



CHARACTERIZATION OF THE LABOR SITUATION AND OF THE ACTIONS IMPLEMENTED BY THE NATIONAL GOVERNMENT FOR THE PROMOTION OF EMPLOYMENT

Data for the year 2021

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December 2022

ISSN 2683-9598

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Executive Summary

This paper provides a characterization of the Argentine population in terms of employment, as well as an analysis of the actions implemented by the National Government to reduce the imbalances between labor supply and demand, with the purpose of providing information to contribute to the formulation of public policies on employment.

The average activity rate in Argentina is 60%, lower than the average for Latin America and the Caribbean (LAC), which is 63%, and close to the OECD average (61%). Considering that the OECD has a relatively older population structure, the inactive population in Argentina at working ages is higher. The employment rate is lower in Argentina in relation to LAC countries and is similar to that of the OECD, although the latter has shown a growth since 2014 that was not observed in Argentina. Developed countries evidenced a lower impact of the pandemic on employment levels on average. In addition, Argentina shows higher levels of public sector employment than LAC countries, but lower than developed countries. In line with the previous indicators, Argentina has higher unemployment rates compared to LAC and OECD.

These behaviors were relatively independent of the economic cycle, since during the years analyzed (2007-2021), Argentina experienced a period of significant growth followed by a period of stagnation or decline. The employment rate barely changed during the upswing phase and declined slightly during the stagnation and downturn years. The fall in unemployment during the growth period did not translate entirely into a transition to employment, but also into inactivity; but during stagnation or decline, unemployment rose.

However, economic growth generated a change in the composition of employment. The share of formal employment increased, and the share of informal employment decreased. When the economy stagnated or fell, registered work did not change and unregistered employment fell, leading to an increase in unemployment.

An analysis of the way in which the total Argentine population relates to employment shows that 42.5% have a job while 4.1% do not have a job but are actively looking for one. Thus, the active population reaches 46.6% of the country's population. On the other hand, it should be noted that 17.4% of the Argentine population, despite being of working age, neither has nor actively seeks employment. It is also observed that the number of formal workers is relatively equal to the number of informal workers and self-employed workers taken together (21.8% vs. 20.5%).

When the labor history of individuals is analyzed by age group, higher levels of informality and unemployment are observed among young people and higher levels of inactivity after the age of 40. Although retirement due to disability begins to have a greater incidence at this age, there is also a greater transfer to inactivity of discouraged unemployed people. There is a proportion of the population that after the age of 40/45 is out of the market (either unemployed or economically inactive) but still far from retirement. At working ages, women enter the labor market later and have a higher percentage of unemployment, inactivity, and informality than men, despite having higher levels of education on average.

Those individuals who are employed have higher levels of education than those who are unemployed. However, there is a considerable proportion of unemployed and economically inactive

individuals with the highest level of education surveyed by the Permanent Household Survey (*Encuesta Permanente de Hogares*, EPH). Likewise, those with higher levels of education are more likely to have formal jobs. For the same educational level, women have higher levels of informality than men.

The way in which an individual enters the labor market may be influenced by the configuration of the family or household in which he or she lives. In 66% of households, the head of household and their spouses are employed. Most of them are not poor, but there is a fraction that does not receive enough income to rise above the poverty line despite having a job (and even a formal job). The second most common scenario, involving 20% of households, is where one of the members of the couple is employed and the other is not. More than half of these households are in a situation of vulnerability because they do not cover the basic food basket. In 90% of the cases, the economically inactive person in the couple is a woman.

Between 2007 and 2019, the policies implemented to reduce the imbalances between labor supply and demand represented less than 0.5% of GDP. In 2020, because of the quarantine, this expenditure increased to 1.22% of GDP, and fell to 0.81% in 2021.

In the first years of the series, the policies of support and reinsertion of the unemployed were the most significant, but as of 2010 the policies of promotion of individual and cooperative projects for the generation of new jobs became more important, showing a clear shift in the public policy profile in relation to unemployment, with the *Potenciar Trabajo* program being the most representative.

An analysis of the total number of beneficiaries of the programs shows a trend of growth over time which, although with signs of political will to expand the coverage of current programs, is still far below the number of unemployed persons and those working in the informal economy.

It can also be observed that the implementation of these measures did not result in the generation of new jobs or in the formalization of existing ones, but rather in the maintenance of employment levels.

The *Potenciar Trabajo* program, the most relevant of the policies analyzed, does not show in practice a central planning that orients the projects towards sustainable productive units that imply a real insertion in the labor market and generate productive and formal jobs, and therefore results in a welfare or support-type profile, instead of an effective labor market policy.

In light of the results presented in this report, it can be observed that the policies implemented are not proving to be sufficient or adequate to solve the imbalances in the labor market and that the situations of social vulnerability and unemployment are not being addressed to the extent necessary to counteract their negative effects.

Introduction

The International Labor Organization (ILO), in its various publications based on more than 100 years of experience in this area, considers that, for all countries, regardless of their level of development, the basis for promoting prosperity, inclusion and social cohesion in a sustainable and growing manner, is to have a sufficient supply of jobs with income levels that guarantee, at least, access to basic and necessary goods and services. When the scarcity and quality of available jobs or livelihoods keep households in situations of poverty or indigence, there is less growth, less security and less human and economic development.

Jobs link people to the society and economy in which they live. Access to secure, productive and fairly remunerated work (whether in an employment relationship or self-employed) is a fundamental factor in the development, survival and self-esteem of individuals and their families, affirming their sense of belonging to a community and enabling them to make a productive contribution.

Countries that have achieved high levels of employment and income have addressed the structural drivers of poverty and unemployment: The policies they have implemented include extensive social protection along with proactive support for the diversification of their economies, inclusive mechanisms for access to financing, and pro-employment macroeconomic policies that have encouraged investment, consumption, and productivity¹.

In this context, understanding the structure of the Argentine labor market and the dynamics operating within it is crucial when formulating public policies aimed at generating and sustaining employment.

The purpose of this paper is to characterize the Argentine population in terms of employment, as well as to identify the actions implemented by the National Government to intervene in the labor market to reduce the imbalances between labor supply and demand.

Given the comprehensive perspective of this paper, which encompasses the entire population, it was necessary to use various sources of information, such as the Permanent Household Survey (EPH), the records of the Ministry of Labor, Employment and Social Security, the statistics of the National Social Security Administration (ANSES), the records of the Federal Administration of Public Revenues (AFIP), the World Bank and the ILO, among the most important ones.

To maintain the same conceptual approach throughout the report (linking the population with work), the sources were combined with statistical methods when possible, clarifying the differences in cases where this was not possible, given that, for various reasons, the different sources of information present differing data.

Since none of these sources covers the entire Argentine population for all the variables addressed in this report, data estimation and projection techniques were used to this end, for example, the extrapolation of data from the EPH to the total population, contrasting the values obtained with other existing sources as a method of validating results, thus obtaining consistent population figures that allow a comprehensive analysis of the country's population in relation to the subject of the study.

¹ International Labor Organization (ILO) - <https://www.ilo.org/>

Within this framework, the study begins with an analysis of the legal and conceptual framework of the subject from three perspectives: the ILO's approach; the provisions of the National Constitution and specific laws on the promotion of employment and labor relations; and the classification of the types of public policies implemented in this area.

Secondly, we study Argentina's employment indicators compared with those of other economies (of Latin America and the Caribbean -LAC- and of the countries that comprise the Organization for Economic Cooperation and Development -OECD-) for the 2007-2021 period (last 15 years), using as a source of information the data from the World Bank and the ILO, which allow us to provide a context to the employment situation in Argentina. Likewise, a more detailed analysis is made of the evolution of certain employment indicators for Argentina, to identify both circumstantial and structural aspects.

Thirdly, the composition of the Argentine population for 2021 (the last year with complete data) is presented in terms of: employment status, the condition in which those who have a job are working, and the reasons why those who remain unemployed are out of the labor market. The analysis is based on the EPH, and information provided by the AFIP and the Ministry of Labor, Employment and Social Security.

Fourth, the qualitative and quantitative characteristics of the following population subgroups are described: formal salaried workers, self-employed, informal workers, informal non-salaried workers, unemployed and inactive population of working age. The age and sex distributions are studied, as well as the educational level, the financial capacity of households and their consequent situation of poverty in terms of income. Likewise, for those who are employed, we analyze the distribution by category or economic activity and the average income in terms of the minimum, vital and mobile salary (SMVM).

Finally, the public policies directly implemented by the government to intervene in the labor market to reduce the imbalances between labor supply and demand are analyzed, using as a source the National Government Budget and the information provided by the Integrated Financial Management Information System (E-SIDIF).

Legal and conceptual framework

International approach to labor within the ILO

Under the United Nations there is one of the oldest international organizations, created for the purpose of setting labor standards, formulating policies, and developing programs to promote decent work for women and men: The ILO².

The context of labor overexploitation in industrialized countries, added to the economic adversities of the post-war period, determined the fundamental pillar on which the ILO Constitution and guidelines are based: social justice. This approach would later be reinforced by the "Declaration of Philadelphia", determining the purposes of the ILO and the principles that should inspire the policies of its members.

In this framework, all human beings, without distinction of race, religion, or sex, have the right to pursue their material well-being and spiritual development in conditions of freedom and dignity, of economic security and equal opportunity, and the conditions for achieving this result should be the central purpose of national and international policy. Likewise, the Declaration of Philadelphia expands the ILO's Constitutional postulates by including issues such as the consideration that work is not a commodity, the promotion of freedom of expression in the labor sphere and the vision that labor should be understood within a social framework that pursues collective rather than individual well-being, with the achievement of full employment, extended social security and the raising of the standard of living as the main pillars.

Argentina has been a Member State of the ILO since its foundation in 1919, ratifying 82 conventions to date: The 8 fundamental conventions, 3 of the 4 priority (or governance) conventions and 71 of the 178 technical conventions.

Regulatory approach in Argentina

There is a history of labor legislation in Argentina since the dawn of the Republic, starting with the National Constitution of 1853 and its successive reforms, followed by many laws, executive orders, resolutions and provisions.

At the constitutional level, Section 14 of the 1994 Reform maintains the original text of the Constitution of 1853, which provides, among other matters, for the right to work and to engage in any lawful industry. It also includes Section 14 bis to cover part of the "second generation rights" (human, social and labor rights).

Section 14 bis is based on "Labor Law", which differs from Civil Law by considering that in labor relations there is an asymmetry between employee and employer, always in favor of the latter, and therefore it is necessary to establish the protections and rights of the former.

² This organization, founded after the First World War (1919), based its Constitution on an older organization, the International Association for the International Protection of Workers, founded in Basel in 1901.

The protection provided for in Section 14 bis of the Constitution includes different aspects contained in the postulates of the ILO related to working conditions (such as limited working hours, rest and paid vacations, fair remuneration, minimum wage, and equal pay for equal work) and the protection of workers and their families (such as protection against arbitrary dismissal, retirement and pensions, comprehensive protection of the family and access to housing). This Section also guarantees free and democratic union organization, allowing unions to enter into collective bargaining agreements, resort to conciliation and arbitration, and the right to strike. It also protects the guarantees for the performance of union activities. Finally, Section 14 bis provides for the right of workers to receive a share in the profits of the companies with control of production and collaboration in the management, a matter not yet implemented in the current legislation.

In operational terms, Argentine legislation includes Law 24,013, as amended, called "Employment Law", which establishes as objectives the creation of productive jobs, the training of employees, the increase of production and productivity, the promotion of employment opportunities for vulnerable groups, the protection of the unemployed and the regularization of labor relations, among others.

This Law makes the Ministry of Labor, Employment and Social Security responsible for the implementation of its provisions and establishes the mechanisms for the registration of workers and the penalties applicable in case of non-compliance, the guidelines for the adoption of policies on the promotion and defense of employment, the regulatory frameworks for the different types of labor relations and the measures for the protection of the unemployed and dismissed and for the training of the employed.

It also created the National Council for Employment, Productivity, and the Minimum, Vital and Mobile Salary (SMVM), whose purpose is to establish the minimum income, approve the guidelines for the elaboration of basic baskets and make recommendations for the elaboration of employment policies and programs.

In the private sector, registered employment, also known as employment relationship (*relación de dependencia*), is governed by Law 20,744 on Labor Contracts (LCT), as amended, which regulates the relationship between workers and employers. This Law determines the parties involved, stipulates the requirements of the employment relationship, its purpose and formalities and the rights and obligations of the parties. It also provides for the different types of work and the characteristics of the remuneration to be received.

There are three other laws which, although based on the aforementioned LCT, given the characteristics of the work to be performed or of the employers, have a particular and additional regulation to frame the relationship between the parties: Law 26,844, which stipulates the Special Employment Contract Regime for the Personnel of Private Houses, Law 26,727, which determines the Agricultural Labor Regime and Law 22,250, which includes the characteristics of the work for the personnel of the Construction Industry.

For public sector employment, Law 24,185 establishes the provisions governing collective bargaining agreements entered between the National Government and its employees. The collective bargaining agreement in force for government employees was approved by Executive Order 214/2006, as amended. A similar situation occurs with the workers of the provincial and municipal governments, which are governed by the regulations of each district.

Self-employment, also called independent work, is derived from the provisions contained in Law 24,241. This law establishes that self-employed workers must make monthly contributions to the general pension system. In addition, they must pay value added tax on turnover and income tax on an annual basis. These workers must register with the AFIP for the payment of such obligations and are therefore called "*responsables inscriptos*" (general regime taxpayers).

In 1998, with the purpose of reducing the tax burden of this type of workers, the simplified regime for small contributors was approved by Law 24,977, known as "*monotributo*", which unifies the VAT and income tax component in a single tax with a reduced value and subject to a scale linked to the annual turnover of the taxpayer, establishing a pension component also linked to such scales and adding a health coverage component allowing the choice of an union-run health insurance.

This regulation established income, consumption and physical space parameters used to determine who falls within its scope and who, upon exceeding any of them, must comply with their obligations under the general regime.

On the other hand, in 2003, the so-called "*monotributo social*" (social simplified regime for small contributors) was approved by Law 25,865, which is equivalent to the lowest category of the "*monotributo*" but exempts the taxpayer from contributing the tax component and subsidizes 100% of the social security component and 50% of the health component.

Conceptual framework of employment public policies

In any country, both the generation of jobs and their sustainability, as well as the associated remuneration, depend mainly on the current macroeconomic scenario, which determines the productive and consumption capacity. In other words, the more an economy produces and consumes, the more jobs will be available.

In this sense, the key variables for the performance of the labor market are the level and sustainability of economic growth, the evolution of productivity and the evolution of the goods and services markets, which are influenced by the international context, by the existing public and private actors and by the idiosyncrasy or culture of the population.

Thus, in order to promote employment, it is essential to focus on macroeconomic predictability and regularity, on the quantity and competitiveness of exports, on the size of the domestic market, on the aptitude of the productive structure and on technological development, since it will be the increase in external and domestic demand (and its sustainability and growth over time) that will promote the generation of jobs.

Within this framework, the government plays an important role, since it has the primary responsibility for macroeconomic regulation and for the modernization and adaptation of the productive system, which will allow for the generation of jobs. In addition to this role, the government fulfills two other relevant functions: it establishes regulations on labor relations, which determine the conditions and minimum standards for their quality, and it intervenes in the labor market to address those situations that the dynamics of capitalist production neglects.

The various international organizations with an interest in the subject (UN, ILO, IDB, ECLAC, etc.) identify three types of policies that governments can apply to promote and sustain employment,

each one related to the three functions previously mentioned: employment policies, labor policies and labor market policies.

Employment policies are those measures that modify the economic and social context within the framework of the country's development strategy. These policies mainly affect the quantity of jobs and not the quality of their conditions.

On the employment demand side, policies can be classified into two types: The first ones refer to the macroeconomic scenario that makes productive development possible, including tax, monetary, price, credit, and subsidy issues, among others. On the other hand, the second ones refer mainly to investments to improve the country's productive structure, such as the provision of and access to services, telecommunications and internal (roads, highways, railroads, etc.) and external (ports, airports, and border crossings) transportation, among the most important ones.

On the supply side, they are related to medium- and long-term measures on demographic trends and social behavior, including education and social protection, with the aim of preparing the population for the labor market.

Labor policies deal with relations between workers and employers, stipulating the framework and conditions under which work is performed. These policies mainly affect the quality of working conditions and their influence on the quantity of jobs is marginal.

These types of policies operate on both the demand and supply sides of labor since, by definition, they address the link between the two sides. They include provisions relating to the guarantee of rights such as: working hours, minimum wages, social security, occupational health and safety, severance pay, non-discrimination, restrictions on child labor, the right to strike, employee obligations, and all other regulatory and institutional aspects governing the matter.

Finally, **labor market policies** are the instruments and programs through which the public sector intervenes in the labor market to combat or prevent unemployment, mitigate its effects, and support the active population at risk of unemployment. These policies are mainly concerned with compensating and attenuating imbalances between labor market demand and supply.

On the demand side, these policies seek to contribute to the maintenance of job sources at risk of disappearing and to promote the creation and development of new productive units.

On the supply side, they seek to alleviate the loss of income of those who are unemployed, improve the skills of the unemployed or at-risk labor force, and strengthen the link between labor supply and demand by helping to offset search costs.

Comparative employment indicators

Argentina has active population and employment rates below the LAC and OECD averages and unemployment rates above those of LAC and OECD countries. In terms of the share of public sector employment in total employment, Argentina exceeds the LAC average, but is below that observed in OECD countries.

The analysis by sex shows that women in Argentina have lower activity and employment rates and higher unemployment rates than men, with these gaps persisting for the last 15 years.

Evolution of contextual employment indicators

To contextualize Argentina's labor situation and evolution with respect to other economies, we present a series of indicators whose measurement methodology has an international consensus and allow us to understand if our country's situation compares with other countries or if it is in a particular or different situation.

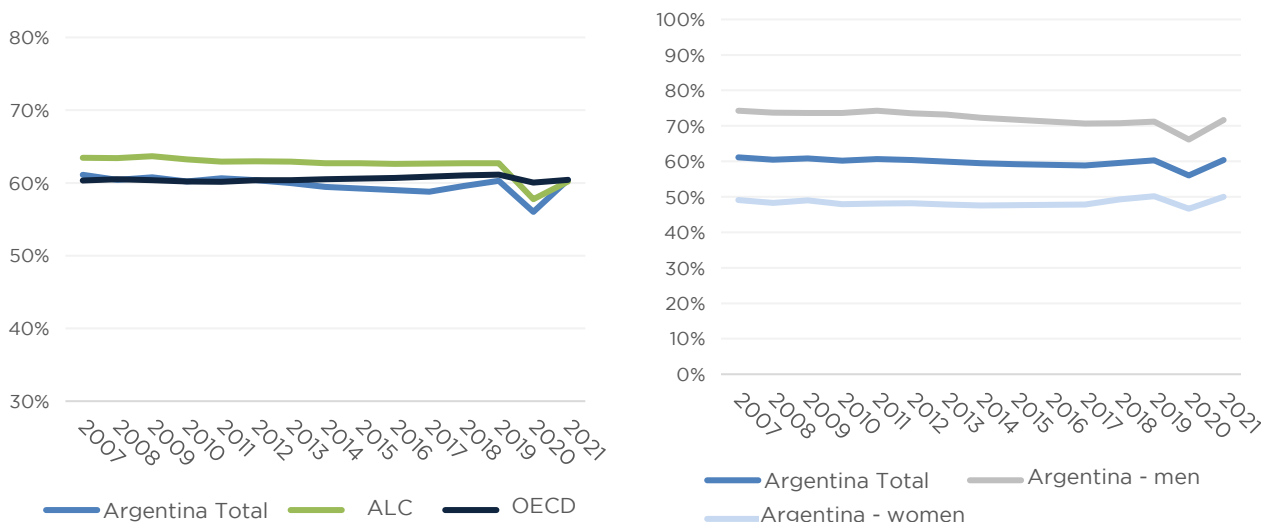
In this sense, based on data from the World Bank, the general situation of Argentina (total, men, and women) is analyzed and compared with the countries of LAC and with the OECD members.

To this end, we first present the evolution of the indicator called "Labor Force Participation Rate" (or "Active Population Rate"), which is defined as the proportion of the population aged 15³ and over who work in the production of goods and services during the year under study. This definition includes both the employed and the unemployed.

³ The World Bank measures this indicator from the age of 15, while INDEC (National Institute of Statistics and Census) measures it from the age of 10, clarifying that different age limits can be used to calculate the activity rate. Likewise, in Argentina, the legal working age starts at 16 years old.

Figure 1. Comparative Active Population Rate evolution

Percentage. 2007-2021.



SOURCE: OPC, based on World Bank data

Argentina's active population represents 60% of the total population, lower than the LAC average (63%) and the OECD average (61%).

Argentina shows a relatively stable indicator during the period analyzed, with the active population representing 60% of the total population, a figure lower than the LAC average (63%) and close to the OECD average (61%).

However, given that the indicator includes all individuals over 15 years of age, it is necessary to consider the characteristics of the populations under study: both in Argentina and in the rest of the LAC countries, the population of older adults (65 years of age or older) represents an average of 10% of the population, whereas in the OECD countries, this percentage is 20%.

If we then consider only the range between 15 and 65 years of age (considering 65 as the average expected retirement age), the OECD active population rate rises to 75%, compared to 70% in the LAC countries as a whole and 69% in Argentina. Therefore, in both cases, the comparative indicator shows that in our country the activity rate is lower.

