Entry and Exit Poverty Rates in Latin America: The Role of Labour Market and Social Policies

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Paper Prepared for the IARIW 33rd General Conference

Rotterdam, the Netherlands, August 24-30, 2014

Session 4B

Time: Tuesday, August 26, Afternoon

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Abstract

Latin America experienced a long period of sustained growth since 2003 that positively impacted social and labor market indicators, including poverty. This paper contributes to the understanding of this process as it carries out a comparative study of poverty dynamics in five Latin American countries during 2003-2012. It analyzes the extent to which countries with different levels of poverty incidence diverge in terms of poverty exit and entry rates, identifies the relative importance of the frequency and impact of events associated with poverty transitions and examines how these events affect households with different characteristics. For this, a dynamic analysis of panel data is carried out using regular household surveys. Sizeable rates of poverty movements were observed in all five countries and it was found that a large proportion of household experienced positive events, mainly related to the labor market; however, only a small fraction of them actually exited poverty. Demographic events and public cash transfers proved to be of little relevance; in particular, the latter did not contribute much either to intensify poverty exits or to prevent poverty entries. Households with children experienced more (less) negative (positive) events than those without children. It appeared therefore that even when the economy behaved reasonably well at the aggregate level, high levels of labor turnover and income mobility (even of a negative nature) still prevail, mainly associated with the high level of precariousness and the undeveloped system of social protection that characterize the studied countries.

Keywords: Labor market, Latin America, Poverty dynamics, Social policy
JEL: I32, I38, J68, O54

1 Introduction

Latin America experienced a period of relative high economic growth since 2003 as per capita GDP increased at an average annual rate of 2.9% between 2003 y 2012,[1] an unprecedented pace for such a long period in the region. This performance had a positive impact on social and labor market indicators as well as on income distribution. Less inequality and higher incomes resulted in lower rates of poverty and extreme poverty and a decrease in the number of poor people. These improvements are in contrast to the situation in the eighties and nineties. However, despite the progress achieved during this period of economic expansion, 28% of Latin American people still lived in poverty in 2013, and 12% lived in extreme poverty according to ECLAC (2013) methodology.

The factors associated with the level and evolution of poverty in individual countries have been the subject of an extensive amount of research. A number of studies have also been carried out to compare levels and changes of employment, inequality and poverty among Latin American countries. However, few studies have been conducted on poverty dynamics in individual countries in the region. In particular, the factors related to poverty transitions have received a limited amount of attention

An analysis of the nature and intensity of poverty dynamics is important for policy design because even when the overall level of poverty is low or remains unchanged, a large number of households may be exiting and entering poverty. Furthermore, analyzing poverty transitions contributes to an understanding of the ways in which events that trigger entry into or exit from poverty are exclusively related to the labor market, to changes in household composition or to specific public policies. Changes in poverty levels do not behave randomly; rather, they differ

[1] This period includes 2009, when the effect of the international crisis led to a reduction of 2.4% in per capita GDP.

significantly between households with different characteristics, and this fact must also be taken into account.

The aim of this paper is to update the study on poverty dynamics in five Latin American countries previously published (Beccaria et. al, 2012) which was the first identified analysis of comparative poverty dynamics among Latin American countries.[2] In particular, the objectives are (1) to estimate the role of the labor market, non-labor incomes and changes in household size in transitions into and out of poverty; (2) to evaluate whether the observed differences in household poverty flows can be mostly related to differences in the probability of certain types of events or by the variable impacts of these events; and (3) to evaluate the differences in poverty dynamics between households with and without children.

The number of longitudinal surveys of Latin American countries that can be used to follow households over a long period of time is limited. However, household surveys with rotating samples can be used to construct panels of households that were interviewed in at least two successive periods. Five countries, Argentina, Brazil, Costa Rica, Ecuador and Peru, were selected for the analysis on the basis of the availability of this type of data. This selection of countries offers a varied picture of poverty incidence in the region. At the same time, this group of countries showed the same positive behavior that Latin America as a whole but grew faster: their average per capita GDP increased 4.1% per year between 2003 and 2012 which compares with 3.4% for the average of Latin America. Similarly, and according to ECLAC figures, average poverty incidence rate in the urban areas for the five countries fell at a faster pace: from 38% in

[2] There are, however, several comparative studies of Latin American countries on income mobility, a subject related to that of poverty mobility. Fields et al. (2007) is one of them, and references are there made to at least two other comparative studies. Fields and his associates have analyzed panel data for several Latin American Countries exploring income mobility pattern, finding that in most cases (countries and periods) convergence prevails (i.e. income grows more for those with initial less income).

2002 to 16 % in 2012, while for Latin America the figures are 38% and 23% respectively.[3] If Argentina is excluded from the five countries, the intensity of the improvements of the selected cases come somewhat closer to the Latin America average (3.9% regarding GDP growth, and the poverty incidence rates fell from 36% to 19%).[4] Such behavior during the first decade of this century has resulted in a situation in which poverty rates in Latin America have been lower in recent years than in the beginning of the nineties.

The next section describes the data sources used. Section 3 presents the approach and methodology. Section 4 focuses on the dynamics of poverty; the transition matrix was first estimated, and then the factors directly associated with exit and entry rates were calculated. Section 5 presents final remarks.

2 Data Sources

The data used in this research came from regular household surveys carried out by the national statistical institutes of the selected countries. The data focus on labor market variables, but they also include information on other social and demographic household characteristics. To identify possible factors associated with shifts into and out of poverty, databases must identify the poverty status of each household and individual as well as other relevant socio-economic and demographic information measured at different points in time.

