such measures is possible, as highlighted by the experience of the IFE. However, incorporating such temporary measures into the national social protection system will require additional feasibility studies and inclusive national social dialogue in order to reflect the views of all tripartite stakeholders and ensure adequate and sustainable financing.

## References

ANSES (National Social Security Administration, Argentina). 2020. *Boletín IFE I-2020: Caracterización de la población beneficiaria*.

Argentina, Jefatura de Gabinete de Ministros. 2021. *Informe No. 129. Honorable Cámara de Senadores de la Nación*.

Argentina, Ministerio de Economía, Ministerio de Producción, Ministerio de Trabajo, Empleo y Seguridad Social. 2020. Impacto del Ingreso Familiar de Emergencia en la pobreza, la indigencia y la desigualdad.

Cetrángolo, Oscar, et al. 2018. "Regímenes Tributarios Simplificados". In *Políticas de Formalización en América Latina: Avances y Desafíos*, edited by José Manuel Salazar-Xirinachs and Juan Chacaltana, 107–136. ILO.

Cetrángolo Oscar, and Javier Curcio. 2020. *Los programas sociales para atender los efectos de la pandemia en Argentina en su primera etapa*. CECE.

DNEIG (Dirección Nacional de Economía, Igualdad y Género, Argentina). 2020. Ingreso Familiar de Emergencia. Análisis y desafíos para la transferencia de ingresos a trabajadores/as precarios/as.

Carter, John, et al. 2013. *Comparative Review of Unemployment and Employment Insurance Experiences in Asia and Worldwide*. ILO.

INDEC (Instituto Nacional de Estadística y Censos, Argentina). 2020. "Incidencia de la pobreza y la indigencia en 31 aglomerados urbanos". *Informes Técnicos* 4(4).

Maurizio, Roxana. 2020. "Impactos en el mercado de trabajo y los ingresos en América Latina y el Caribe. Segunda edición". Nota Técnica: Panorama Laboral en tiempos de la COVID-19. ILO.

UN (United Nations). 2020. *Policy Brief: The Impact of COVID-19 on Children*.

This policy brief was prepared by Oscar Cetrángolo and Florencia Calligaro. It was reviewed by Sven Engles, Guillermo Montt, Social Protection Department, International Labour Organization (ILO).

The Editor of the Social Protection in Action series is Valérie Schmitt, Deputy Director, ILO Social Protection Department.

### Contact information

**International Labour Organization  
Social Protection Department**  
Route des Morillons 4  
CH-1211 Geneva 22  
Switzerland

T: +41 22 799 7239  
E: [socpro@ilo.org](mailto:socpro@ilo.org)  
W: [www.ilo.org](http://www.ilo.org)  
[www.social-protection.org](http://www.social-protection.org)