Similarly, observing the inactive population, we can see that in OECD countries 25% of people of

Argentina has a higher level of inactive population at ages considered productive.

working age do not have a job and are not actively looking for one. In LAC countries this percentage reaches 30% and in Argentina 31%, which means that the latter have higher levels of inactive population at ages considered productive.

Specifically analyzing the series for Argentina, this stability has been relatively independent of the economic cycle, given that in the period considered there was both a phase of GDP growth (2007-2011, except for 2009) with an average annual growth rate of 2.7%, and a phase of stagnation or decline (2012-2021); with a fall in GDP of 0.3% on average per year.

The activity rate for men is 72%, whereas for women it is 48%, a gap that has been constant over time.

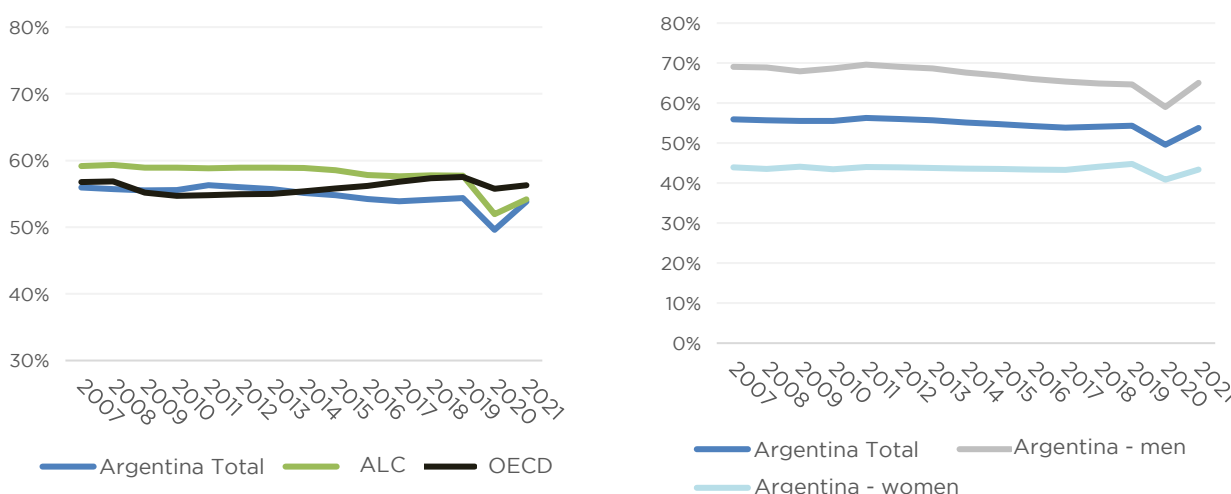
A disaggregation of the Argentina's indicators by sex reveals large disparities that have remained relatively constant over time and which, despite a slight narrowing of the gap in recent years as a result of the slight drop in the activity rate of men, show persistent inequalities in the

labor market. Thus, the active population represents about 72% of men of working age (80% if we consider only those up to 65 years of age), compared to 48% of women (60% if we consider only those up to 65 years of age).

Secondly, the employment rate, which analyzes the proportion of people employed in relation to the total population aged 15 years or older, is analyzed, so this indicator, unlike the activity rate, does not include the unemployed.

Figure 2. Comparative employment rate evolution

Percentage. 2007-2021.



SOURCE: OPC, based on World Bank data.

During the period analyzed, the employment rate for Argentina shows a slight downward trend below the LAC average for all years, with a sharp drop at the beginning of the pandemic and a recovery in 2021 that allowed the country to reach the average of all the countries in the region for the first time in the last 15 years.

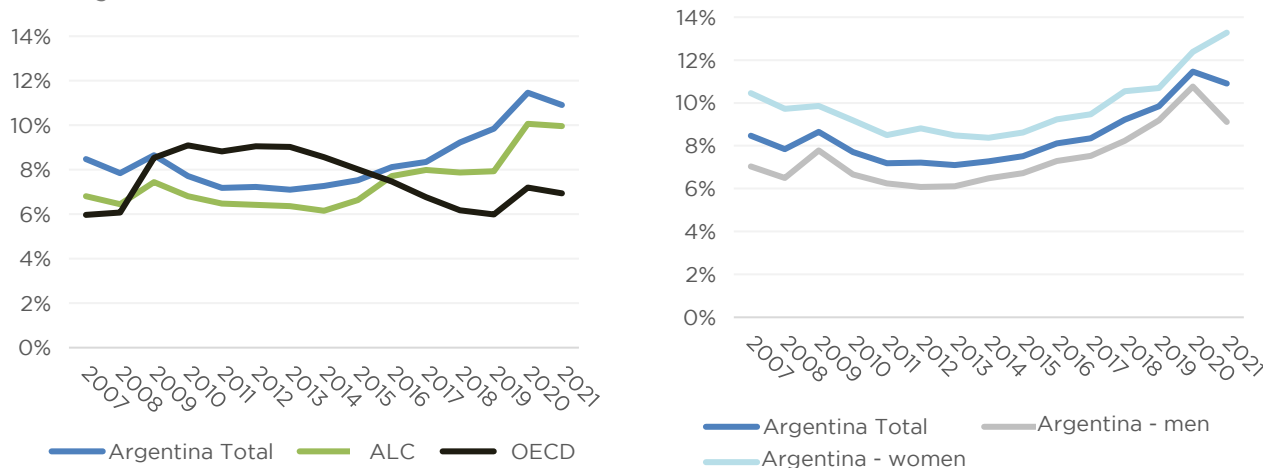
As for the comparison with OECD countries, in the first years of the series and until 2015, the employment rate showed a behavior similar to that of Argentina, with a slight growth in the following years without a strong impact of the pandemic on employment levels in these countries as it did in Argentina and other Latin American countries.

The analysis by sex shows, as with the activity rate, that there is a wide gap between men and women of close to 20 percentage points (p.p.). Although from the beginning of the series until 2019, a slight decrease in the gap can be observed as a consequence of the relative stability in the indicator for women and a decrease in that for men, in the last year of the series (2021) we can see that the post-pandemic recovery of employment in Argentina occurred mainly in men, but not in women, whose indicator for that year was below that observed before the pandemic.

Finally, we analyze the unemployment rate, which measures the percentage of the active population that does not have a job but is actively seeking one.

Figure 3. Comparative unemployment rate evolution

Percentage. 2007-2021.



SOURCE: OPC, based on World Bank data.

In Argentina, during the growth phase (2007-2011), there was a slight decrease in the unemployment rate (except for 2009, when GDP fell and unemployment rose) and, in the stagnation or decline phase (2012-2021), it remained relatively stable at the beginning (until 2014) and began to rise until it reached its highest peak in 2020, coinciding with the COVID-19 pandemic, with a slight recovery in 2021.

Argentina has had higher unemployment rates than the LAC and OECD average in recent years.

In line with what was observed in other indicators, Argentina has higher unemployment rates compared to all LAC countries throughout the period analyzed, with the smallest difference in 2016 and 2017 and the largest in 2019.

The comparison with OECD countries has a particular connotation. At both ends of the series (2007-2008 and 2016-2021) the unemployment rate of these countries was lower than those of Argentina and the average of LAC countries, but in the meantime, the OECD reflected a sharp increase in the indicator as a result of the global economic crisis that began in 2008, which had a greater impact on developed countries and whose recovery took several years.

When analyzing Argentina's unemployment rate by sex, throughout the period considered, women

Women are less present in the labor market: in the last 15 years they have had higher percentages of unemployment and inactivity than men.

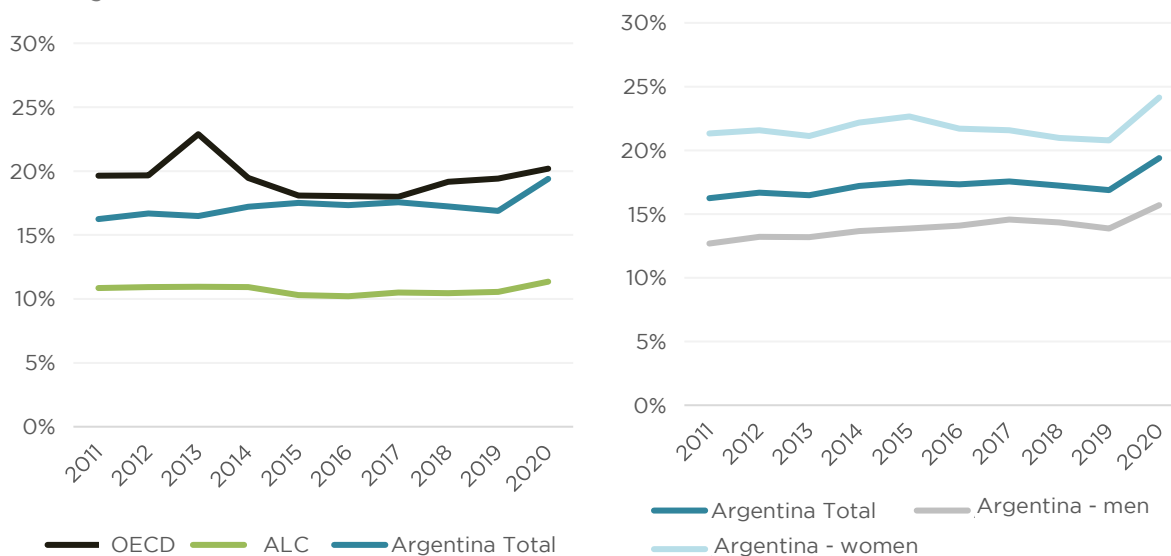
have shown higher percentages of unemployment which, together with higher percentages of inactivity, imply a lower presence of women in the labor market.

Likewise, the general drop in unemployment from the high levels of 2020 is not observed for women. Unemployment among women increased in 2021 with respect to 2020, reinforcing what was previously observed regarding the greater effects of the pandemic on women.

Finally, for the purpose of comparing the composition of the labor markets by sector, the proportion of public sector employment⁴ with respect to total employment is analyzed to identify the share of this sector in the total number of jobs.

Figure 4. Evolution of the share of public sector employment in total employment

Percentage. 2011-2020.



SOURCE: OPC, based on data from ILO.

In Argentina, the share of public sector employment in relation to total employment has slightly increased from the beginning of the series until 2017, with a slight drop in the 2018-2019 biennium, with the highest growth of this indicator in 2020 mainly because of the greater decline in private employment compared to government employment in the context of the COVID-19 pandemic, reaching almost 20% of the country's workforce in the public sector.

In Argentina, the share of public sector employment with respect to total employment is higher than the LAC average, but lower than in OECD countries.

Furthermore, Argentina's share of public sector employment in total employment is more than 8 percentage points higher than the LAC average, where the indicator is stable at around 11%. However, if Argentina is compared with the average of OECD countries, the share of the public sector in total employment is slightly lower,

given that in the most developed economies of the world the share of employment in this sector is, on average, 20%.

Evolution of the composition of the labor market in Argentina

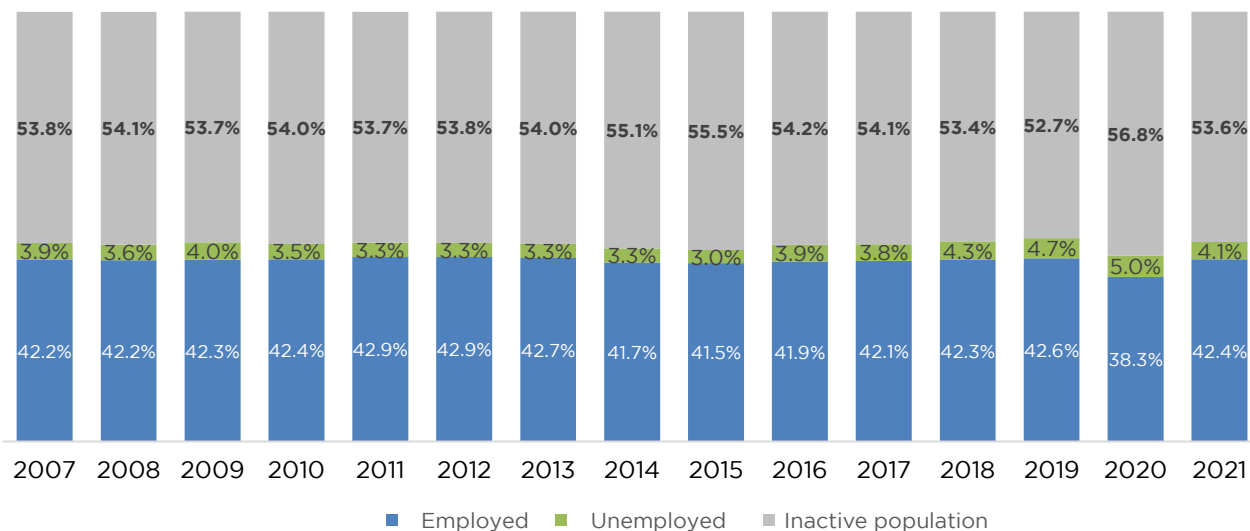
Having observed that, in general terms, Argentina has an active population and employment rates below the LAC and OECD averages and unemployment rates higher than those of LAC and OECD, we should examine the dynamics and composition of the Argentine labor market.

⁴ Public sector employment consists of those jobs in which the government is the employer, either through the Central Administration or through companies, entities, or government agencies, in their different modalities of employment. The data used by the ILO are based on the INDEC's Permanent Household Survey.

Figure 5 shows the evolution of the composition of Argentina’s total population in terms of employment. In contrast to the World Bank data used in the previous analysis, these figures include the total population and not only those over 15 years of age.

Figure 5. Evolution of the population composition in relation to employment

Percentage. 2007-2021.



NOTE: The percentages shown were calculated based on the total population, so it is not appropriate to compare them with the labor indicators previously analyzed.
SOURCE: OPC, based on EPH.

The employment rate remained relatively stable throughout the period analyzed, which showed both upward and downward phases in economic activity.

Returning to the analysis of the effects of the economic cycle on the labor market, it can be observed that the employment rate remained relatively stable throughout the period analyzed, while the proportion of the unemployed showed disparate behavior: in periods of economic growth, unemployment fell, but increased during periods of stagnation or decline.

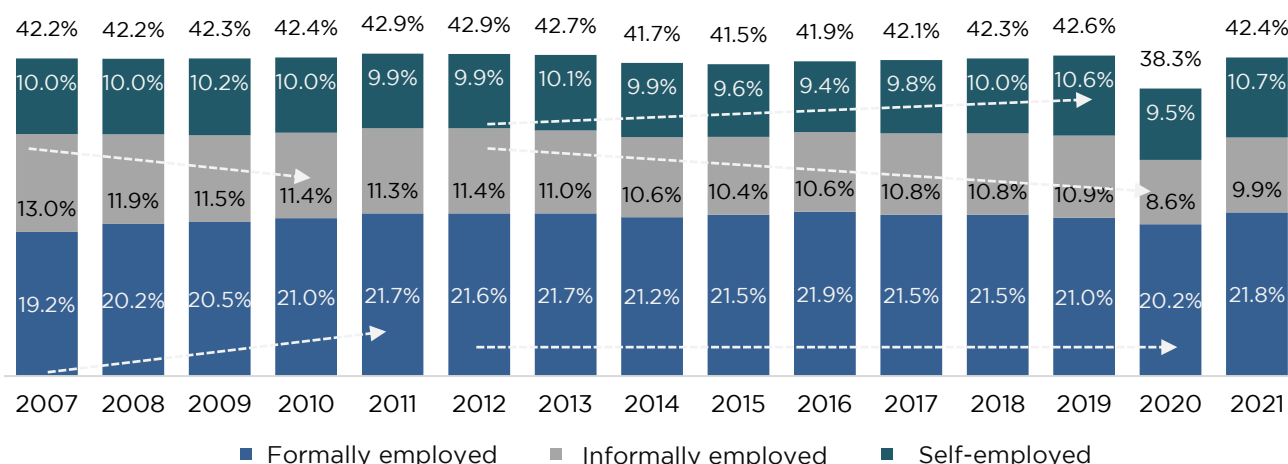
However, the fall in unemployment did not always translate into a transition to employment, but also into an increase in inactivity, as observed between 2007 and 2015.

The fall in unemployment did not always translate into a transition to employment, but also into an increase in inactivity.

The disaggregation of the employed by type of job allows us to classify them according to whether they are formally employed (employees with social security contributions and covered by labor regulations), informally employed (employees without social security contributions and without regulatory protection) or self-employed (including both formal and informal).

Figure 6. Evolution of the composition of the employed population

Percentage. 2007-2021.



SOURCE: OPC, based on EPH.

The economic growth from 2007 to 2011, although not widely reflected in an increase in employment rates, generated a change in their composition. During this period, there was an increase in the share of formal employment, as opposed to informal and self-employment (to a lesser extent). In other words, economic growth did not increase the percentage of employment, but it did increase the number of formal jobs.

Economic growth did not increase the percentage of employment, but it did increase the proportion of formal jobs.

Likewise, the subsequent drop in employment was reflected in a slight fall in formal employment and a greater drop in informal employment, slightly offset by an increase in self-employment in years when there was a slight increase in total employment. In other words, since 2012 there has been virtually no increase in registered employment, the proportion of self-employed workers has increased, and the reduction of informal workers reflected the increase in unemployment.

In 2020, due to the COVID-19 pandemic and the consequent restrictions, there was a generalized fall in employment of around 4%, more marked for informal workers (-2.1%), moderate for the self-employed (-1.1%) and mild for formal workers (-0.8%). In 2021, as the restrictions were removed, a general recovery close to previous levels was observed, with one of the highest levels of formal employment and self-employment in the series.

Employment indicators in Argentina

In Argentina, about 62% of the population is within the age range established by the regulations as working age, 25% are minors and a little more than 13% are in the theoretical age of retirement. Among those who are of working age, 2 out of every 3 work for the market (are employed) and those who do not work are mostly economically inactive, studying or engaged in household chores. It is more difficult for women to enter the paid labor force and, for both sexes, there is an expulsion or exit from the labor market after the age of 40. Likewise, there are difficulties in entering the labor market in the first working age groups, where unemployment peaks at its highest levels.

Distribution of total population based on their employment status

To analyze the Argentine population's employment status, data for the last full year available (2021) will be used as a reference for disaggregation and detailed analysis, since, as observed, the evolution in the composition of the Argentine labor market shows a relative stability in the indicators examined.

The classification commonly used to distinguish the employment status of a person divides the population into active or inactive: among the active population, we can identify those who have a paid occupation (employed) and those who have none but are actively seeking one (unemployed). The former, in turn, are classified by type of work, employed and self-employed, and by formal or informal status.

The box titled "How to measure labor informality" explains the criteria used to define the group of informal workers based on the information provided by the EPH.

How to measure labor informality

Based on the information available in the EPH, formal and informal workers are classified according to their occupational category.

* Salaried: informal workers are those who declare to be employees and do not make pension contributions, and therefore are not registered in the Social Security System.

* Non-salaried: the survey does not inquire about contributions to the Social Security System for these workers, so their formal/informal status is estimated based on the records of the Ministry of Labor, Employment and Social Security, subtracting the number of the self-employed registered by the AFIP from the total number of non-salaried workers surveyed.

Among the economically inactive, people who are neither employed nor actively seeking employment, there are: those who have access to retirement or disability pensions; those who have an income that reduces or eliminates the need to enter the labor market (such as a non-labor income or the income of another household member); those who are engaged in other unpaid activities (such as studies or domestic work) and also discouraged unemployed persons.

Table 1 shows the composition of the Argentine population based on the different classification criteria previously mentioned.

For the active population, three indicators are presented which vary according to the denominator considered: the Economically Active Population according to the INDEC definition (which includes all persons over 10 years of age who are employed or, if not employed, are actively seeking employment); the population of (legal) working age (composed of women between 16 and 60 years of age and men between 16 and 65 years of age) and the total Argentine population (including all persons of any age and sex).

This last proportion is also shown for the economically inactive and their inactivity status.

Table 1. Population distribution by occupational classification, status, and type

Percentage. 2021.

Classification	Status	Type	Relative to economically active population	Relative to working age population	Relative to total population
Economically Active (EAP)	Employed	Formal salaried worker	46.9%	35.3%	21.8%
		Informal salaried worker	21.4%	16.1%	9.9%
		Self-employed	12.5%	9.4%	5.8%
		Informal non-salaried workers	10.4%	7.9%	4.8%
		Total employed	91.3%	68.7%	42.4%
	Unemployed	8.7%	6.6%	4.1%	
Total economically active			100%	75.3%	46.4%
Economically Inactive (EIP)	Retirees/pensioners				13.0%
	Students				27.2%
	Homemakers				6.5%
	Others				6.9%
	Total economically inactive				53.6%
Total					100%

SOURCE: OPC, based on EPH and Ministry of Labor, Employment, and Social Security.

It is observed that more than half of the population is inactive, with students being the most representative within this group. Among the active population, formal employees are the most represented, although it should be noted that nearly 15% of the total Argentine population (32% of the EAP and 24% of the working age population) is working informally, both informal workers and self-employed.

Given that age is a key variable for analyzing employment, an alternative way of classifying the Argentine population is introduced, considering in the first place the legal age established by Argentine legislation as working age.