The number of longitudinal surveys of Latin American countries that follow households over a long period of time is limited.[5] For this study, however, dynamic data were constructed

[3] In all cases, non-weighted averages. For some countries, figures do not exactly correspond to 2002 or to 2012 but to years near to them.

[4] At the beginning of section 4 data on poverty rates for each country is included.

[5] Apart from the case of Peru to be mentioned below, the only exception was the *Encuesta de Caracterización Socioeconómica* (CASEN Panel) from Chile. This survey initially provided observations of households in five-year intervals (1996, 2001 and 2006). Thus, it is a highly valuable source of information for medium- and long-term occupational and welfare changes, but it is not quite adequate for the analysis presented in this article because most

using the rotating sample scheme of household surveys. With these data, the households that stayed in poverty and those that left it during the "n" periods in which the households remained in the sample can be determined.[6] As will be indicated below, the only case with panel surveys, albeit relatively short, is Peru. Those surveys include household information based on a probabilistic two-stage sample that is divided into groups that joined and groups that left the sample during different time periods.

The Argentinean data were taken from the *Encuesta Permanente de Hogares* (EPH), which was conducted by the *Instituto Nacional de Estadística y Censos* (INDEC). For Brazil, micro-data from two surveys, the *Pesquisa Mensal de Emprego (PME)* and the *Pesquisa Nacional por Amostra de Domicilios (PNAD)*, both of which were conducted by the *Instituto Brasileiro de Geografia e Estadistica (IBGE)*, were used. Given that the PME only collects information about labor income, non-labor income was imputed to estimate total family income and the poverty status of households. Machado and Perez Rivas' (2010) methodology[7] was used with microdata from the PNAD.[8] For Costa Rica, the *Encuesta de Hogares de Propósitos Múltiples* (EHPM), conducted by the *Instituto Nacional de Estadística y Censos* (INEC), was used; for Ecuador, the *Encuesta Nacional de Empleo, Desempleo y Subempleo* (ENEMDU), conducted by the *Instituto Nacional de Estadística y Censos* (INEC), was used. For Peru, data from a panel built from a sub

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of the analyzed events affect household poverty status in the short term. After 2006 the survey was carried out annually but the microdata are not available.

[6] A limitation of panel data is that the proportion of households that are actually interviewed in two successive periods may be less than expected according to the sample rotation scheme due to attrition, which can introduce sample bias if attrition is not random. However, not enough information was available for all countries to discern between the loss of data associated with the survey rotation scheme and the loss of data from sample attrition. This inability prevented us from applying an attrition bias correction for all countries.

[7] Adapted from Elbers, Lanjouw and Lanjouw (2003). This procedure was possible because the survey questionnaires are similar and the size and representativeness of the sample are nearly identical for metropolitan areas.

[8] PNAD was not carried out in 2010, therefore, transitions between 2009 and 2010, and also between 2010 and 2011 could not be estimated.

– sample of the *Encuesta Nacional de Hogares* (ENAHO)-*Panel*, the regular household survey conducted by the Instituto Nacional de Estadística e Informática (INEI), were used.

To obtain a comparable dataset for each country, transitions were defined for a one-year interval between observations. The data cover the following years: 2003-2012 for Argentina and Brazil, 2006-2009 for Costa Rica, 2004-2012 for Ecuador and 2002-2006 for Peru. Because not all the surveys are nationally representative and given that poverty and labor markets in rural areas and urban centers can behave differently, the analysis was restricted to urban areas.

3 Approach and Methodology

The absolute criterion for identifying poverty seemed to be more appropriate than a relative criterion for Latin America, as there is plenty of evidence that a substantial proportion of people in the region still lack the resources needed to satisfy basic needs. Thus, the "income approach" was employed; households were identified as poor if their total income was below some poverty line.[9] This line is the value of a normative basket of goods and services that allows the satisfaction of basic needs.[10]

At least the following alternatives of specific poverty lines were available for the five selected countries: those calculated by ECLAC,[11] lines estimated by national agencies (usually employed for official estimates of poverty incidence) and those computed by the World Bank (U$S1.25 for extreme poverty –and the double for poverty– at 2005 Purchasing Power Parity); however, only the first and the third explicitly contemplate the issue of international

[9] Given that household surveys do not inquire intra – household distribution of income (or expenditure), the household itself is the unit of analysis –i.e. that to be identified as poor or non – poor. When a household's total income is lower than the poverty line corresponding to this household (i.e. given its size and composition), the household is classified as poor and all of its members are also considered as poor.

[10] The extensive literature on poverty measurement methods has also pinpointed various theoretical and empirical difficulties. See, for example, Feres (1997), Ravallion (1994) and Rio Group (2006).

[11] Estimates are usually disseminated through *Social Panorama*, an annual institutional publication.

comparability. In this paper we considered the normative budgets employed by ECLAC to regularly estimate the incidence of poverty in Latin American countries.[12] ECLAC's methodology is consistent with the theoretical underpinnings of the absolute poverty line approach. Each poverty line accounts for specific consumption patterns and reflects the amount of local currency needed to buy a basket of goods and services that satisfies the same set of basic needs in each country.[13] According to Sen's conceptualization, although different goods and services may be consumed in each country, the different poverty lines should be nearly equal in terms of capabilities.[14] There have been controversies on the most adequate approach to compare poverty measures at the international level: those methodologies such as that used by ECLAC that take into account specific national aspects or the norm established by the World Bank, as each of them presents advantages and shortcomings.[15] In any case, the exercise to be developed here also considers an upper and a lower bound centered in the value of the poverty line.

The dynamics of poverty in developed countries have received a considerable amount of research attention.[16] Previous studies have focused on long spells of poverty, poverty traps, or the difference between chronic and transient poverty. A number of studies have also attempted to identify the factors that drive the process whereby a household becomes poor, exits poverty, or

[12] The lines used for the official national estimates were employed in Argentina, as the level of ECLAC budgets appeared too high. Moreover, due to the clear underestimation of the variations of the official Price Consumer Index since 2007 (which is used by INDEC to update the value of the poverty line), the evolution of the average of the PCIs corresponding to nine provinces (and estimated by their statistical bureaus) was used to update the figures since January of that year.

[13] In an Annex of Beccaria et al. (2010) further details of ECLAC's method are presented.

[14] For a discussion of this topic, see Sen (1983 and 1985).

[15] See, for example, the discussion in the September issue of **In Focus** a publication of UNDP's International Poverty Centre that includes articles by T.N Srinivasan, M. Ravallion and N. Kakwani (among other authors). In some of these papers, and also elsewhere (ECLAC, 2006), it is also mentioned that the World Bank lines appear as too low for most Latin American countries; furthermore, the relationship between poverty incidence computed by using these lines and GDP is rather weak.

[16] For example, Lillard and Willis (1978), Bane and Ellwood (1986), Jenkins and Schluter (2001), Canto *et al*. (2007), Ruggles and Williams (1987), McKernan and Ratcliffe (2002), Ballantyne *et al*. (2004), Stevens (1999), Jenkins and Rigg (2001), Devicienti (2001), Biewen (2006), Arranz and Cantó (2007) and Aassve *et al.* (2005).

remains in poverty for a long period of time, while others have used structural models that relate economic and household demographic decisions to poverty dynamics.

This study estimates poverty entry and exit rates in relation to household events and compared five Latin American countries.[17] We followed Bane and Ellwood's approach by only considering observed episodes directly associated with poverty entry and exit; no attempt was made to analyze family arrangements or strategies that could have led to such episodes. The short observation window, even for households that were followed for the entire period during which they were part of the survey, is a major limitation for attempts to estimate more structural models. Some of the identified events could have been the result of other events associated with the observed transition.[18] Consequently, because events could have been endogenous, *they were not interpreted as transition factors—exogenous events—but as events associated with transitions.*[19] However, because a household becomes poor when its income per adult equivalent (ipae), defined as the total household income divided by the number of equivalent adults in the household, falls below the poverty line per adult equivalent, either the numerator or the denominator must change for a household to enter or exit poverty. This transition occurs when a household experiences at least one of the types of events identified in this study. We only considered episodes associated with poverty entry and exit; those that could have *prevented* a transition were not considered.

Identifying which of the situations experienced by households were associated with poverty transitions was difficult because an individual can experience multiple events simultaneously. In

[17] Studies of the poverty dynamics in individual Latin American countries include those by Beccaria and Maurizio (2009), Cruces and Wodon (2003), Herrera and Roubaud (2007), Machado and Perez Ribas (2010), Maurizio *et al.* (2009), Paz (2005), Perez Ribas and Machado (2007), Baulch and Hoddinott (2000), Neilson *et al*. (2008), Slon and Zúñiga (2006).

[18] For example, an event leading to a rise in the income per adult equivalent (ipae) could give rise to another episode that also causes the ipae to rise. In our analysis, both factors were assumed to occur simultaneously.

[19] Moreover, the available information does not provide adequate instruments to address the problem of endogeneity.

this study, an exhaustive list of mutually exclusive events was built. However, categories that combine two or more events were also considered to cover all (i.e., 100% of) possible cases. In order to illustrate the classification of events, we can consider the situation of a household leaving poverty. Such transition occurs if its total nominal income rises, if the households' size falls, or due to a combination of both episodes leading to an increase in the ipae. These changes are the consequence of different events experienced by the members of the households. The rise in a household's total nominal income can be the result of one member getting a job or facing a wage increase while, for example, the death of one of them leads to a smaller household size.

Therefore, we first distinguish between the latter type of events –of demographic character– and the others. Among non-demographic events, we consider in the first place those exclusively related to labor market events (e.g. changes in the number of employed members, changes in the number of working hours, changes in hourly earnings) or to non-labor income events (e.g. changes in income from pensions or in transfers, especially those related to social policies). We also take into account those episodes affecting simultaneously labor and non-labor incomes. However, some events lead to an exit from poverty by affecting both, the nominal income and the size of the household –e.g. the arrival of an employed person to the household that could increase the nominal ipae; hence, this type of events are considered as demographic events leading to labor or non-labor income changes. The procedure is similar for entries to poverty.

Following table lists the events that could trigger exits (entries) from (to) to poverty according to this definition and provides an example of each.