Since the legal provisions indicate that an employment relationship can be formalized from the age of 16 and that the retirement ages (in general) are 60 for women and 65 for men, the Argentine

population can be divided into three main groups: below working age; working age; and above working age.

Based on this grouping, approximately 62% of the Argentine population is in the age range that the regulations establish as working age, 25% are under that age and just over 13% are in the theoretical age of retirement.

In Argentina, 17.4% of the population is neither employed nor looking for a job, despite being of working age.

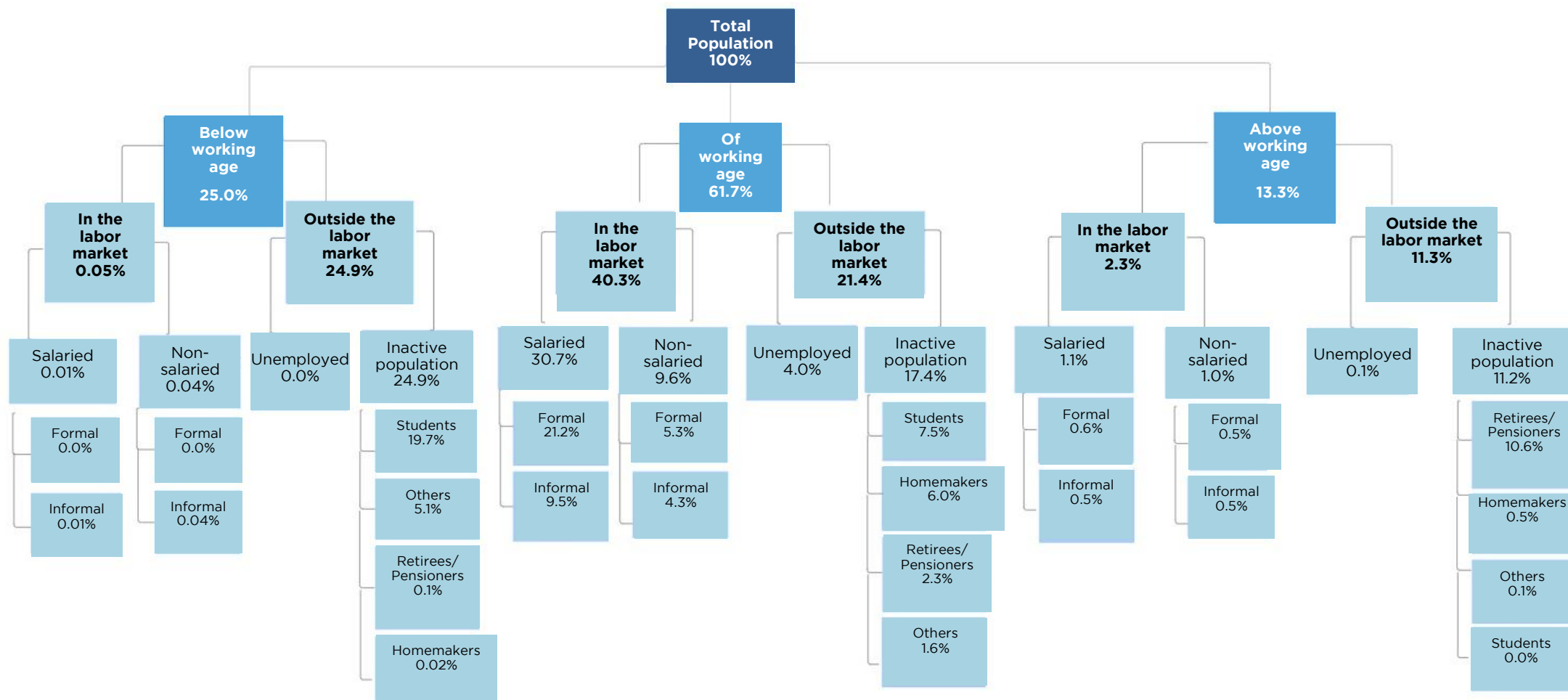
The number of formal employees is equivalent to the total number of informal workers and self-employed.

Among those who are of working age, 2 out of every 3 work for the market (are employed) and those who do not are mostly economically inactive, studying or doing household chores.

Likewise, the number of formal employees is similar to the number of informal sector workers and self-employed considered as a whole.

Figure 7. Composition of the Argentine population with respect to the labor market

Percentage. 2021.



SOURCE: OPC, based on EPH.

As for those under working age, the vast majority are economically inactive and students. However, although with low representation, it can be observed that there are people under 16 years of age who declare that they are working. There is even a small percentage of people in this age range who say they are homemakers.

Of the Argentine population, 2.05% work in the labor market despite being outside the theoretical working age.

Among those who are of theoretical retirement age (over 60 for women and over 65 for men), most are economically inactive, retired or pensioners. However, slightly more than 1 in 10 still has a job, with an almost uniform distribution between formal salaried workers, informal salaried workers, self-employed, and informal non-salaried workers. It should also be noted, albeit with a lower representation, that there are people in this age group who declare to be unemployed or who are engaged in household chores and who do not receive a pension.

Table 1 and Figure 7 show that only 27.6% of the total Argentine population (59.4% of the EAP) is in the formal labor market (adding salaried and self-employed). If informal workers and the unemployed were to be included in the formal labor market, this could expand to 46.4% of the population.

Distribution of activity level and occupation by sex and age

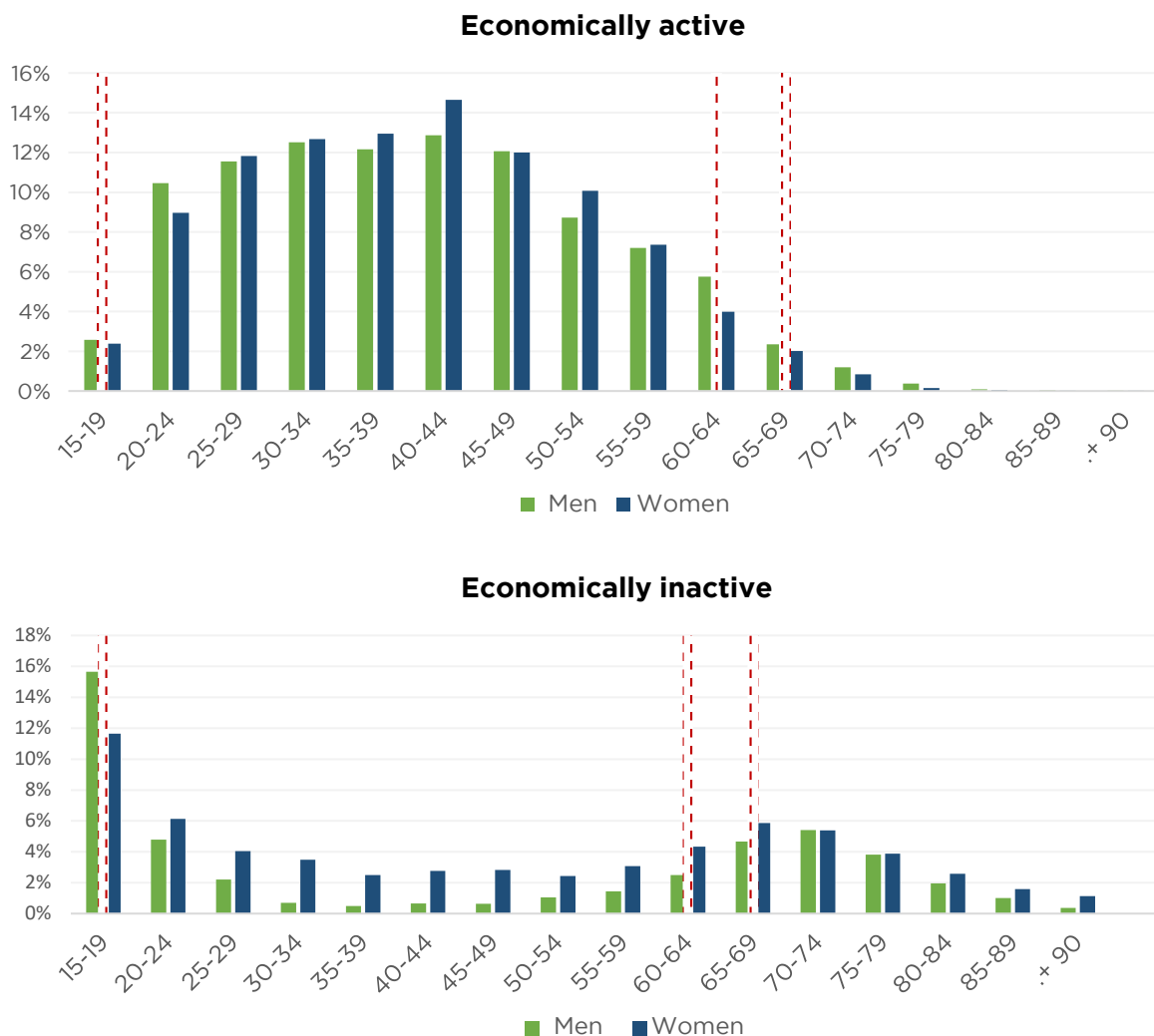
Employment is closely related to the needs or circumstances that a person experiences throughout his or her life. Thus, for example, a person who is employed may decide to leave the labor market to address a certain family situation, or economic needs may arise that lead a student (who is economically inactive in terms of employment) to abandon his or her studies to enter the labor market.

A good approximation to analyze employment throughout a person's life is to observe what happens for different age groups and to assume that he or she will behave in the same way others in the same age group would.

Figure 8 shows the distribution by age and sex of people who are economically active (panel 1) and economically inactive (panel 2).

Figure 8. Age and sex distribution by activity status

Age and percentage. 2021.



NOTE: The vertical red lines show the cut-offs of the groupings by age: 16 years old (minimum age for both sexes), 60 years old (maximum age for women) and 65 years old (maximum age for men).
SOURCE: OPC, based on EPH.

In terms of activity, it can be observed that men have a greater presence in the first working ages, which reflects the fact that their entry into the labor market occurs at earlier ages compared to women.

It is also observed that, after the age of 40, the distribution for both sexes shows a drop⁵. Although

The level of activity falls sharply after the age of 40, showing an expulsion or exit from the labor market.

workers would be expected to continue working for another 20 or 25 years, the reality is that they are expelled or leave the labor market at this age.

This phenomenon may be due to early retirements or disability, which begin to have a greater incidence at this age, or to the transfer of discouraged

⁵ Although Argentina's population pyramid shows that there are fewer people at older ages, the drop in the level of activity after that age is greater than the drop in demographic terms.

unemployed people to economic inactivity. The latter reflects the logic of the labor market, which, when it expels a person in this age range (over 40 years of age), his or her subsequent possibilities of reinsertion into the market are less likely.

As for the distribution of the inactive population, although a similar behavior is observed for both sexes (a majority of the economically inactive under 16 years of age, lower theoretical working age and higher theoretical retirement age), women at working age show a higher rate of economic inactivity than men.

In the years of higher fertility, a low participation of women in the labor force is observed.

The dynamics described shows that it is more difficult for women to enter the paid labor force, possibly because of the effects of motherhood on professional and labor development. During the years of highest fertility (between the ages of 18 and 34), there is a low representation of

women in the labor force, with most of women in the labor force being around 40 years of age, in contrast to men, whose highest peaks are between 30 and 35 years of age.

Finally, the number of economically inactive people increases until the age of 74, an age at which inactivity decreases, because of the higher number of deaths at older ages.

In terms of employment status (Figure 9), the highest levels of unemployment for both sexes are observed in the first age groups, demonstrating the difficulty in entering the labor market. For women, high unemployment persists even in the middle age groups.

The age distribution of the employed presents similar characteristics for both sexes: it grows up to the 40-44 range and then begins to decline. However, for women there is a greater concentration at around 40 years of age, while for men there is a greater dispersion, reflecting more stable levels of employment at different ages.

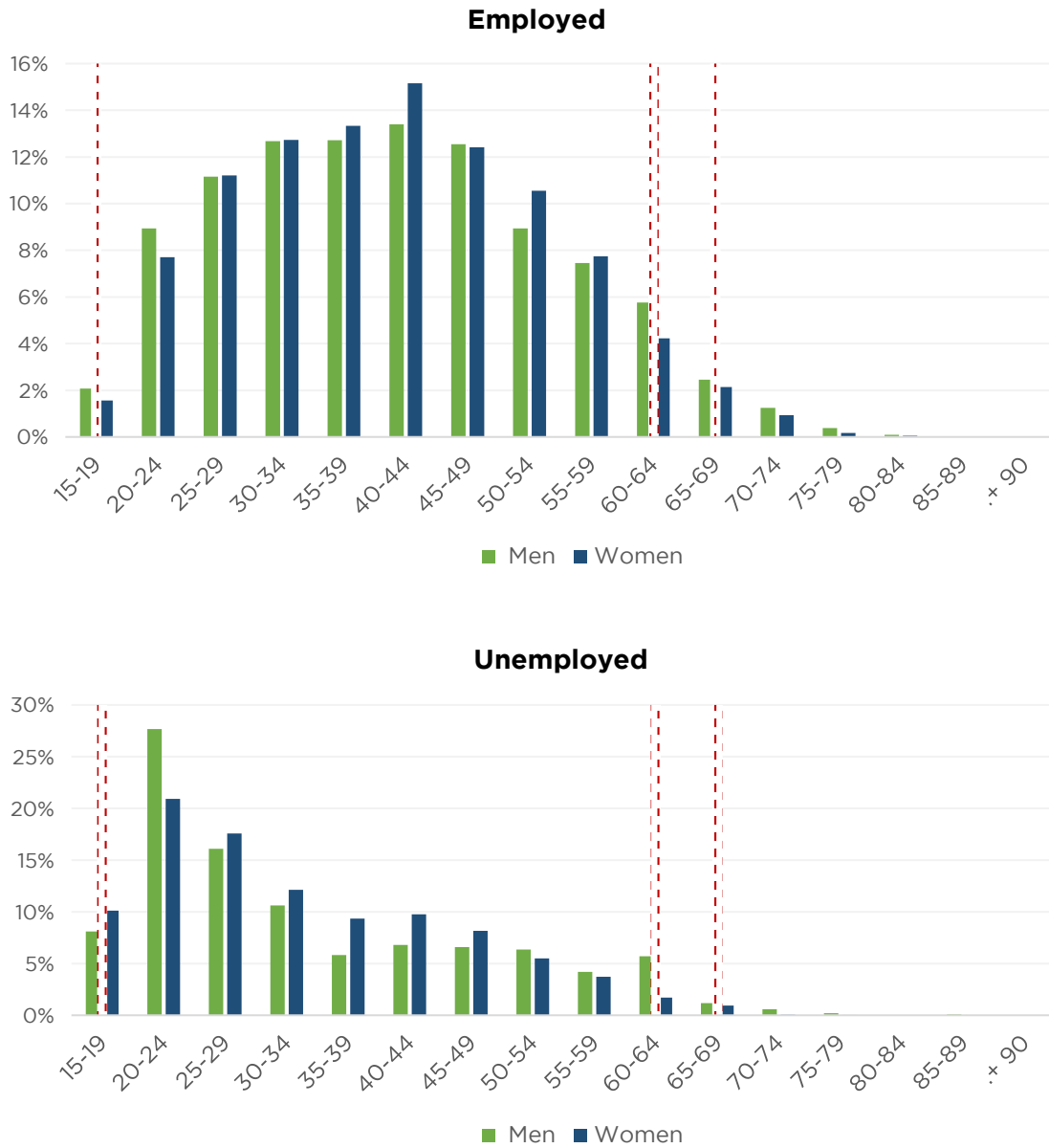
Considerable levels of unemployment and inactivity are observed in the adult segment of the population that is far from retirement age.

Finally, high levels of unemployment are observed between the age of 40 and retirement age, both among men and women. This shows that there is a segment of the adult population that is seeking employment, with the difficulties involved in reinserting themselves in the market at those

ages and, at the same time, far from being able to access retirement benefits.

Figure 9. Age and sex distribution by employment status

Age and percentage. 2021.



NOTE: The vertical red lines show the cut-offs of the groupings by age: 16 years old (minimum age for both sexes), 60 years old (maximum age for women) and 65 years old (maximum age for men).
SOURCE: OPC, based on EPH.

Characterization of formal salaried workers

In 2021, Argentina had an average of 9.8 million formal salaried workers (21.8% of the total population and 46.9% of the EAP). Half of the women and a quarter of the men under this status are professionals. Almost 20% of the households in which at least one formal salaried worker lives are below the poverty line. Two thirds of formal salaried workers work for the private sector and the remaining third for the public sector. Within the private sector, 30% work in the production of goods and 70% work in the provision of services. Within the public sector, 20% work at the national level, 65% work at the provincial level and 15% at the municipal level. The majority of the public sector workers are teachers, physicians, or defense and security officials.

Formal salaried work is that by which a person performs tasks for the benefit of another person (individual or legal entity), who obtains the product of that work and for which the worker receives remuneration in exchange, within the framework of regulations that determine the scope, rights and obligations arising and deriving from that relationship. These workers pay social security contributions together with the employer (contributions to the social security system).

Two out of every 10 Argentines are formal salaried workers.

The country's records, estimates and projections show that there were 9.8 million formal salaried workers in 2021 (21.8% of the total population and 46.9% of the EAP, of which 97.3% were of working age).

Specific characteristics of formal salaried workers

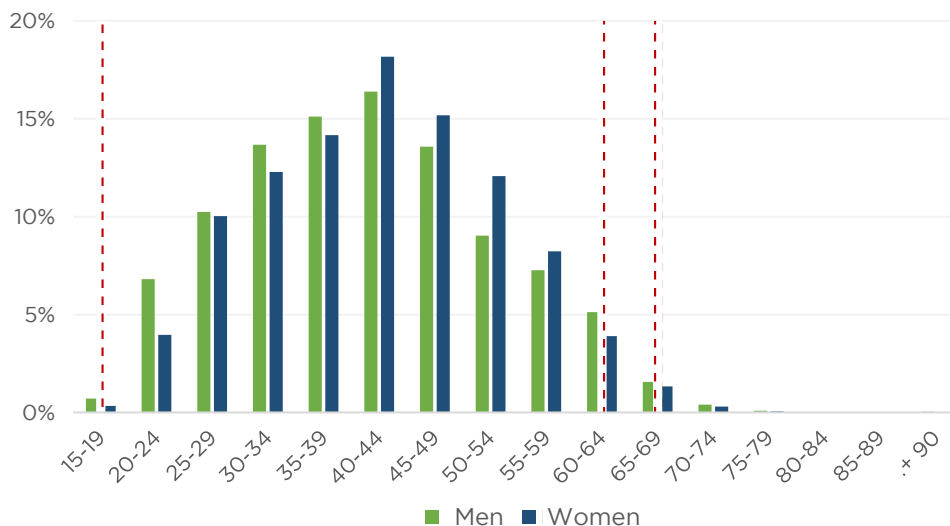
The distribution by age group and sex shows that men enter formal salaried jobs earlier than women. This difference is maintained up to the age of 39, reflecting the late entry of women into the formal sector.

Men enter formal jobs earlier than women. This difference is maintained up to the age of 39.

The number of formal salaried workers consistently grow up to the 40-45 years of age range (in line with what is shown for the total number of the employed), decreasing steeply and relatively steadily thereafter.

Figure 10. Formal salaried workers by age and sex

Age and percentage. 2021.

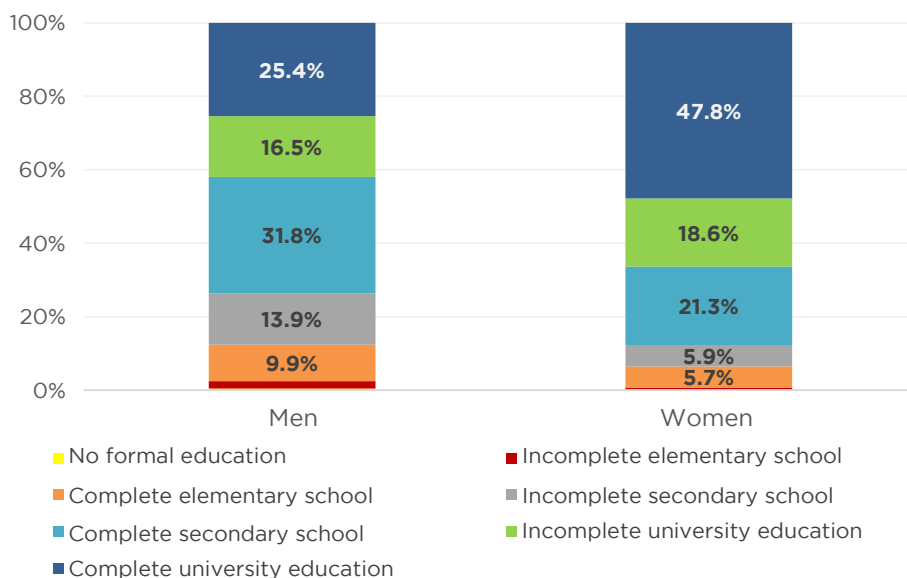


NOTE: The vertical red lines show the cut-offs of the groupings by age: 16 years old (minimum age for both sexes), 60 years old (maximum age for women) and 65 years old (maximum age for men).
SOURCE: OPC, based on EPH.