Event	Description	Example
Non-demographic events (the number of members in the household does not change).		
I	**Exclusively labor income events.**	
1.	Growth (reduction) in the number of employed persons not linked to an entry (exit) of labor income earners to (from) the household, maintaining the total number of household members.	A member of the household that was unemployed or out of the labor force (employed) starts working (becomes unemployed or leaves the labor force).
1.1.	Growth (reduction) in the number of members who are registered wage earners.	A member of the household that was unemployed or out of the labor force (employed as a registered wage earner) finds a job as registered wage earner (becomes unemployed or leaves the labor force).
1.2.	Growth (reduction) in the number of members who are non-registered wage earners.	A member of the household that was unemployed or out of the labor force (employed as a non-registered wage earner) finds a job as non-registered wage earner (becomes unemployed or leaves the labor force).
1.3.	Growth (reduction) in the number of members who are non-wage earners.	A member of the household that was unemployed or out of the labor force (employed as independent worker) findes a job as independent worker (becomes unemployed or leaves the labor force).
2.	Growth (reduction) in total hourly wage of members employed in both observations, maintaining the total number of household members and worked hours.	A member of the household receives a wage increase (reduction): she/he earns more (less) working the same amount of hours).
3.	Growth (reduction) in the number of working hours of members employed in both observations, maintaining the total number of household members and hourly wage.	A member of the household earns more (less) because she/he works more (less) hours.
4.	Growth (reduction) in the number of working hours and in the total hourly wage of members employed in both observations, maintaining the total number of household members.	One or more employed members of the household receive an hourly wage increase (reduction) and work more (less) hours.
5.	Growth (reduction) in the total monthly wage of members employed in both observations and in the number of employed members, not linked to an entry (exit) of labor income earners to (from) the household, maintaining the total number of household members.	A member of the household that was unemployed or out of the labor force (employed) starts working (becomes unemployed or leaves the labor force) and one member who already worked received an increase (reduction) in her/his wage.
II.	**Exclusively non-labor income events**	
6.	Growth (reduction) in the income from pensions not linked to the entry (exit) of pension recipients to (from) the household. The total number of household members remains constant.	A member of the household receives an increase (reduction) in her/his pension.
7.	Growth (reduction) in public monetary transfers (social policy) not linked to the entry (exit) of recipients to (from) the household. The total number of household members remains constant.	A member of the household receives an increase (reduction) in her/his from a cash transfer program.
8.	Growth (reduction) in other non-labor incomes not linked to the entry (exit) of non-labor income earners to (from) the household. The total number of household members remains constant.	A member of the household receives more (less) money from remittances from abroad.
III.	**Labor and non-labor income events**	
9.	Growth (reduction) in labor and non-labor incomes not linked to an entry (exit) of labor or non-labor income earners to (from) the household, maintaining the total number of household members.	An employed member of the household receives a wage increase (reduction) and a retired member of the household receives an increase (reduction) in her/his pension.
Demographic or combination events (the number of members in the household changes).		
IV.	**Exclusively demographic events**	
10.	Reduction (growth) in the total number of household members; the total nominal income remains constant.	A member of the household who has no income marries and leaves. (A baby is born to the family.)
V.	**Demographic events leading to income changes**	
11.	Growth (reduction) in the number of labor or non-labor income earners due to the fact that some members enter (exit) the household.	A (new) member who works and has an income arrives to (leaves) the household.
VI.	**Combination of demographic and income events**	
12.	Growth (reduction) in total nominal income (irrespective of the source of income change) and reduction (growth) in the number of household members.	A member of the household receives a wage reduction (increase) and a baby is born to the household (a member of the household dies).
VII.	**Events not classified**	

By constructing mutually exclusive events, the distribution of poverty transitions associated with particular events could be estimated. The entry (S_1) and exit (S_2) rates were defined as the probabilities of moving from state i/j in period "t" to state j/i in "t+1", and the states were "poor" and "non-poor". Assuming that the sample space was partitioned among R mutually exclusive events, the probability of moving from state "i" to state "j", S_{ij}, was equal to the sum of the probabilities of transition associated with each event:

$$P(S_{ij}) = \sum_{r=1}^{R} P(S_{ij}, E_r) \qquad [1]$$

where

S_{ij} indicates a transition from state "i" in period "t" to state "j" in period "t + 1" ; i≠j;

E_r indicates the occurrence of event "r"; and R: 1, 2,…,R.

Following Jenkins and Schluter (2001), this distribution can be decomposed into two factors: the probability that the at-risk population (in the case of exits from poverty, poor households) experiences such an event and the probability that the event triggers poverty entries or exits, conditional on the [previous] occurrence of the event (conditional probability). This probability can be written as

$$P(S_{ij}) = \sum_{r=1}^{R} P(S_{ij} \mid E_r) P(E_r) \qquad [2]$$

4 Poverty Dynamics in Five Latin American Countries

As indicated, this section analyses poverty dynamics and the events associated to the identified movements. Before that, and in order to place that discussion into a broad perspective, it is worth briefly mentioning how the selected countries behaved in terms of poverty incidence. In the Introduction, it was indicated that the average of the five cases here studied followed the general

trend experienced by Latin America in terms of poverty rates although the improvement among them was larger;[20] data on Table 1 showed that all countries reduced their figures of relative incidences, being Argentina and Brazil the cases with the larger fall and Costa Rica that with the less intensive reduction (although the available series is shorter than those for other countries). Furthermore, there are no important differences between changes in rates computed in terms of persons or of households and, also, that panel data (those to be used to measure poverty dynamics) reproduce reasonable well the differences of the incidence rates of the cross section data.

4.1 Transition Matrix

The entry rates were computed as the share of non-poor households in year "t" that became poor in year "t+1". The exit rates were then the share of poor households in year "t" that became non-poor in year "t+1". The entry and exit rate averages for the respective periods under consideration, shown in Table 2, indicate the importance of the poverty flows, even in low incidence countries such as Costa Rica.

As expected, the probability of being poor in a given period was strongly conditioned by the situation during the previous observation; poverty in the current period was more likely for households that were poor in the previous period. However, more information is necessary to make conclusive statements about true dependence on the initial state.

There is a reasonable positive relationship between the incidence of poverty and entry rates and a negative correlation between poverty and exit rates. In particular, Argentina, Costa Rica

[20] It should be remembered that figures on poverty rates included in the Introduction are those from ECLAC for 2003 and 2012, while in Table 1 authors´ estimates are included and they refer to different specific periods.

and Brazil are those countries with the lowest poverty incidence and exhibit both the lowest entry rates and the highest exit rates.