The analysis by educational level shows that women have higher levels of education than men among formal salaried workers. Almost 50% of women have completed university education, while for men this percentage is just over 25%. Likewise, the percentage of workers with low education (up to incomplete high school) is 25% among men, while among women it is only a little more than 10%. Beyond a possible self-selection, this situation indicates that the market demands a higher level of education for women than for men.

Figure 11. Formal salaried workers by educational level and sex

Percentage. 2021.



SOURCE: OPC, based on EPH.

The qualitative analysis is completed by considering the economic situation of the households in which formal salaried workers live. In this sense, the household is used as the unit of measurement and not the income of individuals (a variable to be addressed hereafter), since the situation of indigence, poverty and non-poverty depends on the composition of these households.

As a methodological criterion, only those households in which at least one of the household members (head of household, for single and single-parent households, and head of household and spouse, for two-parent households) is a formal salaried worker are considered. These households are classified, regardless of the number of members as shown in Table 2⁶:

Table 2. Distribution of formal workers by household composition and economic status

Percentage. 2021.

Employment status	Distribution	Indigents	Below poverty line (no indigents)	Above poverty line
Formal salaried worker (single)	28.6%	1.6%	10.8%	87.6%
Both formal salaried workers	25.5%	0.4%	5.7%	93.9%
Formal salaried + Informal salaried	9.1%	1.1%	21.2%	77.7%
Formal salaried + Self-employed	9.1%	0.0%	6.0%	94.0%
Formal salaried + Informal non-salaried	4.2%	5.6%	35.0%	59.4%
Formal salaried + unemployed	3.2%	7.9%	38.2%	53.8%
Formal salaried + Ec. inactive at working age	17.8%	3.3%	36.5%	60.2%
Formal salaried + Ec. inactive outside working age	2.4%	0.0%	5.9%	94.1%
Total	100.0%	1.7%	16.4%	81.9%

SOURCE: OPC, based on EPH.

The majority of formal salaried workers do not have a partner, or their spouse is also a formal salaried worker, reaching between both groups more than 50% of the households where the heads hold this type of job.

Another significant percentage, almost 2 out of every 10, is represented by those households where the spouse is economically inactive during working age while performing household chores.

In almost 2 out of every 10 households where at least one of its members is a formal salaried worker, income is not sufficient to surpass the poverty line.

With respect to the economic situation, it can be observed that, on average, slightly more than 8 out of every 10 formal salaried workers live in non-poor households, i.e., the income received by the household is sufficient to cover the basic needs of all its members.

However, in almost 2 out of every 10 households, despite the fact that at least one of the heads of household has a formal salaried job, the income is not sufficient, with nearly 2% of these households in a situation of indigence (the income is not sufficient to cover the household's food needs).

It is observed that those who are in a better situation are those households in which the head of household and his or her spouse both work for the formal market (either salaried or non-salaried),

⁶ Although this analysis does not consider the employment status of the remaining members of the household (children, relatives, and other household members), the income contribution made by these members is added for the purposes of calculating the living conditions indicators.

or when the other member of the couple is retired. In any case, it is observed that even in these cases there are certain levels of poverty and (although with a small percentage) situations of indigence.

The remaining combinations show high levels of poverty in households, with the highest values being observed in cases where the other member of the couple is unemployed, economically inactive of working age or performs some informal non-salaried work, demonstrating that the level of income from the market does not allow in many cases for sustaining a household with only one person employed on a stable basis.

Labor characteristics of formal salaried workers

The characterization of formal salaried workers can also be made from the perspective of the sector (and its associated regulations) in which they work. Since 1974, the Labor Contract Law (LCT) has regulated individual labor relations in the private sector, establishing a basic set of rights. It is complemented by the professional statutes applied in some activities, by the Collective Bargaining Agreements and by the laws on social security and work accidents.

There are also some types of work in the private sector which, due to their temporary nature or the characteristics of the employer, have their own laws which, based on the LCT, detail the labor relations, obligations, and rights specific to each case: domestic service, agricultural work, and construction work.

On the other hand, the public sector is not covered by the LCT. For this reason, national, provincial, and municipal public employment has its own specific regulations at each level of government and district. As for state-owned companies, although their personnel hiring regime is usually governed by the LCT, since the government is the employer, they are also considered to be part of this group⁷.

The distribution of formal salaried workers by sector is shown in Table 3.

Table 3. Formal salaried workers by type

Number of workers (thousands) and percentage. 2021.

Type	Number	Percentage
Private sector	6,280.7	64.0%
Public sector	3,527.7	36.0%
Total	9,808.5	100.0%

SOURCE: OPC, based on Ministry of Labor, Employment, and Social Security.

Salaried workers in the private sector are the majority, with practically 2 out of every 3 workers in this category.

An analysis of the two types of salaried workers is presented in Table 4, considering the activity or sectors in which they work, the average income they receive in relation to the minimum, vital and mobile salary (SMVM) and the population representation in each province of the country.

⁷ The information provided by the Ministry of Labor, Employment and Social Security includes all state-owned companies except for YPF, which is recorded within the private sector with its 45,000 employees.

Formal salaried workers in the private sector

Among the formal salaried workers in the private sector, whose employment relationship is governed by Law 20,744 (LCT), the main occupation can be determined using the International Standard Industrial Classification (ISIC).

Although, as previously mentioned, domestic service, agricultural work and construction have their own regulations, as they are based on the LCT, they are included in the analysis of private employment as specific categories.

Table 4. Formal salaried workers in the private sector by economic activity

Number of workers (thousands) and percentage. October 2021.

Activity	Number	%	Salary in relation to SMVM
Production	1,879.0	29.9%	4.1
<i>Food and tobacco</i>	357.3	5.7%	3.9
<i>Automotive and tires</i>	79.2	1.3%	5.0
<i>Construction</i>	379.9	6.0%	2.5
<i>Wood and paper</i>	75.8	1.2%	3.9
<i>Metalworking</i>	211.5	3.4%	5.0
<i>Mining and oil</i>	80.9	1.3%	9.1
<i>Other manufacturing</i>	105.7	1.7%	3.9
<i>Fishing</i>	11.9	0.2%	2.0
<i>Chemicals and petrochemicals</i>	156.2	2.5%	9.1
<i>Textiles, apparel, leather, and footwear</i>	106.0	1.7%	3.9
<i>Agricultural work</i>	314.7	5.0%	2.0
Services	4,401.3	70.1%	3.2
<i>IT activities</i>	122.4	1.9%	5.8
<i>Real estate and leasing</i>	92.5	1.5%	2.6
<i>Commerce</i>	1,085.6	17.3%	3.0
<i>Communications</i>	90.9	1.4%	5.8
<i>Education</i>	398.8	6.3%	2.2
<i>Hotels and restaurants</i>	212.8	3.4%	1.6
<i>Other services</i>	235.5	3.8%	2.9
<i>Other business services</i>	194.0	3.1%	2.3
<i>Other public and social services</i>	102.6	1.6%	3.4
<i>Health</i>	320.5	5.1%	3.5
<i>Domestic services</i>	464.2	7.4%	2.2
<i>Cultural services</i>	90.4	1.4%	2.7
<i>Security and cleaning services</i>	261.8	4.2%	2.3
<i>Financial services</i>	150.4	2.4%	7.3
<i>Technical or professional business services</i>	168.6	2.7%	4.0
<i>Transportation</i>	410.3	6.5%	4.1
Not specified	0.4	0.01%	2.2
Total	6,280.7	100.0%	3.5

SOURCE: OPC, based on EPH and Ministry of Labor, Employment, and Social Security.

In general terms, there is a strong preponderance of work for the provision of services (70%) compared to the production of goods (30%). Nearly 2 out of every 10 salaried workers in the private sector work in commerce, this being the only sector that alone exceeds one million workers and has a double-digit percentage distribution. Other sectors that stand out, with more than 5% of private sector workers, are Education, Health, Transportation, Construction, and Food and Tobacco.

In terms of income, formal salaried workers in the private sector receive a gross monthly salary equivalent, on average, to 3.5 times the SMVM. However, those who work in the production of goods

have a higher average income than those who provide services, being 4.2 SMVM for the former and 3.2 SMVM for the latter.

It should be clarified that these amounts represent the gross registered income subject to contributions, and there is no information on the additional percentages of salary that are received outside the payroll and that do not appear in the pay slips (undeclared salary).

When specifically analyzing the economic activities, it is observed that, within the production of goods, those who work in mining, oil and chemical production have the highest salaries (9.1 SMVM) and, within the provision of services, those who work in the financial sector (7.3 SMVM) and in the IT or communications (5.8 SMVM) belong to the best paid activities.

Agricultural work, fishing, and hotel and restaurant services have the lowest average salaries.

At the other extreme, agricultural work and fishing have the lowest average salaries (2 SMVM) within production, and hotels and restaurants (1.6 SMVM) have the lowest average salaries, both in services and in general.

Table 5 shows the territorial distribution of formal salaried workers in the private sector, as well as their proportion of the working age population:

Table 5. Formal salaried workers in the private sector by province

Number of workers (thousands) and percentage. 2021.

Province	Number	% of working age population
Buenos Aires + CABA *	3,496.8	26.6%
Catamarca	31.4	11.6%
Chaco	76.1	9.9%
Chubut	97.3	23.8%
Córdoba	519.6	21.4%
Corrientes	81.1	11.4%
Entre Ríos	138.1	15.6%
Formosa	25.8	6.8%
Jujuy	62.0	12.4%
La Pampa	38.0	16.5%
La Rioja	29.8	11.3%
Mendoza	244.0	19.4%
Misiones	107.7	13.5%
Neuquén	123.5	28.5%
Río Negro	107.9	22.1%
Salta	119.2	13.3%
San Juan	81.1	16.3%
San Luis	55.0	16.6%
Santa Cruz	60.7	24.7%
Santa Fe	523.7	22.9%
Santiago del Estero	53.1	8.5%
Tierra del Fuego	35.9	29.5%
Tucumán	173.0	16.0%
Total	6,280.7	22.6%

NOTE: (*) Since jobs are counted according to the place where they are performed and not in the employee's home, the population representation is overstated in CABA (Autonomous City of Buenos Aires) and understated in the province of Buenos Aires, given that many workers live in the province and commute to the capital city to work. Therefore, it was decided to group both jurisdictions to avoid deviations in the reading.

SOURCE: OPC, based on EPH and Ministry of Labor, Employment, and Social Security.

The territorial distribution of formal salaried workers in the private sector is similar to the national population distribution in general, with a greater number in the more populated provinces and vice versa.

However, when observing the percentage representation of formal workers in the private sector with respect to the number of working-age inhabitants in each province, there are significant differences: Excluding CABA and the province of Buenos Aires from the analysis, since there is insufficient data to determine how many residents of the province work in the City of Buenos Aires and vice versa, there are provinces where formal workers in the private sector represent more than 25% of their theoretical working population, while in others this percentage does not reach 10%.

Formal salaried workers in the public sector

Public sector salaried workers are those who have an employment relationship with an agency or department of the national, provincial or municipal governments. According to the records of the Ministry of Labor, Employment and Social Security, in 2021 there were 3,861.6 thousand jobs in the public sector.

Considering that these records indicate that 3,527.7 thousand workers hold positions in the public sector as their main occupation, it is estimated that a little more than 330 thousand jobs are held by workers whose main income comes from the private sector or from teaching.

The distribution of jobs by level of government is shown in Table 6.

Table 6. Formal salaried workers in the public sector by level of government

Number of positions (thousands) and percentage. 2021.

Level of government	Positions	
	Number	Percentage
National	775.8	20.1%
Provincial	2,498.6	64.7%
Municipal	587.2	15.2%
Total	3,861.5	100.0%

NOTE: (*) Based on Ministry of labor, Employment, and Social Security statistical estimates as some districts have not reported.

SOURCE: OPC, based on EPH and Ministry of Labor, Employment, and Social Security.

Eight out of every 10 positions in the public sector are in the provincial and municipal levels.

Most public sector jobs are at the provincial level, with 2 out of 3 in the provinces and the Autonomous City of Buenos Aires.

However, it is necessary to disaggregate each level of government by area or type of agency to understand the composition of public sector employment.

Table 7 shows the distribution at the national level.

Table 7. Formal salaried workers in the public sector at the national level by area or type of agency

Positions (thousands) and percentage. 2021.

Agency	Positions		Relation to SMVM
	Number	Percentage	
Executive Branch	422.2	54.4%	5.9
<i>Health (1)</i>	14.3	1.8%	3.8
<i>Army and Armed Forces</i>	111.4	14.4%	3.7
<i>Security Forces</i>	114.6	14.8%	4.9
<i>Central Administration</i>	41.8	5.4%	4.8
<i>Decentralized / deconcentrated</i>	78.2	10.1%	5.1
<i>Other non-financial public sector entities</i>	41.1	5.3%	18.7
<i>Regulatory Entities</i>	16.9	2.2%	5.1
<i>Cooperating Entities</i>	3.7	0.5%	4.2
Judicial Branch	30.8	4.0%	13.0
Legislative Branch	14.2	1.8%	7.9
National Banks	21.1	2.7%	10.4
State-owned enterprises (2)	89.8	11.6%	6.1
National universities	197.7	25.5%	3.4
Total	775.8	100.0%	5.8

NOTE: (1) Refers only to physicians, nurses and technicians of hospitals and national health institutions.

(2) Does not include YPF personnel (21.3 thousand) since there is no data available on the average remunerations of this company.

SOURCE: OPC, based on Ministry of Labor, Employment, and Social Security, Integrated Human Resources System (SIRHU) and SOEs budgets.

The Executive Branch comprises more than half of the jobs, being the personnel of the Armed and Security Forces more than half within this branch and almost 30% of the total number of the national public sector workers.

The personnel of the Armed Forces, Security Forces and National Universities represent 55% of the public sector positions at the national level.

They are followed in order by the personnel of the National Universities, who also have a great significance in terms of number of jobs, since they represent a little more than 1 out of every 4 positions in the national public sector. The other entities with double digits in the number of employees are state-owned enterprises (with 11.6%) and decentralized or deconcentrated entities (with 10.1%).

In terms of salaries, the national public sector employees receive an average income equivalent to 5.8 SMVM. Although this average value is higher than that of the private sector, the public sector does not implement additional remuneration mechanisms outside the formal registered payroll, so a comparison between the two sectors is not possible due to the lack of information on these amounts in the private sector. Notwithstanding the above, given that the information on salaries comes from the contributions statements, any non-remunerative amount granted to public sector employees is not included in the indicator.

The highest average salaries in the public sector are received by personnel belonging to non-financial public sector entities. Likewise, the Judicial Branch of the Nation is the highest paid of the three branches of government, with an average income of 13 SMVM.

At the lower end of the scale, workers in the National Universities receive the lowest income, equivalent to 3.4 SMVM. The Armed Forces and the medical and technical personnel of hospitals and health institutions also receive lower salaries than the other groups. However, these workers usually receive non-remunerative amounts in their salaries, often on a regular basis (i.e., every month).

As for the provincial and municipal employment, although there is no disaggregated data by area, the available data show that most workers belong to health (physicians and other health professionals and technicians), education (teachers) and security (police officers).

To analyze the share of government employment in the provinces and in the Autonomous City of Buenos Aires, we show the number of positions in each district and their respective population representation among the working-age population, together with the average salary of the public sector in each district in relation to the SMVM⁸ (Table 8).

Table 8. Formal salaried workers in the public sector at the provincial and municipal levels, by province

Positions (thousands) and percentage. 2021.

Province	Provincial	Municipal	Population %	Relation to SMVM
Buenos Aires	618.6	236.1	7.7%	3.9
CABA	192.5	-	9.8%	5.1
Catamarca	60.3	7.1	24.9%	2.9
Chaco	88.1	16.7	13.6%	2.9
Chubut	43.5	10.1	13.1%	3.8
Córdoba	139.6	42.3	7.5%	3.9
Corrientes	59.7	14.4	10.4%	3.1
Entre Ríos	95.8	27.7	13.9%	3.3
Formosa	47.3	9.7	15.0%	2.7
Jujuy	88.8	12.4	20.3%	1.8
La Pampa	27.6	6.9	15.0%	5.0
La Rioja	55.1	5.4	23.1%	2.1
Mendoza	133.6	19.6	12.2%	2.6
Misiones	72.8	14.3	10.9%	3.6
Neuquén	71.2	16.2	20.2%	5.0
Río Negro	70.7	12.7	17.1%	3.7
Salta	94.6	21.0	12.9%	3.7
San Juan	67.1	9.7	15.4%	3.5
San Luis	41.7	8.9	15.3%	3.1
Santa Cruz	35.7	6.7	17.3%	8.3
Santa Fe	162.7	50.5	9.3%	3.9
Santiago del Estero	71.5	12.7	13.5%	2.4
Tierra del Fuego	20.4	3.6	19.7%	5.0
Tucumán	139.7	22.4	15.0%	2.0
Total	2,498.6	587.2	11.1%	3.6

SOURCE: OPC, based on Ministry of Labor, Employment, and Social Security.

The representation of public sector employment in the provinces is uneven, although a trend can be observed. In general terms, the provinces with the largest number of inhabitants have the lowest percentage of public sector workers, and vice versa.

⁸ The income level reflected refers only to provincial government employment since there is no consistent data on salaries at the municipal level.

Provinces with the highest number of inhabitants have the lowest percentage of public sector workers, and vice versa.

This situation could be explained for two reasons. First, government management has a minimum staff base necessary to function and these structures do not grow linearly with the population of the district, which means that in smaller provinces the public sector represents a larger part of their population compared to provinces with a larger number of inhabitants.

Secondly, provinces with smaller populations do not have a large internal market because of this characteristic, so the development of the private sector is usually limited mainly to the provision of goods and services tailored to their population and, to a lesser extent, to the exploitation of natural resources and commodities and their immediate processing, which means that the public sector has more importance.

In terms of income, although differences can be observed, in general terms provinces with a higher cost of living (based on regional basic baskets estimated by INDEC) have higher salaries, and vice versa.

Characterization of self-employment

In 2021, 2.6 million people were self-employed as their main occupation (5.8% of the total population and 12.5% of the EAP). Forty percent of women and 23% of men in this situation are professionals. As for the distribution by type, 70.2% are under the simplified regime for small contributors (*monotributo*), 15.4% are under the social simplified regime for small contributors (*monotributo social*) and the remaining 14.4% are under the General Regime for self-employment (*responsables inscriptos*), even though this last category should be the general rule for self-employment. More than 20% of the households in which at least one self-employed live below the poverty line. Many self-employed are engaged in the provision of services.

The Self-employed are independent workers who perform an activity assuming the economic risk of their own business, without being subject to the directives of an employer, with their own self-regulated labor guidelines and with the assumption of the risks deriving therefrom. They are registered with the Federal Administration of Public Revenues (AFIP), issue invoices for the payment of the services they provide or the products they sell, must make social security contributions, and pay taxes derived from the activity they perform.

Under this definition, there are two modalities of self-employment: professional services contracts and contracts for works. In both cases, the relationship with the client is not subject to the orders of the person who commissioned the work, although it is subject to the guidelines and criteria agreed upon by both parties, and the price is paid for the service rendered or for the work completed, respectively. Contracts for works or services are governed by the Civil Code and the Commercial Code.

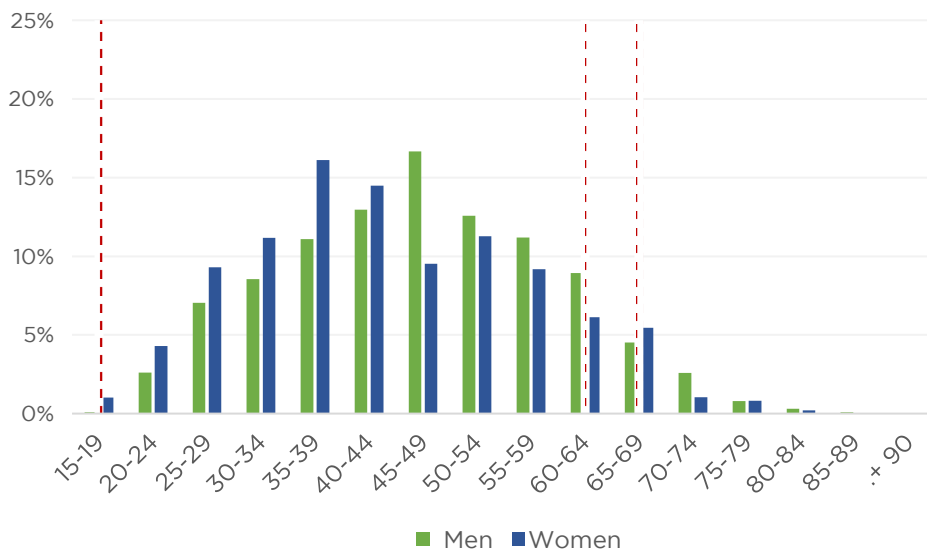
The records and estimates and projections made for 2021 showed that there were 2.6 million people whose main occupation was as self-employed (5.8% of the Argentine population and 12.5% of the EAP, 91% of whom were of working age).

Specific characteristics of self-employment

As with formal salaried work, the first characterization can be made based on the distribution by age and sex (Figure 12).

Figure 12. Self-employment by age and sex

Age and percentage. 2021.



NOTE: The vertical red lines show the cut-offs of the groupings by age: 16 years old (minimum age for both sexes), 60 years old (maximum age for women) and 65 years old (maximum age for men).
SOURCE: OPC, based on EPH.

Self-employment shows different dynamics for men and women. For men, its distribution is similar to that of the total number of workers, increasing with age until it reaches a maximum (between 45 and 49 years of age), after which it decreases, although less steeply and even with some small peaks around the age of 60. In contrast, among women, there is a concentration of self-employment at younger ages, mainly between 30 and 34 years of age.

There is a higher number of self-employed in the 40 and older age groups compared to formal salaried workers.

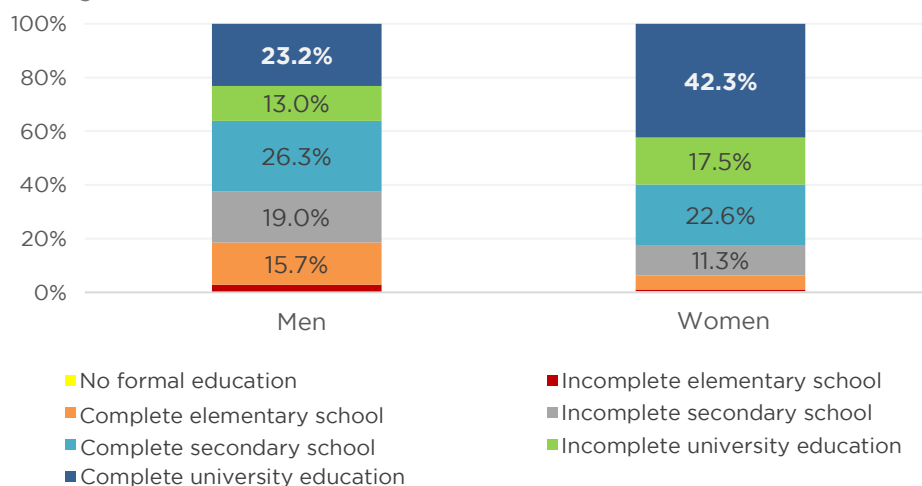
When comparing the distribution of self-employment with respect to formal salaried work (Figure 12 vs. Figure 10), it can be observed that the former includes a greater number of people in the older age groups, explained by the expulsion from the salaried labor market of people over 40

years of age. In other words, although in both cases there is a decrease in the distribution of people in the older age groups, this is more pronounced in salaried work than in self-employment.

In terms of the educational level of those self-employed, Figure 13 shows the distribution by sex of the highest educational level attained.

Figure 13. Self-employment by educational level and sex

Percentage. 2021.



SOURCE: OPC, based on EPH.

As with formal salaried work, women have higher levels of education than men. Although there is a high percentage of university education in both cases, the highest levels of education attained are slightly lower than in formal salaried work for both sexes.

Finally, Table 9 shows the economic situation of households where one of the heads of household is self-employed.

Table 9. Distribution of the self-employed by household composition and economic status

Percentage. 2021.

Employment status	Distribution	Indigents	Below poverty line (no indigents)	Above poverty line
Self-employed (single)	23.2%	0.2%	8.5%	91.4%
Both self-employed	10.0%	0.1%	10.9%	88.9%
Self-employed + Formal salaried	27.7%	0.0%	6.0%	94.0%
Self-employed + Informal salaried	7.2%	0.2%	22.4%	77.3%
Self-employed + Informal non-salaried	7.0%	0.8%	41.4%	57.8%
Self-employed + Unemployed	2.4%	4.3%	60.0%	35.7%
Self-employed + Ec. inactive at working age	18.1%	6.6%	48.4%	45.0%
Self-employed + Ec. inactive outside working age	4.3%	0.0%	7.5%	92.5%
Total	100.0%	1.4%	19.8%	78.8%

SOURCE: OPC, based on EPH.

The households of the self-employed is mostly composed of a couple in which the other partner is a formal salaried worker or by a head of household who is self-employed but formalized. There is also a high percentage, with almost 2 out of every 10 households, in which the other member of the couple is economically inactive and of working age, in most cases performing household chores.

Two out of every 10 households where at least one of the heads of household is a formal self-employed worker are in a situation of poverty.

As for economic status, slightly less than 8 out of every 10 self-employed receive an income that, combined with that of their household, allows them to cover their basic family needs. As is the case with formal salaried work, when the partner of a self-employed is unemployed, economically inactive, or works informally, the levels of indigence and poverty rise to an average of half of the households.

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Labor characteristics of self-employment

There are three types of self-employments in Argentina: General regime (*responsable inscripto*), simplified regime for small contributors (*monotributo*) and social simplified regime for small contributors (*monotributo social*). The characterization of this type of work can then be divided on the basis of these modalities:

Table 10. Self-employment by type

Number of self-employed (thousands) and percentage. 2021.

Type	Number	Percentage
General Regime	374.1	14.4%
Simplified regime for small contributors	1,819.2	70.2%
Social simplified regime for small contributors	398.0	15.4%
Total	2,591.3	100.0%

NOTE: Only those formal self-employed whose main occupation is independent work are included.

SOURCE: OPC, based on Ministry of Labor, Employment, and Social Security.

Less than 15% of self-employed workers are registered under the general regime even though this should be the rule for all self-employed.

Of the almost 2.6 million workers registered as self-employed, 70% are under the simplified regime for small contributors, extending this percentage to more than 85% if they are counted together with the social simplified regime for small contributors. Less than 15% are registered under the general regime, even though this regime should

be the rule for self-employed workers.

Considering only those self-employed under the general regime, the regulations establish different categories that vary depending on reference income, and four groupings by type of activity, the distribution of which shown in Table 11.

Table 11. Self-employment general regime by group

In thousands and percentage. 2021.

Group	Category	Number	%	Income in relation to SMVM
Voluntary contributions	I	8.1	2.2%	10.0
Services contracts	I	33.3	8.9%	
	II	52.0	13.9%	
Other activities	I	65.1	17.4%	
	II	87.5	23.4%	
Direction, administration or management of companies and company partners	III	94.6	25.3%	
	IV	8.1	2.2%	
	V	25.3	6.8%	
Total		374.1	100.0%	10.0

NOTA: (*) NOTE: (*) There is no data available on the average income or turnover of the general regime contributors, so the maximum possible amount of the simplified regime is taken as a reference value, since turnover above this limit requires registration under the general regime.

SOURCE: OPC, based on AFIP and Ministry of Labor, Employment, and Social Security.

The group with the largest number of registrations is "other activities", which is mostly related to product sellers and resellers, as well as insurance producers. The group on direction, administration or management of companies and company partners includes all types of companies, either formally created or not, and therefore includes not only company directors but also owners of SMEs whose business format is either a corporation (S.A.) or a limited liability company (S.R.L.)⁹.

In terms of income, there is no information available on turnover levels. Even though there are cases in which a worker of this type may generate less income than a Simplified Regime Contributor (*monmotrobutista*), in general, those who are under this regime exceed the maximum income allowed by the simplified regime. Therefore, it is estimated that, on average, the income level will be close to such maximum, equivalent to 10 SMVM.

In turn, simplified regime contributors can be analyzed both from the point of view of the type of work they perform (provision of services or sale of products), as well as from the category they belong to, which is based on the annual income they receive.

⁹ For other corporate forms or for de facto companies, the owners or managers of SMEs are usually registered under the Simplified Regime for Small Contributors (*monotributo*).

Table 12. Simplified regime contributors (*monotributistas*) by category and activity

Number of contributors (thousands) and percentage. 2021.

Category	Provision of services	Sales of goods	Total	%	Income in relation to SMVM*
A	577.6	135.6	713.2	39.2%	0.5
B	209.6	57.0	266.6	14.7%	1.2
C	162.4	56.2	218.6	12.0%	1.7
D	191.2	61.2	252.4	13.9%	2.4
E	103.3	40.2	143.5	7.9%	3.2
F	65.0	27.2	92.2	5.1%	4.1
G	47.2	24.2	71.4	3.9%	5.0
H	31.7	20.2	51.9	2.9%	6.1
I	0.0	4.9	4.9	0.3%	7.2
J	0.0	2.7	2.7	0.1%	8.1
K	0.0	1.9	1.9	0.1%	9.2
Total	1,388.0	431.2	1,819.2	100.0%	1.8

NOTE: (*) The average between the minimum and maximum turnover of each category is taken as the estimated reference value.

SOURCE: OPC, based on AFIP data.

More than 75% of the simplified regime contributors are engaged in the provision of services and 4 out of 10 are registered in category A, the lowest of the regime.

More than 75% of the simplified regime contributors are engaged in the provision of services. In addition, 4 out of 10 are registered in category A, the lowest of the regime, and 80% of the total number of the simplified regime contributors belong to the first four categories.

Thus, the average income of all workers in the regime is equivalent to 1.8 SMVM, which is far from the more than 8 or 9 SMVM of the highest categories of the regime. For category A, the lowest category, the average monthly income is below the SMVM, a situation that even occurs if the maximum of the category is taken as value of reference instead of the average.

There are four classifications of the social simplified regime, depending on the type of activity or category.

Table 13. Social Simplified regime contributors (*monotributistas sociales*) by category

Number of contributors (thousands) and percentage. 2021.

Category	Number	Percentage	Income in relation to SMVM *
"Social effectors"	262.4	65.9%	0.5
Promoted worker	90.1	22.6%	
Cooperative member	15.9	4.0%	
Primary Activity	29.6	7.4%	
Total	398.0	100.0%	0.5

NOTE: (*) Social simplified regime contributors are equivalent to a category A of the simplified regime for small contributors.

SOURCE: OPC, based on AFIP.

Of the social simplified regime contributors, 2 out of 3, are "Social effectors", i.e., personal entrepreneurship. In second place are the promoted workers, who also engage in personal entrepreneurship, but in their initial stage. Those that are cooperative members or who perform activities involving the exploitation of primary resources (agrarian) are the least represented.

The social simplified regime for small contributors is equivalent to category A of the simplified regime for small contributors and therefore the estimated monthly income of these workers is, on average, half of one SMVM.

Finally, the distribution of self-employment by province and compared with the working-age population is shown in Table 14.

Table 14. Self-employment by province

Number of self-employed (thousands) and percentage. 2021.

Province	General regime	Simplified regime*	Total self-employed	% of working age population
Buenos Aires	127.5	753.1	880.6	7.9%
CABA	80.9	386.3	467.1	23.9%
Catamarca	1.3	13.5	14.7	5.4%
Chaco	5.5	37.7	43.2	5.6%
Chubut	4.5	24.9	29.4	7.2%
Córdoba	37.0	223.3	260.3	10.7%
Corrientes	4.1	38.1	42.2	5.9%
Entre Ríos	10.7	81.2	92.0	10.4%
Formosa	1.9	18.5	20.4	5.4%
Jujuy	2.6	19.4	22.0	4.4%
La Pampa	5.3	19.4	24.7	10.8%
La Rioja	1.2	13.6	14.8	5.6%
Mendoza	11.5	81.2	92.8	7.4%
Misiones	5.8	52.9	58.6	7.3%
Neuquén	4.9	26.1	31.0	7.2%
Rio Negro	5.6	34.6	40.3	8.3%
Salta	4.9	42.4	47.3	5.3%
San Juan	3.6	27.2	30.8	6.2%
San Luis	3.0	14.3	17.3	5.2%
Santa Cruz	2.3	11.6	13.9	5.7%
Santa Fe	37.4	205.5	242.9	10.6%
Santiago del Estero	2.5	26.6	29.1	4.7%
Tierra del Fuego	3.1	5.7	8.8	7.2%
Tucumán	6.5	55.8	62.3	5.7%
Sin especificar	0.3	4.4	4.7	-
Total	374.1	2,217.2	2,591.3	9.4%

NOTE: (*) Includes social simplified regime for small contributors.
SOURCE: OPC, based on AFIP.

In general terms, self-employment is low in terms of the representation of the working-age population, reaching only in some provinces a percentage slightly above 10%, the exception being the Autonomous City of Buenos Aires, where 1 out of every 4 persons of working age is self-employed.

Characterization of informal salaried workers

In 2021, 4.5 million people were informal salaried workers (9.9% of the total population, 21.4% of the EAP). Most of them are under 30 years of age and had completed secondary school as their highest educational level. Of the households where at least one of the heads are an informal salaried worker, poverty reach 48%. Among these workers, 73% work in establishments that provide services and 27% produce goods. The average individual income per worker are less than the minimum, vital and mobile salary (SMVM).

Informal salaried work is that which is performed under the subordination or supervision of another individual or legal entity, but which is not framed within labor regulations and for which the worker does not receive or pay social security contributions.

In other words, informal salaried work does not have the protection and rights that formal work does, as provided for in labor legislation. Therefore, these workers are vulnerable to unemployment, and, in many cases, their salaries may be below the minimum levels required to cover basic needs, which exposes them to situations of poverty.

Because of their informal nature, the generation of official data on the number of informal salaried workers and their working conditions is difficult to collect. However, through EPH, it is possible to characterize (to a certain extent) this subgroup.

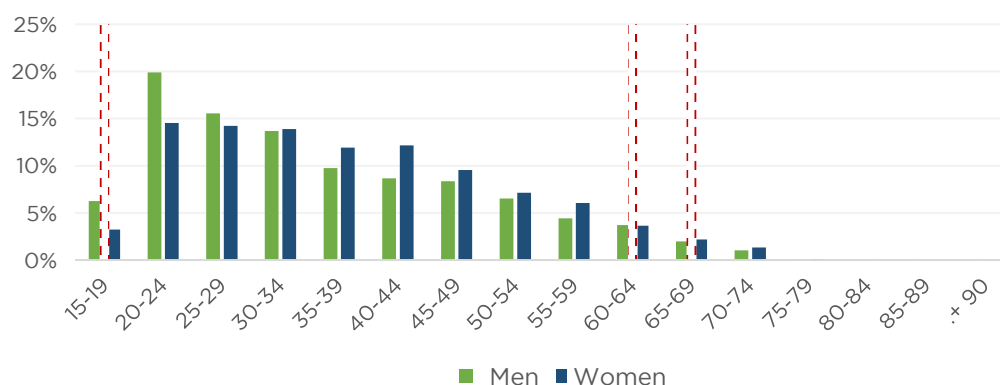
Using the methodology described in the box "How to measure labor informality" in the chapter on Labor Indicators in Argentina, it is estimated that there are 4.5 million informal salaried workers in Argentina (9.9% of the country's entire population and 21.4% of the EAP, 95% of whom are of working age).

Specific characteristics of informal salaried workers

Distribution by age and sex is shown in Figure 14.

Figure 14. Informal salaried workers by age and sex

Age and percentage. 2021.



NOTE: The vertical red lines show the cut-offs of the groupings by age: 16 years old (minimum age for both sexes), 60 years old (maximum age for women) and 65 years old (maximum age for men).

SOURCE: OPC, based on EPH.

Higher percentages of informal salaried work are observed among young people. In other words, their entry into the labor market is mainly through informal employment. Subsequently, informality decreases as age increases.

This may be due, on the one hand, to the transition to the formal market (up to the age of about 40) and to the increase in self-employment. In addition, at older ages, it may also be due to the transition to unemployment and economic inactivity of people over 40.

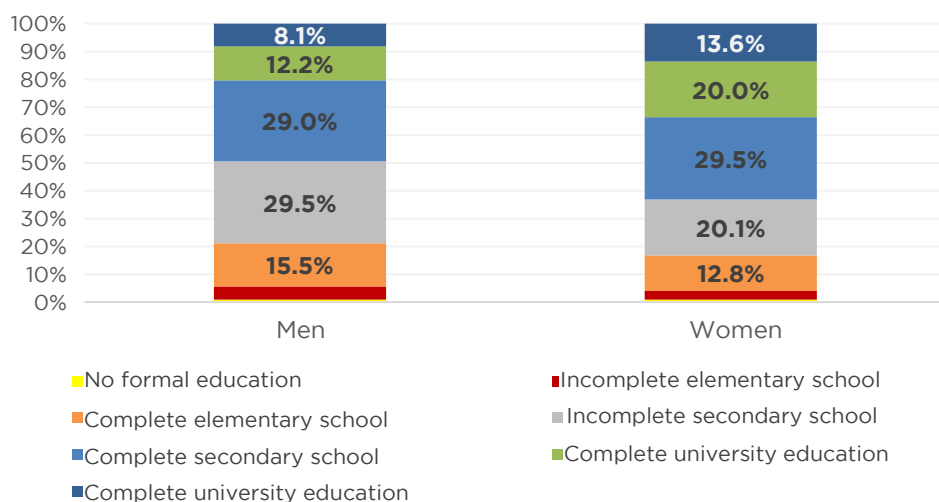
From the analysis by sex, there is a greater presence of men in informal employment at younger ages, which is reversed after the age of 29. From this age onwards, it is women who register higher levels of informality throughout their working lives.

Again, this can be associated with the effects of motherhood. In other words, women with dependent children are more likely to have jobs in the informal sector, which are generally more flexible or require shorter working hours, a situation that allows them to combine paid work with household chores.

An analysis of the educational level of this population is shown in Figure 15.

Figure 15. Informal salaried workers by educational level and sex

Percentage. 2021.



SOURCE: OPC, based on EPH.

As with formal work (both salaried and self-employment), women have higher levels of education than men. However, the percentage of people with university education is much lower for both sexes compared to those who have a formal job, demonstrating a certain link between educational level and the quality of working conditions.

The economic situation of households in which at least one of the heads of household declares to be an unregistered salaried worker, following the same methodology used for the other types of work, is presented in Table 15.

Table 15. Distribution of informal salaried workers by household composition and economic status

Porcentaje. 2021.

Employment status	Distribution	Indigents	Below poverty line (no indigents)	Above poverty line
Informal salaried worker (single)	33.0%	14.8%	34.6%	50.6%
Both Informal salaried workers	8.2%	10.7%	41.0%	48.3%
Informal salaried + Formal salaried	22.8%	1.1%	21.2%	77.7%
Informal salaried + Self-employed	6.0%	0.2%	22.4%	77.3%
Formal salaried + Informal non-salaried	4.7%	13.7%	53.0%	33.3%
Informal salaried + Unemployed	5.5%	28.7%	51.3%	20.0%
Informal salaried + Ec. inactive at working age	17.0%	20.8%	54.0%	25.2%
Informal salaried + Ec. inactive outside working age	2.9%	5.5%	18.6%	76.0%
Total	100.0%	12.0%	36.0%	52.1%

SOURCE: OPC, based on EPH.

Almost half of the households in which at least one of the household heads is an informal salaried worker are in a situation of indigence or poverty. This situation is mitigated in those households where the other member of the couple has a formal job (salaried or non-salaried) or is already retired.

Five out of every 10 households where at least one of the heads of household is an informal salaried worker are poor and 1 out of every 10 is indigent.

The most difficult economic situations are observed in households where the informal salaried worker lives with an unemployed person or with an economically inactive person of working age, reaching in these cases high levels of indigence, above 20%, and very high levels of non-indigent poverty, above 50%.

Labor characteristics of informal salaried workers

The informal nature implies the lack of official records on informal salaried jobs. Therefore, through the data provided by the EPH, a parallel can be made with formal salaried work and the activities declared by the survey participants can be reclassified according to the categories of the International Standard Industrial Classification (ISIC).

Table 16. Informal salaried workers by activity

Number of informal salaried workers (thousands) and percentage. October 2021.

Activity	Number	%	Salary in relation to SMVM
Production	994.7	22.2%	0.8
Food and tobacco	122.2	2.7%	0.9
Automotive and tires	1.4	0.0%	0.4
Construction	648.1	14.5%	0.8
Wood and paper	32.0	0.7%	0.8
Metalworking	46.2	1.0%	1.0
Mining and oil	6.3	0.1%	1.0
Other manufacturing	-	0.0%	-
Fishing	1.4	0.0%	1.2
Chemicals and petrochemicals	10.1	0.2%	0.6
Textiles, apparel, leather, and footwear	94.6	2.1%	0.7
Agricultural work	32.5	0.7%	0.8
Services	3,255.8	72.8%	0.7
IT activities	47.6	1.1%	1.2
Real estate and leasing	16.2	0.4%	0.9
Commerce	746.2	16.7%	0.8
Communications	4.4	0.1%	1.7
Education	110.7	2.5%	0.7
Hotels and restaurants	230.6	5.2%	0.7
Other services	209.2	4.7%	0.9
Other business services	132.4	3.0%	0.7
Other public and social services	239.0	5.3%	0.8
Health	299.0	6.7%	1.0
Domestic services	812.3	18.2%	0.4
Cultural services	99.5	2.2%	0.8
Security and cleaning services	42.5	1.0%	1.1
Financial services	32.2	0.7%	1.2
Technical or professional business services	37.9	0.8%	1.1
Transportation	196.1	4.4%	1.0
Not specified	221.3	4.95%	1.0
Total	4,471.8	100.0%	0.8

SOURCE: OPC, based on EPH.

The vast majority, more than 7 out of 10, work providing services and the remainder are engaged in the production of goods. This situation is similar to that of formal salaried workers.

Domestic services, commerce and construction are the activities with the highest number of informal workers with average salaries below the SMVM.

If we analyze the type of activity in which informality is most prevalent, we observe that domestic services, commerce and construction are the sectors with the highest number of workers. On the other hand, the sectors with low labor informality are: automobiles and tires, mining and oil, fishing, chemicals and petrochemicals, and other manufacturing

within production and communications within services.