Table 2 also presents the transition matrices for households with and without children separately. Higher poverty rates among households with children were due to both higher entry rates and lower exit rates, amounting to longer episodes of poverty.

4.2 Factors directly associated with exit rates

General Overview

This section focuses on an analysis of events associated with poverty exits, using the decomposition stated in equation [2]. The factors directly associated with exits are examined first because, as seen above, the level of poverty in these countries declined during the study timeframe.

Table 3.A presents poverty exit rates disaggregated by the types of event experienced by households. The results, presented in column 3, are the product of the frequency of each of these events (column 1) and the conditional probability of exiting poverty when the event occurs (column 2).

An important finding is that, in all countries, a high proportion of the initially poor households experienced a positive event that had the potential to lift them out of poverty (column 1). This positive finding is at least partly linked to specific characteristics of the analyzed period, during which economic growth and poverty reduction prevailed. However, of the households that experienced a positive event, no more than approximately 50% of them actually exited poverty. Thus, high rates of poverty appear to be unrelated to the occurrence of too few positive events; rather, these high rates occur because these events are not strong enough to allow families to escape poverty (column 2).

The observed differences in exit rates among countries are, to a large extent, a reflection of differences of the conditional probability, given that poor households in all the countries analyzed faced more similar odds of experiencing a positive event. One reason for this finding is that the poverty gap tends to be larger in countries with a higher poverty rate, making it more difficult to exit poverty even after experiencing an increase in household income.

The events exclusively related to the labor market were the most relevant among those associated with poverty exits (Table 3.A, column 3). The second most important group of events was related to the combined growth of non-labor and labor incomes. Thus, the labor market has clearly played an important role in the improvement of household living conditions in recent years through both exclusively labor market events and those accompanied by increases in non-labor income. Together, these account for 50-70% of the exit rates in the countries during the period of study. Depending on the country, these events were followed in importance by exclusively non-labor income events, as was the case for Brazil Argentina and Costa Rica, or those that combined demographic and income events, as in Ecuador and Peru.

Exclusively demographic events, a reduction in the number of household members, had a low effect on changes in poverty in all of the countries. This finding is consistent with those of other studies, which generally concluded that changes in income or in the number of employed household members were the events most frequently associated with exits from poverty, while changes in household size were less important.[21] This result is not surprising because the yearly observation window is likely too short to observe household demographic changes and such events are typically less frequent.

Given the important role of the labor market in transits out of poverty, the events associated with these changes deserve more attention. The most frequent were either wage growth

[21] For example, Bane and Ellwood (1986) and Ruggles and Williams (1987).

(Argentina, Costa Rica and Ecuador) or a rise in the number of employed household members (Brazil and Peru) (Table 3.A). Regarding the latter, the additional employed members most commonly acquired (column 1) are wage earning jobs that were not registered in the social security system in Argentina, Ecuador and Peru, registered wage earning jobs in Brazil and non-wage positions in Costa Rica. Except in the latter case, the relative importance of these events is the same in terms of exit rates. Therefore, exits derived from an increase in the number of employed members obtaining self-employed and non-registered wage earning jobs explain most of the increases in the number of employed members in initially poor households that exit poverty.

A rise in income from pensions was the most important non-labor event in Argentina, Brazil and Costa Rica, while an increase in other non-labor income was more frequent in Ecuador and Peru. The second type mostly includes donations from one household to another. In Ecuador, in particular, these were generally remittances from migrants working in foreign countries, an expected result given the importance of this type of income flow in this country.

Another important finding is that public transfers played almost no role in explaining exits from poverty. This finding is particularly worrisome given the presence and extension of conditional cash transfers (CCTs) such as *Bolsa Familia* in Brazil, *Programa Jefes* in Argentina, *Plan Juntos* in Peru, *Bono de Desarrollo Humano* in Ecuador and *Avancemos* in Costa Rica in recent years. Only in this last country the share of households receiving monetary transfers is higher than those of the other non-labor events, but its conditional probability was low. We mention possible explanations for this result below.

Decomposing the exit probabilities according to equation [2], poverty exits were more associated with higher frequencies of either simple or combined labor events than with the

frequencies of other types of events (column 1). To a lesser extent, exits linked to labor events also had a relatively high conditional probability given occurrence of the event (column 2).

The importance of wage increases for poverty exits are related to the higher frequency of this event relative to other events, whereas the conditional probability of exiting poverty following this event was similar than the odds of exiting poverty when a household member gets a job, except in the case of Brazil.

It is important to highlight the differences in this decomposition depending on the type of job found. We previously indicated that obtaining a non-registered job is a relevant event for poverty exits. In particular, members of poor households are much more likely to obtain non-registered jobs than registered ones. This result is extremely important because getting a registered job is associated with a higher probability of exiting poverty than other types of employment in every country studied, given higher average wages for registered jobs. For example, a member of a poor household in Argentina who finds a registered job is nearly three times more likely to bring a household out of poverty than one who finds a non-registered job. This occurrence clearly shows that labor precariousness and informality reduce opportunities to escape poverty in Latin America.

Public cash transfers appear to be relatively unimportant for poverty exits because this type of event was not as frequent as others and because of its lower conditional probability. Different factors could explain the measured scarce role of public transfers in exits from poverty. First of all, this type of income flow could be underreported in surveys. Furthermore, as mentioned earlier, non-labor income in Brazil was imputed with information from PNAD; thus, the households that actually received cash transfers were not identified. Thus, the impact of this type of income on poverty transitions may have been underestimated. Second, as indicated in previous

studies these transfers more effectively reduce extreme poverty than poverty,[22] the variable analyzed in this study, as the amount of the transfer is rather small. At the same time, in some cases, the cash transfer programs are of limited coverage.