In terms of income, on average, informal salaried work pays less than the SMVM, with only a few exceptions where the average salary is slightly higher than the SMVM, and in no case is it twice as high. This situation is even more severe if we consider that the employer does not pay contributions, nor does the worker pay pension or social security contributions. Likewise, this characteristic makes these amounts not comparable with the income received by other types of workers.

Finally, it is worth analyzing the distribution of informal salaried workers by province and its relation to the working-age population (Table 17).

Table 17. Informal salaried workers by province

Number of informal salaried workers (thousands) and percentage. 2021.

Province	Number	% of working age population
Buenos Aires	2,121.2	19.0%
CABA	360.1	18.4%
Catamarca	39.7	14.7%
Chaco	72.0	9.4%
Chubut	45.4	11.1%
Córdoba	355.1	14.6%
Corrientes	71.2	10.0%
Entre Ríos	63.6	7.2%
Formosa	37.1	9.8%
Jujuy	59.5	11.9%
La Pampa	14.9	6.5%
La Rioja	42.4	16.2%
Mendoza	223.1	17.8%
Misiones	73.8	9.2%
Neuquén	27.7	6.4%
Río Negro	8.4	1.7%
Salta	135.7	15.1%
San Juan	106.6	21.4%
San Luis	50.7	15.3%
Santa Cruz	10.6	4.3%
Santa Fe	293.8	12.9%
Santiago del Estero	75.8	12.2%
Tierra del Fuego	10.2	8.4%
Tucumán	173.3	16.0%
Total	4,471.8	16.1%

SOURCE: OPC, based on EPH.

The share of the working-age population in the informal salaried population is lower than that of formal salaried workers, except for the provinces of northwestern Argentina, where the number of informal workers is higher or equal to the number of formal workers.

It is also observed that, together with the provinces of northwestern Argentina, the most populated provinces of the country have the highest number of informal salaried workers. At the other extreme, the southern provinces, together with La Pampa and Entre Ríos, are those with the lowest levels of labor informality.

Characterization of informal non-salaried workers

In 2021, an estimated 2.2 million people worked as informal non-salaried workers (4.8% of the total population, 10.4% of the EAP). The age distribution is relatively constant, showing that these workers remain in this condition throughout their working lives. The educational level attained by this subgroup is, for the most part, completed secondary school or lower. Poverty reaches more than 60% of the households in which at least one head of household is an informal non-salaried worker. Most of these workers provide casual services (commonly called "changas").

Informal non-salaried workers are those who perform an independent activity without any type of contract or formal link with whoever requires the service they provide or the good they sell. This is the most vulnerable type of work in terms of its working conditions, since it does not have any regulatory protection, does not pay social security contributions, and does not usually have a regular income or guarantee of continuity in employment.

Thus, this group of workers is mainly composed of people who perform casual work without regularity (for example, repair work, moving goods, private tutoring, etc.), product resellers, street vendors and owners of small, unregistered businesses, among others.

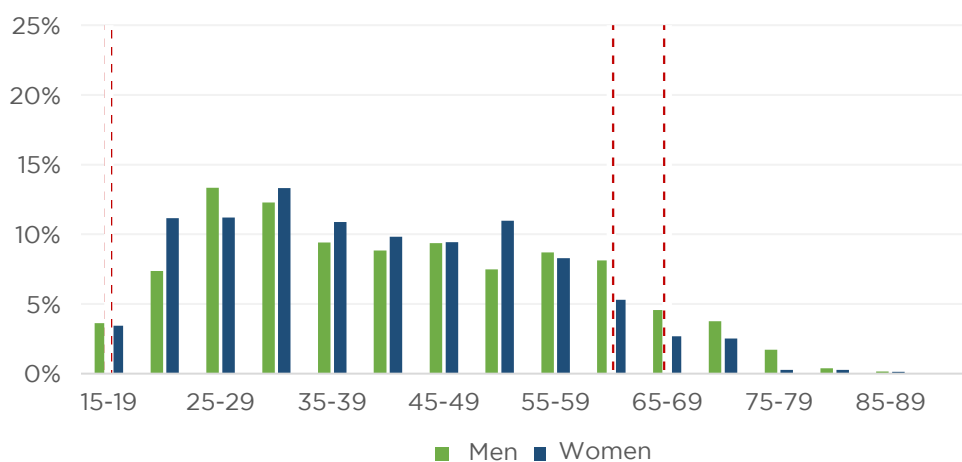
Using the methodology for identifying informal workers previously explained, it is estimated that 2.2 million people were informal non-salaried workers in Argentina in 2021 (4.8% of the total population and 10.4% of the EAP), 91% of which were of working age.

Specific characteristics of informal non-salaried workers

Distribution by age and sex is shown in Figure 16.

Figure 16. Informal non-salaried workers by age and sex

Age and percentage. 2021.



NOTE: The vertical red lines show the cut-offs of the groupings by age: 16 years old (minimum age for both sexes), 60 years old (maximum age for women) and 65 years old (maximum age for men).
SOURCE: OPC, based on EPH.

Those who work as informal non-salaried workers tend to remain in this condition throughout their working lives, with little transition to formality.

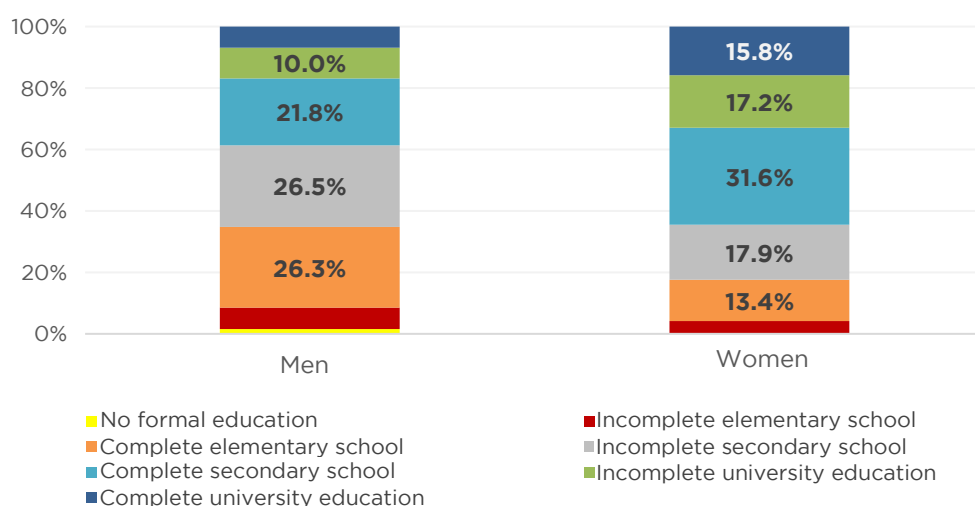
It can be observed that, although there is a greater number of people at younger ages who perform this type of work for both sexes, the distribution is relatively stable with age, demonstrating that those who perform this type of work tend to remain in this condition throughout their working lives, with little transition to formality.

Likewise, there is a prevalence of work after the theoretical retirement age, showing that those who perform these activities do not usually have the possibility of accessing social security benefits.

In terms of educational level, the distribution by sex is shown in Figure 17.

Figure 17. Informal non-salaried workers by educational level and sex

Percentage. 2021.



SOURCE: OPC, based on EPH.

It can be observed that those who have these types of jobs have the least education among the four types of workers analyzed. Likewise, and as in the previous types, women have higher levels of education than men.

There is also a high percentage of workers who, despite having high levels of education, work in the informal non-salaried market.

Finally, the characteristics in terms of the economic situation of households in which at least one of the heads of household declares that he or she is an informal non-salaried worker are shown in Table 18.

Table 18. Distribution of informal non-salaried workers by household composition and economic status

Percentage. 2021.

Employment status	Distribution	Indigents	Below poverty line (no indigents)	Above poverty line
Informal non-salaried (single)	31.3%	21.4%	40.0%	38.6%
Both informal non-salaried	10.5%	28.6%	56.7%	14.7%
Informal non-salaried + Formal salaried	19.5%	5.6%	35.0%	59.4%
Informal non-salaried + Informal salaried	8.6%	13.7%	53.0%	33.3%
Informal non-salaried + Self-employed	10.7%	0.8%	41.4%	57.8%
Informal non-salaried + Unemployed	1.5%	58.3%	35.9%	5.8%
Informal non-salaried + Ec. inactive at working age	12.4%	44.8%	45.0%	10.3%
Informal non-salaried + Ec. inactive outside working age	5.5%	3.2%	28.8%	68.0%
Total	100.0%	18.7%	42.0%	39.3%

SOURCE: OPC, based on EPH.

Of the four types of work analyzed, households with informal non-salaried workers are those with the highest levels of indigence and poverty (more than 60%), with indigence reaching 2 out of every 10 and non-indigent poverty reaching 4 out of every 10.

Households with informal non-salaried workers are those with the highest levels of indigence and poverty.

An analysis of the composition of each household shows that in those where the other member of the couple has a formal job (salaried or not) or is retired, the levels of indigence are drastically reduced, although the levels of non-indigent poverty continue to prevail in considerable percentages.

The most unfavorable situations occur, as in the case of the other types of work, when the other member of the couple is unemployed or economically inactive of working age.

Labor characteristics of informal non-salaried workers

Considering that this type of work tends to be temporary and irregular, we use the data provided by the EPH to make a general classification according to whether it involves the provision of services or the production, sale, or resale of goods.

Table 19. Informal non-salaried workers by activity

Number of informal non-salaried workers (thousands) and percentage. October 2021.

Activity	Number	%	Income in relation to SMVM
Production / Sales	530.3	24.3%	0.4
Services	1,551.5	71.1%	0.3
Not specified	100.4	4.6%	0.3
Total	2,182.1	100.0%	0.3

SOURCE: OPC, based on EPH.

Most informal non-salaried workers, 7 out of 10, are engaged in the provision of services, a situation that is in line with other types of work in Argentina.

Finally, Table 20 shows the distribution of informal non-salaried workers at working age in each province.

Table 20. Informal non-salaried workers by province

Number of informal non-salaried workers (thousands) and percentage. 2021.

Province	Number	% of working age population
Buenos Aires	1,054.8	9.4%
CABA	85.4	4.4%
Catamarca	19.1	7.0%
Chaco	43.6	5.7%
Chubut	10.8	2.7%
Córdoba	162.6	6.7%
Corrientes	37.6	5.3%
Entre Ríos	28.9	3.3%
Formosa	20.1	5.3%
Jujuy	40.6	8.1%
La Pampa	10.0	4.4%
La Rioja	14.2	5.4%
Mendoza	136.0	10.8%
Misiones	41.6	5.2%
Neuquén	15.9	3.7%
Río Negro	2.8	0.6%
Salta	84.1	9.4%
San Juan	58.5	11.8%
San Luis	16.0	4.8%
Santa Cruz	4.7	1.9%
Santa Fe	144.3	6.3%
Santiago del Estero	44.6	7.2%
Tierra del Fuego	4.2	3.5%
Tucumán	101.7	9.4%
Total	2,182.1	7.9%

SOURCE: OPC, based on EPH.

The survey conducted by the EPH shows that this working condition presents the highest percentages of representation in the region of Cuyo, followed by the northwest region of the country and by the province of Buenos Aires.

On the other hand, and as with informal salaried workers, the lowest percentages are found in the southern region of the country and in the province of Entre Ríos.

Characterization of unemployment

Unemployment reached 1.8 million people in Argentina during 2021 (4.1% of the total population, 6.6% of the working age population and 8.7% of the EAP). Almost 50% of women and 25% of men in this condition are professionals. Nearly 70% of households in which at least one of the heads of household is unemployed are below the poverty line.

The unemployed are those who do not have a job, but are actively looking for one. This means that not only do they have the will and availability to work, but they are also actively seeking employment. Likewise, the very definition of unemployment implies a total absence of work activity, so that those who perform some isolated and sporadic work are categorized in one of the types of employment previously analyzed, depending on the activity they perform.

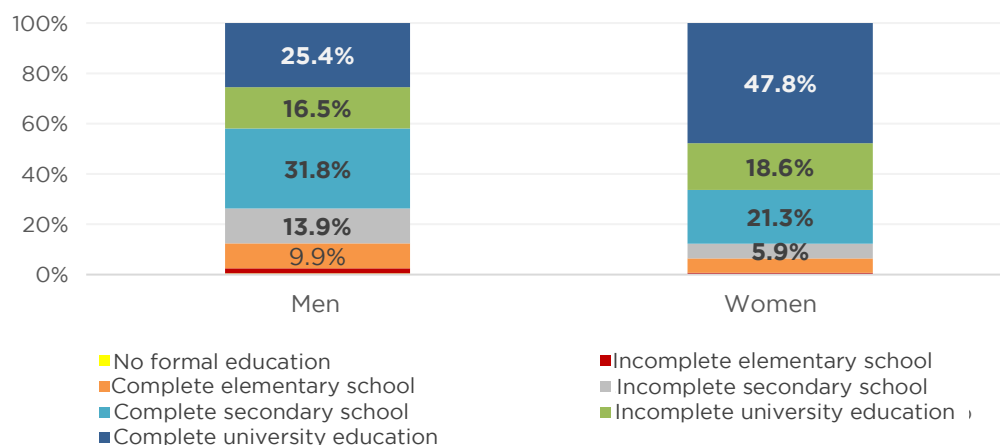
Under such definition, during 2021 there were on average 1.8 million unemployed persons in Argentina, 4.1% of the total population (6.6% of the working age population and 8.7% of the EAP), 98% of which are persons of working age.

The distribution by age and sex of the unemployed is shown in Figure 9 of the chapter on Labor Indicators in Argentina for the purpose of comparison with the employed, where it was observed that unemployment affects mostly younger people and has a higher incidence among women than among men.

Figure 18 shows the distribution in terms of educational level.

Figure 18. Unemployment by educational level and sex

Percentage. 2021.



SOURCE: OPC, based on EPH.

It is observed that the unemployed have high levels of education, especially among women, where more than 50% have completed university studies. As with the different types of workers, women have higher levels of education than men.

A quarter of unemployed men and half of unemployed women have completed university studies.

The high educational levels of the unemployed reveal difficulties in labor insertion or reinsertion for those who have completed different levels of study compared to those with little education, although the latter, as shown in previous analogous Figures, tend to obtain vulnerable and low-income jobs, mainly in the informal market.

Table 21 shows the economic status of households in which at least one of the household heads is unemployed.

Table 21. Distribution of the unemployed by household composition and economic status

Percentage. 2021.

Employment status	Distribution	Indigents	Below poverty line (no indigents)	Above poverty line
Unemployed (single)	29.2%	45.3%	29.7%	25.0%
Both unemployed	2.8%	47.7%	40.1%	12.2%
Unemployed + Formal salaried	26.2%	7.9%	38.2%	53.8%
Unemployed + Informal salaried	18.0%	28.7%	51.3%	20.0%
Unemployed + Self-employed	6.5%	4.3%	60.0%	35.7%
Unemployed + Informal non-salaried	2.7%	58.3%	35.9%	5.8%
Unemployed + Ec. inactive at working age	11.4%	58.2%	29.4%	12.4%
Unemployed + Ec. inactive outside working age	3.3%	12.7%	50.3%	37.0%
Total	100.0%	30.7%	38.9%	30.4%

SOURCE: OPC, based on EPH.

Indigence and non-indigent poverty together reach almost 70% of households in which at least one of the heads of household is unemployed. This situation is mitigated, as seen in the previous tables, when the other member of the couple works in the formal market or has a pension and is aggravated when he or she is also unemployed, works informally or is economically inactive at working age.

Seven out of every ten households where at least one head of household is unemployed are in a situation of poverty.

Likewise, there is a considerable percentage of cases in which households have no income from work, given the very definition of unemployment, and yet are not in a situation of poverty, or despite not being sufficient, the household's income allows them to avoid being indigent. These cases can be explained by two main reasons: First, there may be other members of the household who have some type of income that allows the subsistence of its inhabitants beyond the situation of the head of household alone or with his or her spouse. Secondly, because of the existence of income from social assistance that allows them to avoid falling into situations of indigence and, in some cases, even to escape from poverty.

Finally, Table 22 shows the territorial distribution of the unemployed.

Table 22. Unemployment by province

Number of unemployed (thousands) and percentage. 2021.

Province	Number	% of working age population
Buenos Aires	1,009.5	9.0%
CABA	172.8	8.8%
Catamarca	9.0	3.3%
Chaco	17.5	2.3%
Chubut	12.9	3.2%
Córdoba	156.3	6.4%
Corrientes	13.0	1.8%
Entre Ríos	18.0	2.0%
Formosa	5.7	1.5%
Jujuy	14.1	2.8%
La Pampa	9.3	4.0%
La Rioja	6.3	2.4%
Mendoza	65.0	5.2%
Misiones	13.3	1.7%
Neuquén	17.2	4.0%
Río Negro	1.4	0.3%
Salta	39.8	4.4%
San Juan	17.6	3.6%
San Luis	5.9	1.8%
Santa Cruz	5.4	2.2%
Santa Fe	128.0	5.6%
Santiago del Estero	8.1	1.3%
Tierra del Fuego	9.7	8.0%
Tucumán	68.4	6.3%
Total	1,824.4	6.6%

SOURCE: OPC, based on EPH.

The most populated provinces are the ones with the highest unemployment rates.

With a national average of over 6%, it can be observed that there is a wide variability in unemployment percentages, ranging from values below 1% to over 9% of the working age population. In general terms, the most populated provinces are the ones with the highest unemployment rates.

Characterization of the inactive population of working age

In 2021, 53.6% of the Argentine population was economically inactive and 17.4% were economically inactive of working age (7.8 million). Within the latter, 5.1 million are women and 2.7 million are men. Almost half of the women and a quarter of the men have a university degree. More than half of the households in which there is an economically inactive person of working age are below the poverty line. Thirty percent of the economically inactive of working age have some type of income outside of work.

In 2021, more than half of the population was economically inactive (neither employed nor actively seeking employment), which is equivalent to approximately 24 million people. In percentage terms, the economically inactive accounted for 53.6% of the population.

Of this total, 16.2 million people (36.1% of the Argentine population) are outside the age range established by Argentine labor regulations to work, 11.2 million are under 16 years of age and 5.0 million are people who have already reached the theoretical retirement age (60 years of age for women and 65 years of age for men).

The remaining 7.8 million people (17.4% of the total population) are individuals who, despite being of working age, do not work. In other words, almost 2 out of every 10 individuals in Argentina do not have a job, but neither are they actively looking for one.

There are several causes behind economic inactivity in people of working age: it may be due to early retirement or disability; to the receipt of an income that reduces or eliminates the need to enter the labor market (such as a non-working income or the income of another member of the household); to the dedication to other unpaid activities (such as studies or household chores); to discouraged unemployed people, among others.

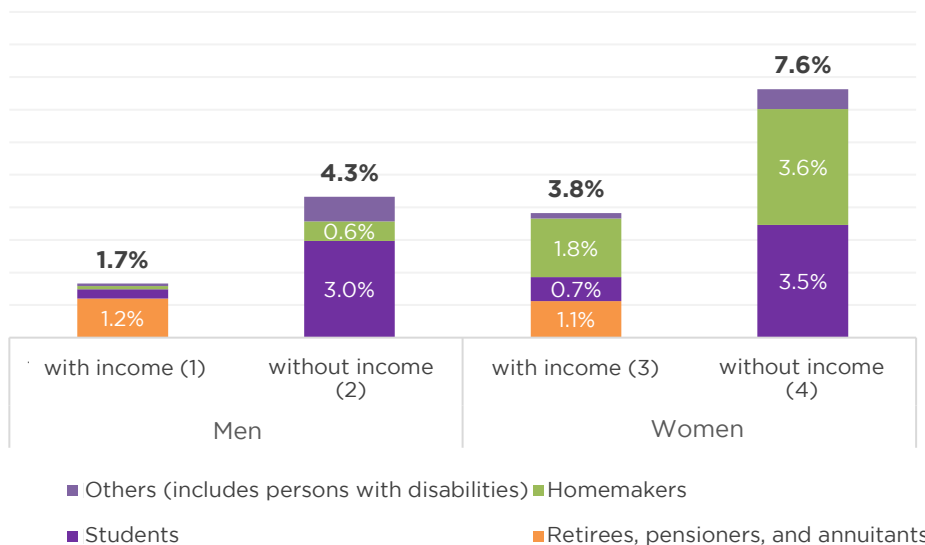
Of the total number of those economically inactive of working age, 5.1 million are women (11.4% of the total population), and 2.7 million are men (6% of the total population), reflecting a lower participation of women in the labor market.

This could be linked to the caregiving role traditionally assigned to women and closely related to this, to the effects of motherhood on their professional and labor development.

There are differences between men and women when linking the reasons for the economic inactivity declared in the survey to the sex of the individuals. For men, there is a greater concentration of students, retirees, pensioners and annuitants, whereas for women, the concentration is in the categories of homemakers and students.

Figure 19. Composition of the inactive population of working age by inactivity category, sex, and income level

As a percentage of total population.



SOURCE: OPC, based on EPH.

The main reason for economic inactivity among men and women of working age who have an income (1st and 3rd bars in Figure 19), is the receipt of a pension or annuity. For women, the main reason for inactivity is also being engaged in household chores (these are homemakers who receive an allowance).

The economically inactive women of working age are twice as many as men.