Third, our analysis only considered urban areas, while some programs are focused in rural areas. Fourth, the time period is also important because some of the CCTs in these countries began recently, and the panels built for this study were unable to capture them. Other programs also started well before the timeframe of the current study, making it unlikely that the data captured new entries into the program. Furthermore, households that benefited from these programs saw their incomes increase when they entered these programs but not necessarily during the period under study. Fifth, until now, we have only analyzed the association between these transfers and aggregate exit rates, but CCTs in the region generally focus on households with children. Finally, one aspect of the methodology could also explain these findings. The analysis was based on an exhaustive list of mutually exclusive events. Thus, the identified role of CCTs resulted from the frequency and conditional probability of experiencing only an increase in the amount of this type of income. If another source of income had also changed between observations, these changes were classified together as a combined event, reducing the visibility of these public transfers.

Households with and without children

As mentioned, the incidence of poverty in households with children are higher than that in households without children, and this phenomenon has been linked to lower exit rates and higher entry rates.

[22] See, for example, Perez Ribas *et al*. (2008), Villatoro (2008), ILO (2009), Perova and Vakis (2009) and Vera Soares *et al*. (2006).

The results suggest that events solely related to the labor market were the most important factors for households with and without children (Table 3.B and 3.C). In all cases, their relative importance was greater for households with children. The opposite is true for non-labor events, which were important for households without children, a situation associated with the increase in pension incomes in Argentina, Brazil and Costa Rica. This result seems reasonable given that elderly household members are less likely to have young offspring and that these households are also more likely to experience an increase in pension income. In Peru and Ecuador, the increase in other non-labor income was the most significant non-labor event for households without children.

The relative importance of the increase in the number of employed members vis-à-vis the rise in wages was higher for households without children than for those with children. This result could, at least in part, be linked to differences in household composition between these two groups; the first group of households was more likely to include young individuals entering the labor market.

As mentioned, changes in household size were relatively unimportant for poverty exits. This result holds for both types of households.

One important factor from the decomposition of the exit rates from poverty is that the conditional probabilities associated with each type of event were systematically higher for households without children, whereas the proportion of poor households experiencing some event was similar for both types of households. Therefore, the first of these two factors explains much of the difference in exit rates between these groups.

4.3 Factors directly associated with entry rates

General Overview

Table 4.A shows the factors associated with poverty entries. A high share of non-poor households experienced negative events that reduced their ipae by between 36% and 67%. These events led to a fall into poverty in approximately 20 /30% of cases, thus explaining the large flows into poverty previously mentioned. Hence, a non-negligible group of households moved into poverty even when poverty incidence was declining, as in the 2000sin the analyzed countries. This result also stresses the importance of analyzing poverty flows that underlie static indicators of poverty incidence.

Unlike the case for exit rates, the most important differences between the countries was more related to the frequency of events, while the conditional probabilities show less disparities.

As was the case for exits from poverty, exclusively labor events were the most common source of poverty entries; between 30 and 50% of movements into poverty coincided with a negative labor event, such as a job loss or a decrease in labor incomes or working hours (column 3). The only exception was Brazil, where this proportion was only 20%, and most entries were related to declines in non-labor income. Reductions of both labor and non-labor income were also significant in some of the countries.

Exclusively demographic events were also relatively unimportant for poverty entries, but they appeared to play a larger role than that played for exits. In this context, demographic events seemed to be somewhat more significant in Ecuador. As was the case for exits, changes in income from cash transfer policies -reductions in this case- played no role for entries into poverty.

The reduction in hourly wages was the most frequent event among exclusively labor events in all countries. However, the conditional probability of entering poverty following a job loss was, as expected, significantly higher than, the conditional probability associated with a reduction of labor income. In fact, in Argentina, Brazil and Peru, the greater impact of leaving an

occupation was strictly due to the fact that a decline in household income following such an event was greater than the loss of income resulting from a decline in wages.

Again, occupation type must also be considered when analyzing entry rates. Specifically, the high frequency at which non-registered and self-employed jobs were lost by members of non-poor households suggests that this type of employment was both more common and more unstable than registered occupations.

Households with and without children

An interesting result appeared when comparing poverty entries for households with and without children: no substantial difference in the total frequency of events for each household type was observed (Table 4.B and Table 4.C). However, as was the case of exits, the impacts of these events (i.e., the conditional probability) on poverty entries differed substantially. In particular, the probability of entering poverty given the occurrence of a negative event in a household with children was approximately 10 p.p. higher than that for all other households.

Labor market events were the most important factor for both types of families. Nevertheless, as was the case for exits from poverty, these were more relevant for households with children, while non-labor income and demographic events were more important in households without children. Again, this result could be associated, at least in part, with the fact that among the latter group it is more likely to find young and elderly people, with more probability of being out of the labor market.

5 Final remarks

This document had three objectives: (1) to estimate the role of the labor market, non-labor incomes and household size in transitions into and out of poverty; (2) to determine if the

observed differences in household poverty flows could be mostly associated with differences in the probability of certain types of events or by the differing impacts of these events, that is, the conditional probability that their poverty status would change after a given event occurred; and (3) to determine how different poverty mobility behaves in households with and without children. The results of this study allow us to draw the following conclusions.

In methodological terms, the relevance of the dynamic analysis was confirmed not only for evaluating the intensity of poverty entry and exit flows but also for identifying the factors directly associated with these transitions. To do this, an exhaustive list of mutually exclusive (single or combined) events was defined and, then, the distribution of poverty transitions associated with particular events was estimated. This distribution, in turn, was decomposed into two factors: the probability that the at-risk population experiences such an event and the probability that the event triggers poverty entries or exits, conditional on the previous occurrence of the event.

Regarding the results, an important finding is that a high proportion of initially poor households in every country experienced a positive event that could help them exit poverty. However, only a small proportion of these households actually exited poverty, while the others experienced increases in income that were not sufficient to change their poverty status. This result suggests that the difficulty of exiting poverty is more related to the fact that the additional income is not sufficient to escape these situations than it is to the inability of household members to obtain new incomes, for example, by getting a new job.

Another relevant outcome is that events exclusively related to the labor market were the most important in every country in this study. In some countries, changes in the number of employed household members were more important, while income modifications were more important in other countries. However, labor precariousness was an important factor in each of the countries in this study. In particular, the jobs obtained by poor households were often not

registered in the social security system, implying a lack of social benefits and a considerably reduced positive impact on families' incomes, which further contributes to the ongoing phenomenon of the working poor.

The high levels of poverty movements in the region appeared to be directly linked to high occupational and wage instability. Households were frequently and negatively affected by macroeconomic and labor market cycles, while public policies that limit their negative effects or strengthen their positive effects appeared to be limited. Even when the economy behaved reasonably well at the aggregate level, the characteristics of the labor market still generated high levels of labor turnover, with negative consequence on well being given the undeveloped system of social protection.

When the events associated with entries into and exits from poverty were analyzed separately for households with and without children, the share of households experiencing a positive event that could lead to an exit from poverty was similar, but the effect on household income was much greater for households without children, increasing the odds that households in this group would exit poverty. For the case of entries, households with children were those that registered a higher probability of entering poverty after experiencing an event that reduced their income per adult equivalent. This result supports the idea that children in Latin America are among the most vulnerable, not only because their families are more likely to move into poverty when exposed to negative shocks but also because they do not have the necessary tools to quickly exit that situation.

Regarding policy recommendations, these results support an expansion and reshaping of antipoverty strategies, through labor market policies and other more universal approaches. Priority should be given to efforts that aim to prevent low and medium-low income workers from facing income-reducing events and mitigate their negative impacts. A central preoccupation of

these strategies should be, on the one hand, a reduction in the share of highly unstable informal and precarious employment and, on the other hand, an extension of the unemployment assistance.

Increasing the probability of leaving poverty should also be another important part of antipoverty policies. This involves addressing both the demand and the supply sides of the labor market to improve job quality. Wage levels must also be considered an objective because getting a job is no guarantee of leaving poverty, particularly when a large portion of jobs are informal. A higher minimum wage policy can be an effective tool, especially if it also affects wages in the informal sector.

Finally, countries must increase both the coverage and the amount of the public cash transfers, which are generally very low, and combine them with other labor and social protection policies, at least until the labor market generates enough jobs with incomes sufficient to enable poverty exits.

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Annex

TABLE 1
POVERTY RATES (%)

	Panel data		Cross section data	
	Households	Population	Households	Population
ARGENTINA				
2003	35,0	46,9	39,0	50,6
2004	26,5	36,4	31,2	41,8
2005	23,7	33,1	25,9	35,7
2006	17,1	23,8	20,5	29,0
2007	18,7	26,7	21,0	29,4
2008	14,2	21,3	17,0	24,3
2009	15,2	22,7	16,8	24,1
2010	14,0	21,4	15,8	22,9
2011	13,2	20,5	13,8	20,1
2012			12,3	18,4
BRAZIL				
2003	30,2	35,7	34,4	40,8
2004	28,2	33,8	32,2	38,3
2005	28,1	32,5	31,7	37,6
2006	25,2	30,4	29,0	34,8
2007	25,4	30,4	26,3	31,5
2008	19,7	23,2	23,0	27,3
2009			21,6	26,1
2011	15,4	20,7	16,8	20,0
2012			14,7	17,2
COSTA RICA				
2006	22,7	25,3	24,5	27,5
2007	19,0	20,9	19,9	22,1
2008	17,1	19,0	18,2	20,5
2009			19,2	21,6
ECUADOR				
2004	41,7	47,3	46,5	52,8
2005	35,4	41,2	41,9	48,4
2006	36,2	42,1	39,2	45,4
2007	31,6	37,5	37,2	43,0
2008	30,3	36,9	36,2	42,6
2009	33,7	39,6	38,2	44,2
2010	30,5	37,2	35,8	41,6
2011	28,5	35,2	33,0	38,7
2012			28,2	33,6
PERU				
2002	38,3	44,2	35,6	40,3
2003	35,3	42,5	28,5	33,4
2004	42,2	49,5	31,9	37,4
2005	45,4	50,7	34,6	41,3
2006	30,9	35,2	25,1	28,7

Source: Author`s elaboration bases on data from ECLAC and National Statistical Offices

TABLE 2
TRANSITION MATRICES

ARGENTINA

	All households	Households with children	Households without children
Remain non poor	0.934***	0.893***	0.961***
	[0.00234]	[0.00455]	[0.00244]
Non-poor to poor	0.0659***	0.107***	0.0395***
	[0.00234]	[0.00455]	[0.00244]
Poor to non-poor	0.395***	0.341***	0.572***
	[0.00962]	[0.0108]	[0.0194]
Remain poor	0.605***	0.659***	0.428***
	[0.00962]	[0.0108]	[0.0194]
Observations	31,309	31,309	31,309