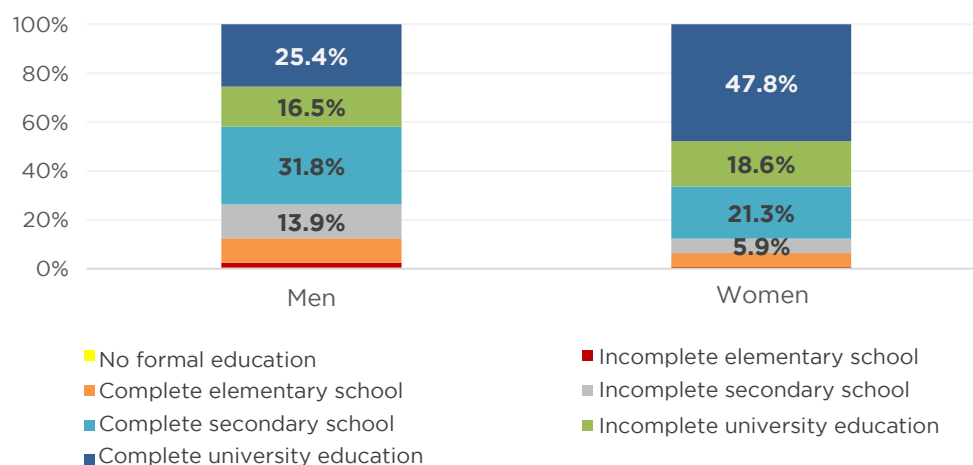
Among the economically inactive who have no source of income (2nd and 4th bars in Figure 19), there is a large proportion of students and homemakers, the latter being significantly higher for women.

As with the unemployed, the distribution by age and sex of the economically inactive was addressed in Figure 8 of the chapter on Labor Indicators in Argentina for the purpose of comparison with the active population, where it was observed that, although inactivity at working ages is lower than in the other age groups, certain levels of inactivity can be observed that are higher for women than for men.

In terms of educational level, the distribution of the inactive population of working age by sex is shown in Figure 20.

Figure 20. Inactive population of working age by educational level and sex

Percentage. 2021.



SOURCE: OPC, based on EPH.

As in all previous cases, within the inactive population of working age, women have higher levels of education than men. It can also be observed that a large part of this group has high levels of education, with almost 50% of the women and 25% of the men having a university degree, showing that, in spite of having a qualified education, for the various reasons previously mentioned, they do not belong to the labor market.

A quarter of the men and half of the women of working age who are neither employed nor seeking employment have completed university studies.

Table 23 shows the economic status of households in which at least one of the heads of household declares to be economically inactive and is of working age.

Table 23. Distribution of the inactive population of working age by household composition and economic status

Porcentaje. 2021.

Employment status	Distribution	Indigents	Below poverty line (no indigents)	Above poverty line
Economically inactive of WA (single)	17.4%	23.9%	30.2%	45.9%
Both economically inactive of WA	5.2%	29.9%	27.9%	42.2%
Economically inactive of WA + Formal salaried	37.0%	3.3%	36.5%	60.2%
Economically inactive of WA + Informal salaried	14.2%	20.8%	54.0%	25.2%
Economically inactive of WA + Self-employed	12.4%	6.6%	48.4%	45.0%
Economically inactive of WA + Informal non-salaried	5.6%	44.8%	45.0%	10.3%
Economically inactive of WA + unemployed	2.9%	58.2%	29.4%	12.4%
Economically inactive of WA + Economically inactive outside WA	5.3%	3.1%	31.1%	65.8%
Total	100.0%	15.1%	38.9%	46.0%

NOTE: WA= Working Age
SOURCE: OPC, based on EPH.

Five out of every 10 households where at least one head of household is economically inactive of working age are poor.

It can be observed that more than half of these households are in a situation of indigence or non-indigent poverty, with the worst situations being observed in households where the other member of the couple is unemployed or working in the informal sector.

Finally, the geographic distribution of the inactive working-age population among the different provinces and their respective representation of the working-age population presents the characteristics shown in Table 24.

Table 24. Inactive population of working age by province

Number of economically inactive persons of working age (thousands) and percentage. 2021.

Province	Number	% of working age population
Buenos Aires	3,928.8	35.2%
CABA	579.1	29.6%
Catamarca	83.2	30.8%
Chaco	161.7	21.0%
Chubut	130.7	31.9%
Córdoba	427.0	17.6%
Corrientes	141.7	19.9%
Entre Ríos	148.1	16.7%
Formosa	120.9	31.8%
Jujuy	111.1	22.3%
La Pampa	35.9	15.6%
La Rioja	79.1	30.2%
Mendoza	217.5	17.3%
Misiones	115.2	14.4%
Neuquén	97.1	22.4%
Río Negro	28.3	5.8%
Salta	188.3	21.0%
San Juan	170.7	34.4%
San Luis	78.8	23.8%
Santa Cruz	36.8	15.0%
Santa Fe	471.0	20.6%
Santiago del Estero	148.8	23.9%
Tierra del Fuego	58.5	48.1%
Tucumán	288.4	26.6%
Total	7,846.6	28.3%

SOURCE: OPC, based on EPH.

The representation of the inactive population among people of theoretical working age shows a wide variability, with minimum values close to 6% and maximum values that almost reach 50%, averaging 28.3% in the country.

Unlike similar tables for other groups, there is no evidence of trends linked to any demographic or productive-economic pattern, and there is variability even in the comparison of provinces belonging to the same region of the country.

Public policies implemented by the National Government for the promotion of employment

The policies implemented to reduce the imbalances between labor supply and demand accounted for less than 0.5% of GDP between 2007 and 2019. In 2020, because of the quarantine, this expenditure increased to 1.22% of GDP, before falling to 0.81% in 2021. In the first years of the series, policies to support and reinsert the unemployed were the most significant, but as of 2010, policies to promote individual and cooperative projects for the generation of new jobs gained more importance.

The most important policy in this context is *Potenciar Trabajo*, which in 2021 had more than 1,000,000 beneficiaries and whose profile is more related to social assistance than to labor market policies, since it does not evidence a planning and guidance that focuses its goals on the creation of productive and sustainable work, but rather on providing income to beneficiaries.

In the legal and conceptual framework of this report, the different types of public policies that governments usually implement in relation to the labor market were described: employment policies, labor policies and labor market policies.

The first two policies, although they may have budgetary correlates (both in terms of funding and expenditure), are usually of an indirect nature, so that their results in generating and sustaining employment would also depend on other factors and would require a different type of evaluation from those conducted in this paper to measure their effectiveness, since they are usually targeted at companies or have an impact on macroeconomic conditions and therefore it is not possible to identify workers or direct beneficiaries.

In contrast, labor market policies tend to be direct, since they adopt a form that can be associated with a specific group of beneficiaries, and a budgetary analysis can be performed based on the respective programmatic openings, which is why this chapter will deal exclusively with this type of policy.

Therefore, we also exclude from the analysis policies that, although they have a direct correlation in the National Government Budget, do not fall into the aforementioned category, such as employment in the public sector and training of government human resources (understanding these as another labor market variable and not as a specific employment generation policy); public works (as a policy whose main objective does not lie in the generation of employment) and social assistance not related to labor, among the most important ones.

For methodological purposes, we analyze the various budget programs of the National Government (not only those included in the "labor" function of the Budget¹⁰) that can be classified within labor market policies and their evolution over the last 15 years, from 2007 to 2021.

¹⁰ "Core Activities of the Ministry of Labor" are excluded as they do not represent a direct contribution to the promotion of employment, "Analysis and Formulation of Social Security Policy" as the latter is linked to the inactive population, "Formulation and Regulation of Labor Policy" and "Labor Regularization" as they belong to the classification of labor policies and support programs for various productive sectors since their main objective is not the promotion of employment but the development of these sectors.

Classification of labor market policies

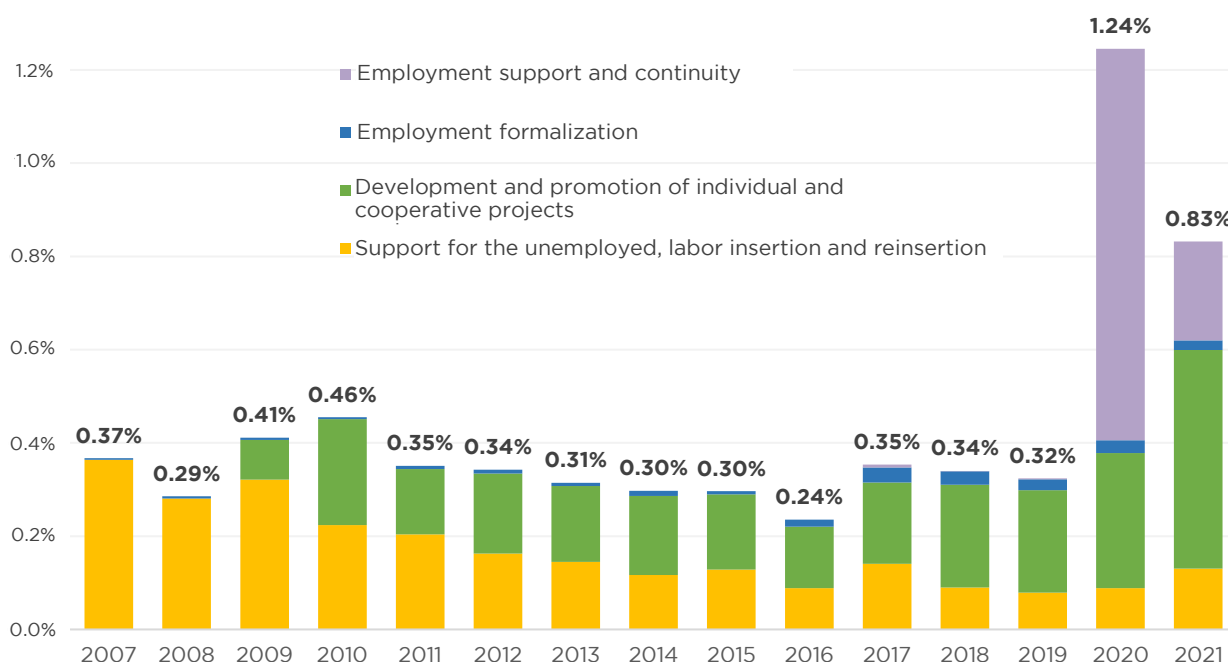
Having identified the programs and activities with an impact on the labor market and considering that their names, objectives, and specific characteristics have changed over the years, we proceeded to group them by general policy categories into four classifications:

- **Support for the unemployed, labor insertion and reinsertion:** Actions aimed at providing economic support to those who are actively seeking employment and at aiding, training and education for insertion or reinsertion into the formal labor market.
- **Development and promotion of individual and cooperative projects:** Programs aimed at creating new jobs for people who are unemployed or in a situation of informality. Unlike policies to support the unemployed, labor insertion and reinsertion, which seek to link the unemployed with the existing formal labor market, the policies under this dimension are aimed at creating new productive units.
- **Support for the formalization of employment:** Government assistance so that, through subsidies and other tools, workers in vulnerable situations can formalize their employment.
- **Employment support and continuity:** Government contributions to individuals or legal entities in emergency situations to support employment and avoid possible layoffs or unemployment.

Based on this classification, we analyzed the share of expenditure as a percentage of the Gross Domestic Product (GDP) for the time series under consideration:

Figure 21. Evolution of the types of labor market policies in relation to GDP

Percentage. 2007-2021.



SOURCE: OPC, based on E-SIDIF.

Since 2007 and until 2019, expenditure related to labor market policies remained always below 0.5% of GDP.

It can be observed that, from the beginning of the series and up to 2019, although expenditure related to labor market policies fluctuated, it always remained below 0.5% of GDP.

In 2020, as a result of the measures adopted in the framework of the restrictions to combat the COVID-19 pandemic, expenditure increased significantly, reaching 1.24% of GDP, then falling back to 0.83% in 2021, concomitant with the reduction of the restrictions.

On the other hand, it can be observed that, at the beginning of the series, policies aimed at assisting the unemployed and labor market insertion (shown in yellow) were the most important and accounted for practically all expenditure, but as of 2009, with the emergence of plans and programs aimed at the development of socio-productive (individual and cooperative) and community projects (green series), the former began to steadily decrease and were replaced by the latter.

This situation evidences a marked change in the government's unemployment policy profile, replacing strategies for sustaining and reinserting the unemployed in the formal market with, mainly, the promotion of their own projects.

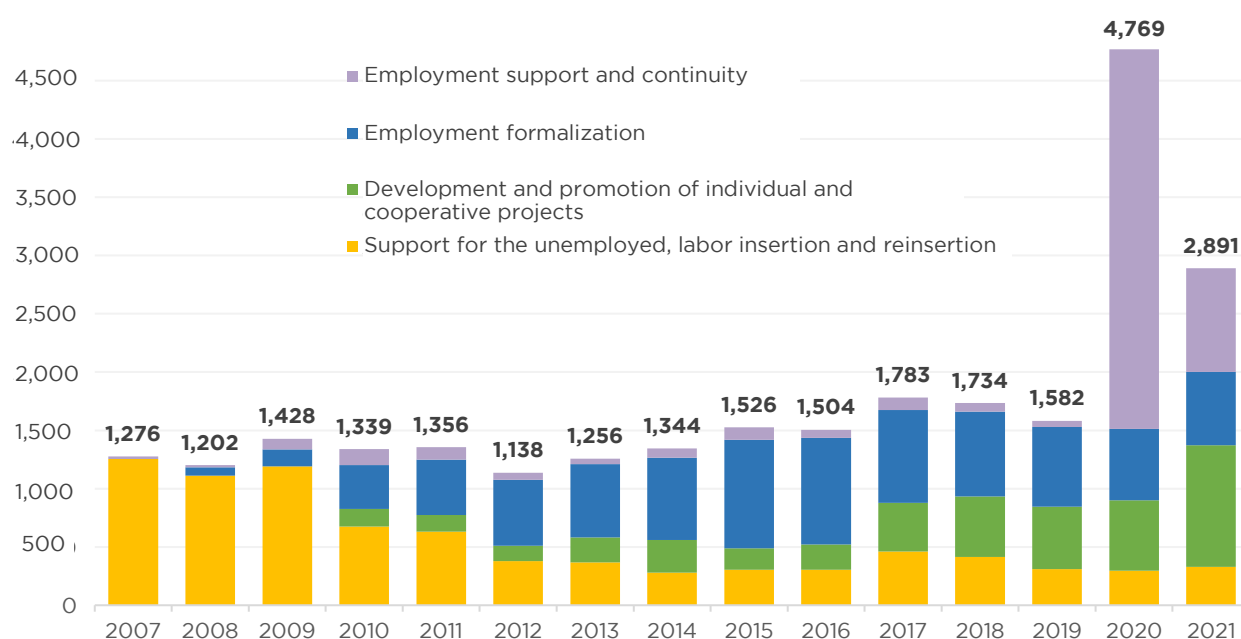
There has been a change in the policy profile, replacing strategies to reinsert the unemployed into the formal market with the promotion of their own projects.

When considering the coverage of the programs that comprise the four policy categories, the number of beneficiaries per year are presented in Figure 22 is

observed.

Figure 22. Evolution of beneficiaries of the types of labor market policies

Number of beneficiaries (thousands). 2007-2021.



SOURCE: OPC, based on E-SIDIF and National Government Financial Reports for each year.

In general terms, there is an upward trend over time in the number of beneficiaries of labor market policies.

Between 2007 and 2021, the number of people receiving some type of benefit from policies aimed at compensating and mitigating imbalances between labor market demand and supply doubled.

Comparing the first year of the series with the last, it can be observed that the number of people receiving some type of benefit from policies aimed at compensating and attenuating imbalances between labor market demand and supply practically doubled.

In turn, when analyzing each categorization separately, different behaviors are observed. As with the financial analysis, policies to support the unemployed, labor market insertion and reinsertion show a pronounced and sustained drop from the beginning of the series until 2016, with a rebound in 2017 and a further drop in the following years, albeit more moderate.

The initial drop until 2016 is offset by the emergence of socio-productive projects as well as by an increase in support for formalization (translated into Social Simplified Regime Contributors). As of 2017, the aforementioned support for formalization also began to fall and the development of socio-productive projects began to present an outstanding increase reaching more than one million beneficiaries towards the end of the series, also evidencing here that the government's strategy is mainly focused on this type of policies whose profile, in practice, is linked more towards social assistance than solutions to imbalances between labor supply and demand (an issue that will be explained in the section on this type of policies).

As for the support of employment, a certain regularity is observed throughout the years, with the exception of the year 2020, when the number of people increased sharply as a containment measure in the face of the restrictions resulting from the COVID-19 pandemic.

In this context, an analysis of the total number of beneficiaries in Figure 22 shows that it is still far

Despite the increase in beneficiaries, existing programs are not sufficient or adequate to solve the labor market imbalances.

below the number of unemployed people and those working in the informal economy (a total of 8 million people), so that the increase in the number of beneficiaries shows signs of political will to expand the coverage of current programs.

When contrasting this increase with the labor indicators previously analyzed, it can be observed that the implementation of these measures did not translate into the generation of new jobs or the formalization of existing jobs, since the employment and labor formalization rates remained relatively stable during the period analyzed. Consequently, they would be associated with the maintenance of employment levels.

Therefore, the results presented in the previous paragraphs show that the policies implemented are not proving to be sufficient or adequate to solve labor market imbalances and that situations of social vulnerability and unemployment are not being addressed to the extent necessary to counteract their negative effects.

Characteristics of labor market policies

The evolution of expenditures and beneficiaries for each of the components of the aforementioned grouping, as well as the programs that comprise each category, are analyzed:

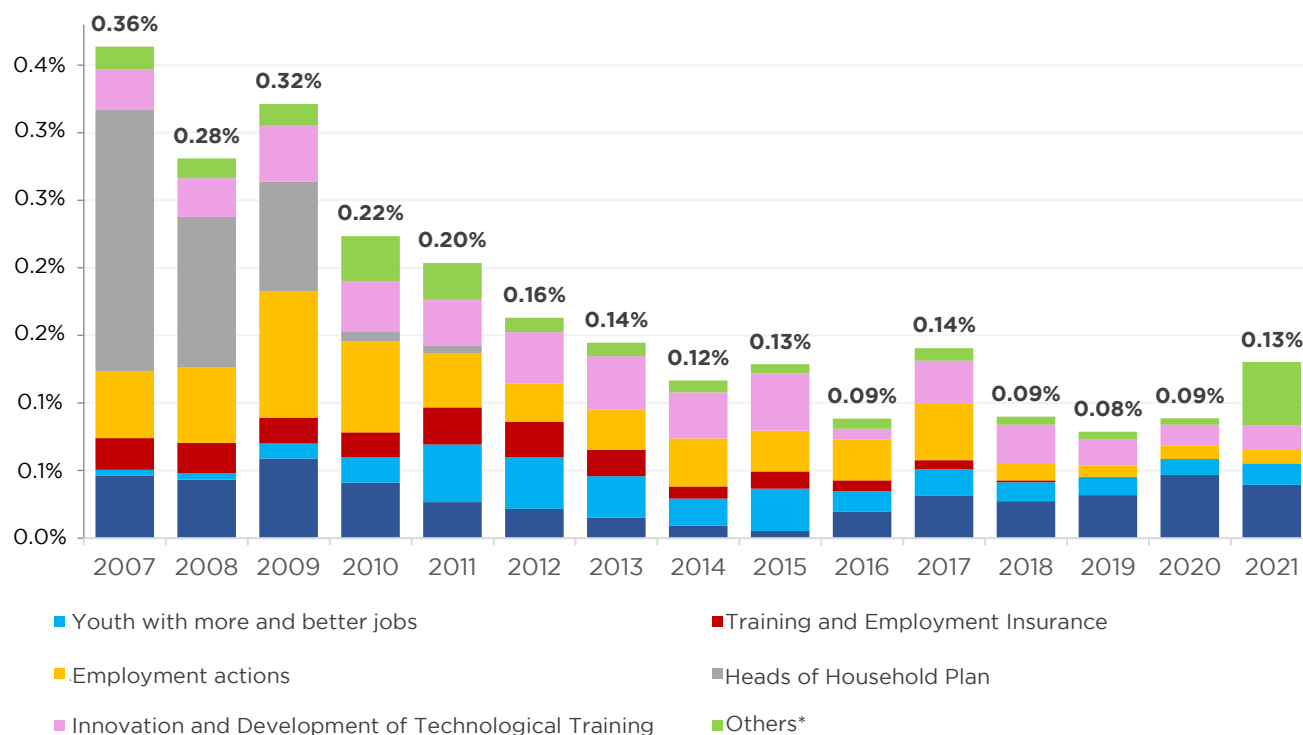
Support for the unemployed, labor insertion and reinsertion.

This category includes the various programs and actions implemented by the government to ensure income for people who are unemployed, while contributing to their insertion into the formal labor market through training, technical assistance, and connection with employers.

It includes various programs specifically aimed at granting economic assistance, such as the "Unemployment Insurance" or the former "Heads of Household Plan"; training programs such as the "Training and Employment Insurance", the "Federal Employment System" and "Innovation and Development of Technological Training"; and programs aimed at specific population groups, such as "Youth with more and better jobs", "Te sumo", "Social Economy" and "Assistance to the Insertion of Workers with Disabilities", as well as other smaller programs of similar characteristics included in the program "Employment Actions".

Figure 23. Evolution of policies to support the unemployed, labor insertion and reinsertion in relation to GDP

Percentage. 2007- 2021.



NOTE: (*) "Others" includes Assistance for the Insertion of Workers with Disabilities, Other activities of the Employment Actions program, Social Economy and, specifically in 2021, the programs *Te Sumo*, National Program for the Inclusion and Integration of Young People and the *Producir* Program.

SOURCE: OPC, based on E-SIDIF.

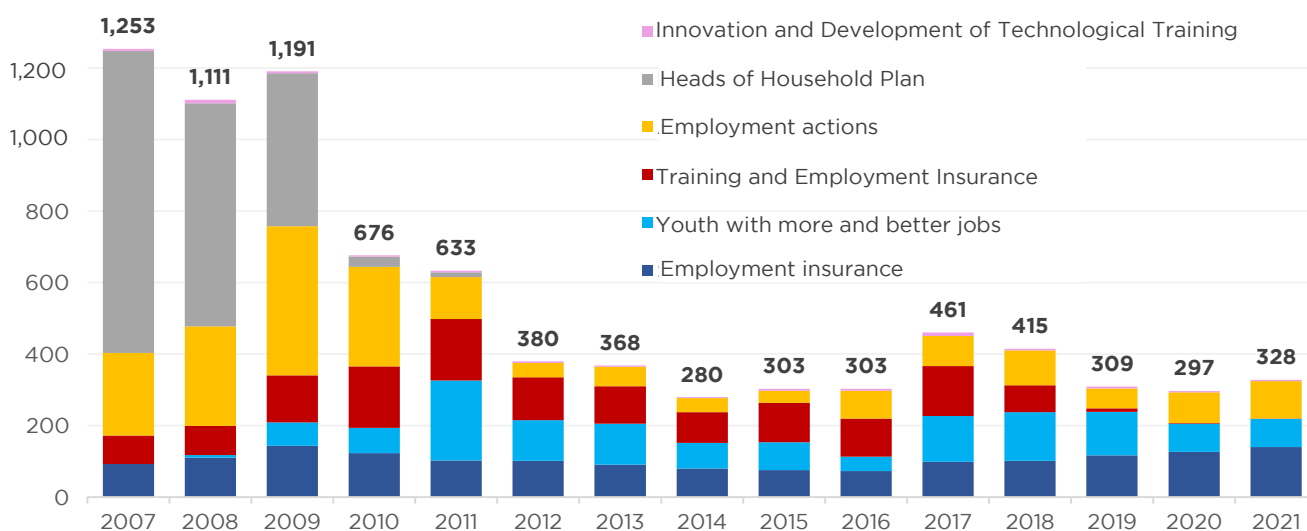
As was observed in the analysis of labor market policies, expenditure on support for the unemployed, labor market insertion and reinsertion is low and with a decreasing trend, less than 0.15% of GDP in recent years.

The distribution of expenditure among its component programs has varied over the years, with the Heads of Household Plan standing out in the early years of the series (which was later absorbed by policies for the development and promotion of individual and cooperative projects).

Figure 24 shows the number of beneficiaries.

Figure 24. Evolution of beneficiaries of policies to support the unemployed, labor insertion and reinsertion

Number of beneficiaries (thousands). 2007- 2021.



SOURCE: OPC, based on National Government Financial Report for each year.

Although the Heads of Household Plan in the first years of the series had a large number of beneficiaries as did the various programs that fall under the Employment Actions (which exceeded 400,000 in 2009); it can be observed that the number of beneficiaries reached by these policies is low, especially considering that the number of unemployed shows a growing trend since 2014, reaching 1.8 million people in 2021 (as of that date, for example, only 139,600 people were receiving unemployment insurance).

This situation evidences the prioritization of individual and cooperative projects as tools to address unemployment with a profile linked to social assistance in replacement of policies to support the unemployed, labor insertion and reinsertion.

Development and promotion of individual and cooperative projects

The purpose of these policies is to generate new productive proposals through the development of socio-productive, socio-community, socio-labor and educational completion projects.

The programs within this classification represented more than half of the funds allocated to labor market policies in most of the years of the period analyzed, as well as most of the beneficiaries. Among them, the "Potenciar Trabajo" program, named this way since 2020, stands out.

This program grouped together the programs *Hacemos Futuro* (oriented to the generation of skills to enter the labor market) and Complementary Social Salary (consisting of economic assistance in the absence of employment); in turn, the program *Hacemos Futuro* was also a combination of other pre-existing labor inclusion programs called *Argentina Trabaja*, *Ellas Hacen*, *Hacemos Futuro Juntas* and *Desde el Barrio*, with similar objectives but each one aimed at different population groups.

However, all these programs have always had a similar profile, based on economic and training assistance to people in a situation of social vulnerability for the creation of jobs.

At present, the *Potenciar Trabajo* program provides two types of benefits:

- Grants or non-refundable credits to promote the implementation, development and strengthening of the mentioned types of projects, through Management Units or Associated Management Units formed by provincial or municipal governments, government of the Autonomous City of Buenos Aires, universities, and all types of legally created civil society organizations.
- Complementary Social Salary, which consists of an individual monetary benefit that is paid periodically for a determined period and is equivalent to half of the Minimum Vital and Mobile Salary in force.

The beneficiaries of the program must participate, at least, in one of the three lines of activities established to be eligible to receive the economic benefit: socio-productive projects; educational completion; socio-labor or socio-community projects.

In practice, Potenciar Trabajo has a welfare-type profile rather than an effective labor market policy.

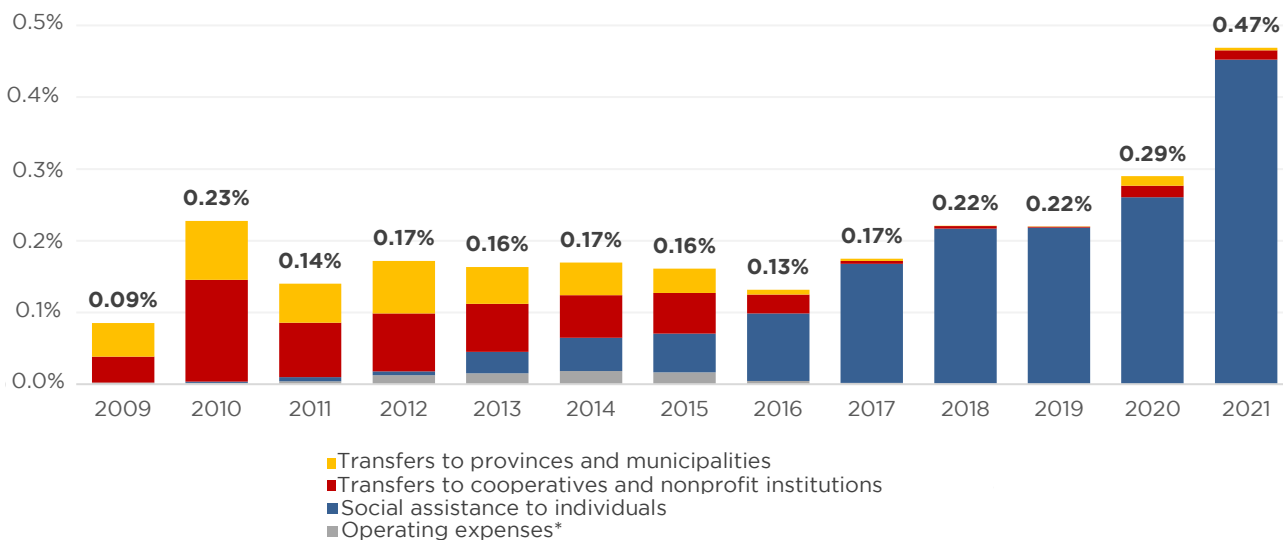
In practice, this program does not evidence a central planning that orients the projects to sustainable productive units that imply a real insertion in the labor market and generate productive and formal jobs, resulting in a welfare or support program, instead of an effective labor market

policy.

The evolution of the implementation of the *Potencial Trabajo* program (or its similar predecessors) based on the benefits granted is presented in Figure 25.

Figure 25. Evolution of the *Potenciar Trabajo* program (and its predecessors) in relation to GDP

Percentage. 2009-2021.



NOTE: (*) Operating expenses include personnel expenses, consumer goods, non-personal services, and transfers to universities.

SOURCE: OPC, based on E-SIDIF.

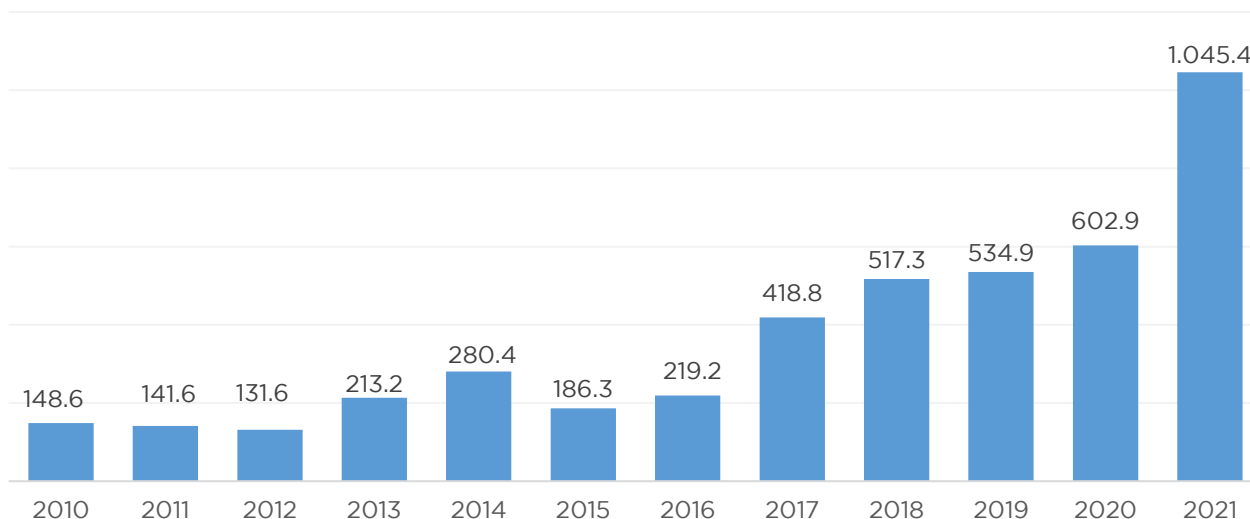
It is observed that, in the early years, the benefits were implemented through intermediaries, either cooperatives and non-profit institutions or through provincial and municipal governments. From 2016 onwards the National Government began to grant benefits directly to beneficiaries.

Currently, cooperatives or NGOs continue to play a key role in the Program despite not receiving funds directly, since they are the core of most of the projects implemented within the framework of the program, which determine the inclusion of beneficiaries.

Figure 26 shows the number of beneficiaries per year.

Figure 26. Evolution of beneficiaries of the *Potenciar Trabajo* program (and its predecessors)

Beneficiaries (thousands). 2010-2021.



SOURCE: OPC, based on National Government Financial Report for each year.

In 2021, the number of beneficiaries of Potenciar Trabajo exceeded one million people.

In the first years of the program, there were fluctuations in the number of beneficiaries with ups and downs until 2016. With the changes introduced since then, related to the implementation of direct transfers to individuals, the number of beneficiaries began to increase and, since the launching and unification into *Potenciar Trabajo* in 2020, the number of beneficiaries has multiplied to over one million.

Status and modifications to the *Potenciar Trabajo* Program during 2022

Given the budgetary significance and scope (in terms of beneficiaries) of the *Potenciar Trabajo* Program, it is important to include a brief analysis of the changes and events that took place during 2022, which will have a significant impact on the future development of this program.

The Executive Branch, by means of Executive Order No. 728/22, determined that the number of beneficiaries of the *Potenciar Trabajo* Program (and other related programs) may not be increased and that the savings that may be generated because of this decision will be used for the acquisition of capital goods for the existing Productive Management Units.

Considering that in October 2022 (last record available prior to the publication of the E.O. 728/22) the number of beneficiaries of the program was 1,362,125 people, the measure could imply either a freezing of the number of beneficiaries, being the mentioned number a maximum, or the impossibility of including new beneficiaries regardless of the potential cancellations.

On the other hand, in May 2022, the Ministry of Social Development requested the AFIP to cross-check information with indicators related to economic-financial issues of the program beneficiaries

according to certain criteria, which resulted, a priori, that 385,294 beneficiaries would present at least one inconsistency.

The report presented a general character by categories, some of which resulted in clear inconsistencies, while others would require more information to determine the actual deviation from the regulations. However, in all cases, there was a lack of timely cross-checking of information between government agencies to ensure a periodic monitoring of beneficiaries and avoid sustaining payments in the face of proven inconsistent situations.

Notwithstanding the need for greater controls, the limit established to increase the number of beneficiaries of the *Potenciar Trabajo* program implies that it will not be feasible (at least through this policy) to modify the labor and economic situation of people in a highly vulnerable situation, since the levels of unemployment and informal work in the country far exceed the number of current beneficiaries and the households inhabited by both unemployed and informal workers show the worst indicators of living conditions.

Support for employment formalization

The purpose of this category is to consider all the actions that the government implements by making a direct expenditure so that workers become formal and, therefore, can receive social security benefits.

Considering that the policies to reduce employer contributions do not imply a direct expense but a reduction in tax revenues (added to the fact that in practice they have not evidenced a real increase in the formalization of workers), the only policy identified in the National Government Budget for this category¹¹ is the Social Simplified Regime for Small Contributors (*monotributo social*), which implies a registration of the worker as self-employed equivalent to category A of the Simplified Regime for Small Contributors (*monotributo*), obtaining a 100% subsidy to the social security contributions for the social security system and 50% for the health system (union-run health insurance).

The expenditure allocated, and the number of beneficiaries, considering that this is the only policy identified according to the methodological criteria applied within the category, can be observed in Figure 21 and Table 25, respectively.

¹¹ The budget actions "Formulation and Regulation of Labor Policy" and "Regularization of Labor" are not considered within this group since by their very nature they respond to labor policies, that is, to the improvement of working conditions and not to labor market policies.

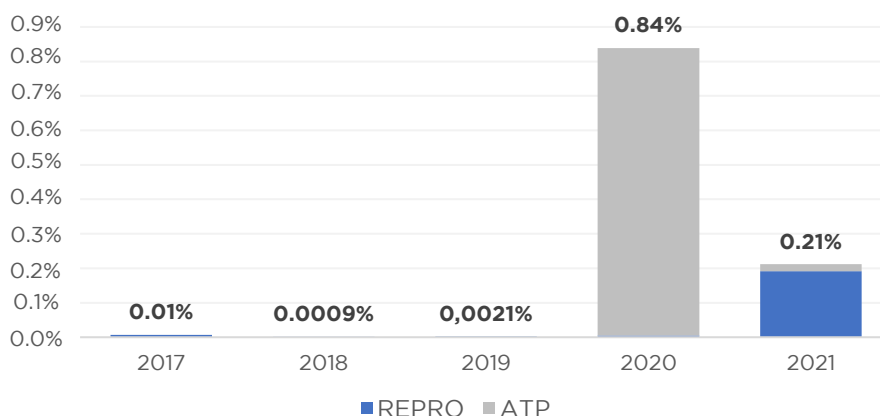
Employment sustainability and continuity

Finally, policies aimed at sustaining and continuing employment involve all direct expenditures made by the government to prevent the disappearance of jobs. In this sense, only the expenditures made to sustain formal salaried jobs (under employment relationship) are considered, since although there are other policies aimed at non-salaried workers (for example, subsidized credits at zero rate), since they do not imply a direct expenditure identifiable in the Budget, they are excluded from the analysis.

In the period analyzed, two main budget programs are identified within this category: the Recovery and Productive Sustainability Program (REPRO), which consists of an individual monetary allocation to be paid to workers on account of the payment of salaries by the employers that joined the Program; and the salaries paid under the Emergency Assistance Program for Work and Production (ATP), created in 2020 within the framework of the COVID-19 pandemic for workers under employment relationship in the private sector.

Figure 27. Evolution of employment support and continuity policies in relation to GDP

Percentage. 2017- 2021.



NOTE: For years prior to 2017, REPRO did not have a budget line, so it is not possible to determine its expenditure within the budget program "Employment Actions".

SOURCE: OPC, based on E-SIDIF.

The REPRO, a program created in 2002 by Resolution of the Ministry of Labor, Employment and Social Security, was not individualized in the budget programmatic openings before 2017, so a financial analysis prior to that year is not possible. Since its institutionalization through Law 27,264 in 2017 and until 2020, it had an associated expenditure that represented less than 0.1% of GDP.

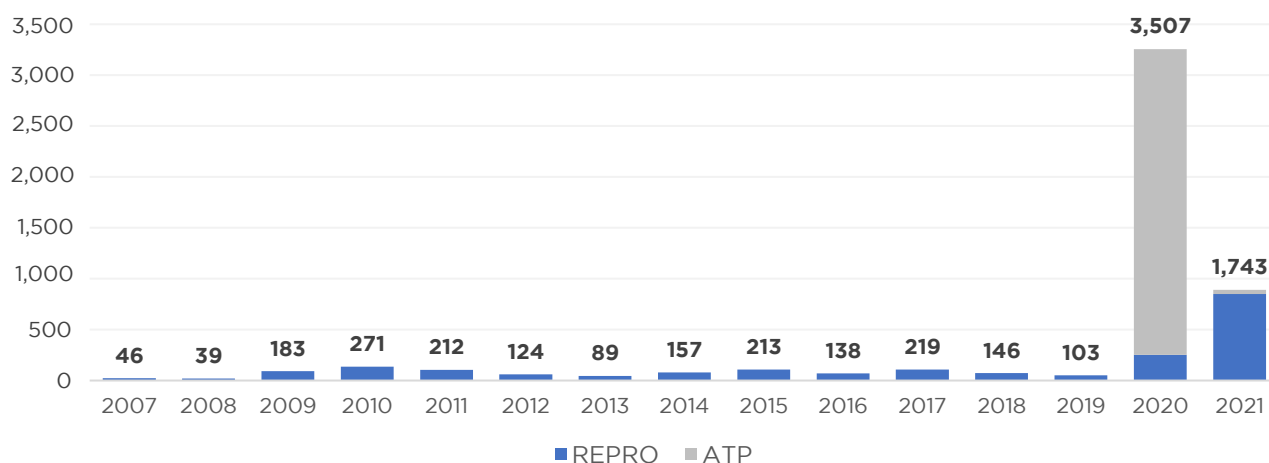
The ATP implied an expenditure of close to 1% of GDP in 2020, allowing the sharp drop in real production not to be reflected in employment and unemployment rates to the same extent.

With the introduction of the ATP to safeguard jobs during the pandemic, this classification jumped sharply to almost 0.9% of GDP in 2020 and, with the progressive removal of restrictions in 2021, total expenditure on these policies fell to 0.21% of GDP, transferring the remaining ATP beneficiaries to the REPRO as of 2021.

Figure 28 shows the number these policies beneficiaries.

Figure 28. Evolution of beneficiaries of employment support and continuity policies

Number of beneficiaries (thousands). 2007- 2021.



SOURCE: OPC, based on National Government Financial Report for each year and Ministry of Productive Development

It can be observed that the REPRO had a limited variability in the first years of the series, which is not related to the phases of GDP growth or decline. On the other hand, the implementation of the ATP implied that the support and continuity policies expanded to reach more than 3.5 million formal workers in the year the quarantine was implemented, and then decreased to 1.7 million in 2021.

The implementation of the ATP has allowed the sharp drop in real production not to be reflected in employment and unemployment rates to the same extent, although there was (as explained in the chapter on labor indicators) a certain drop in the former and a rise in the latter, mainly (although not entirely) associated with informal jobs.

SDG 8 - Decent work and economic growth

To complement the study on the labor market in Argentina and the policies implemented by the National Government in this area, it is worth analyzing Argentina's contribution to the fulfillment of Sustainable Development Goal No. 8, which deals with "Decent work and economic growth", an SDG belonging to the 2030 Agenda to which Argentina adhered in 2015.

SDG 8 seeks to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Its targets are described in Table 25.

Table 25. SDG 8 Targets

Target	Description
Target 8.1	Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.
Target 8.2	Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high value added and labor-intensive sectors.
Target 8.3	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
Target 8.4	Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programs on Sustainable Consumption and Production, with developed countries taking the lead.
Target 8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
Target 8.6	By 2020, substantially reduce the proportion of youth not in employment, education, or training.
Target 8.7	Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.
Target 8.8	Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.
Target 8.9	By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products.
Target 8.10	Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all.
Target 8.a	Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries.
Target 8.b	By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labor Organization.

SOURCE: OPC, based on UN.

Argentina adopted targets 8.1 to 8.10 of this SDG, adapting targets 8.1, 8.5, 8.6, 8.7 and 8.8.

Although this SDG addresses more comprehensive issues than just generating and sustaining employment, it is possible to link the programs analyzed with some of the targets:

- The *Potenciar Trabajo* program contributes to goal 8.3, through the promotion of projects, with an expenditure in 2021 of 0.47% of GDP.
- The policies of assistance to the unemployed and labor insertion contribute to goals 8.5, 8.6 and 8.b, through the different programs aimed at specific populations and which in 2021 implied an expenditure equivalent to 0.13% of GDP.
- Labor regulation policies contribute to goals 8.7 and 8.8, with an expenditure in 2021 equivalent to 0.01% of GDP.

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This report does not contain binding recommendations.

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