BRAZIL

	All households	Households with children	Households without children
Remain non poor	0.888***	0.859***	0.904***
	[0.00185]	[0.00346]	[0.00215]
Non-poor to poor	0.112***	0.141***	0.0956***
	[0.00185]	[0.00346]	[0.00215]
Poor to non-poor	0.432***	0.326***	0.642***
	[0.00507]	[0.00590]	[0.00836]
Remain poor	0.568***	0.674***	0.358***
	[0.00507]	[0.00590]	[0.00836]
Observations	48,381	48,381	48,381

COSTA RICA

	All households	Households with children	Households without children
Remain non poor	0.910***	0.883***	0.938***
	[0.00646]	[0.0103]	[0.00755]
Non-poor to poor	0.0896***	0.117***	0.0617***
	[0.00646]	[0.0103]	[0.00755]
Poor to non-poor	0.414***	0.393***	0.451***
	[0.0223]	[0.0272]	[0.0386]
Remain poor	0.586***	0.607***	0.549***
	[0.0223]	[0.0272]	[0.0386]
Observations	2,689	2,689	2,689

ECUADOR

	All households	Households with children	Households without children
Remain non poor	0.834***	0.790***	0.879***
	[0.00528]	[0.00812]	[0.00650]
Non-poor to poor	0.166***	0.210***	0.121***
	[0.00528]	[0.00812]	[0.00650]
Poor to non-poor	0.304***	0.266***	0.431***
	[0.00812]	[0.00886]	[0.0178]
Remain poor	0.696***	0.734***	0.569***
	[0.00812]	[0.00886]	[0.0178]
Observations	27,040	27,040	27,040

PERU

VARIABLES	All households	Households with children	Households without children
Remain non poor	0.792***	0.746***	0.874***
	[0.00880]	[0.0116]	[0.0119]
Non-poor to poor	0.208***	0.254***	0.126***
	[0.00880]	[0.0116]	[0.0119]
Poor to non-poor	0.385***	0.367***	0.494***
	[0.0132]	[0.0141]	[0.0328]
Remain poor	0.615***	0.633***	0.506***
	[0.0132]	[0.0141]	[0.0328]
Observations	4,856	4,856	4,856

Standard errors in brackets
*** p<0.01, ** p<0.05, * p<0.1

TABLE 3.A
DECOMPOSITION OF THE EXIT RATES TO POVERTY. ALL HOUSEHOLDS 1/

Events		N°		ARGENTINA P(event) (1)	ARGENTINA P(S/E) (2)	ARGENTINA Exit (3)	BRAZIL 2/ P(event) (1)	BRAZIL 2/ P(S/E) (2)	BRAZIL 2/ Exit (3)	COSTA RICA P(event) (1)	COSTA RICA P(S/E) (2)	COSTA RICA Exit (3)	ECUADOR P(event) (1)	ECUADOR P(S/E) (2)	ECUADOR Exit (3)	PERU P(event) (1)	PERU P(S/E) (2)	PERU Exit (3)
NON DEMOGRAPHIC			**TOTAL LABOR EVENTS**	**33,15**	**47,76**	**15,83**	**30,7**	**39,2**	**12,0**	**32,8**	**56,3**	**18,4**	**36,0**	**38,4**	**13,8**	**27,6**	**42,6**	**11,8**
	I - Exclusively labor income events	**1**	Reduction in the **number of employed** members	4,2	43,7	1,8	6,7	46,3	3,1	4,9	49,0	2,4	3,1	34,8	1,1	6,0	38,2	2,3
		1,1	Reduction in the number of **registered wage earners**	0,7	88,1	0,6	2,8	59,3	1,7	1,3	92,9	1,2	0,5	57,7	0,3	0,8	55,4	0,4
		1,2	Reduction in the number of **non-registered wage earners**	2,3	30,7	0,7	2,3	34,3	0,8	1,0	16,3	0,2	1,5	29,7	0,4	2,8	34,5	1,0
		1,3	Reduction in the number of **non-wage earners**	1,2	42,3	0,5	1,6	41,0	0,7	2,6	39,8	1,0	1,1	30,2	0,3	2,4	36,6	0,9
		2	Reduction in total **hourly wage** of members employed in both observations	11,9	42,8	5,1	11,7	24,1	2,8	11,4	48,8	5,5	11,7	35,7	4,2	5,8	35,6	2,1
		3	Reduction in the number of **working hours** of members employed in both observations	3,1	31,7	1,0	2,1	15,0	0,3	2,4	3,7	0,1	3,0	18,5	0,6	3,8	30,1	1,1
		4	Reduction in the number of **working hours** and in the total **hourly wage** of members employed in both observations	7,7	46,1	3,6	4,4	42,7	1,9	6,5	48,5	3,1	8,5	40,5	3,5	4,9	51,3	2,5
		5	Reduction in the total **monthly wage** of members employed in both observations and in the number of **employed members**	6,2	70,4	4,3	5,8	67,4	3,9	7,6	95,6	7,3	9,6	47,2	4,5	7,1	52,7	3,7
			TOTAL NON-LABOR EVENTS	**10,7**	**44,8**	**4,8**	**15,5**	**69,3**	**10,8**	**15,2**	**25,4**	**3,9**	**6,8**	**39,8**	**2,7**	**3,6**	**32,7**	**1,2**
	II - Exclusively non-labor income events	**6**	Reduction in the **income from pensions**	6,1	59,9	3,7	12,8	78,1	10,0	5,5	29,9	1,6	1,1	63,4	0,7	0,2	57,0	0,1
		7	Reduction in **public monetary transfers** (social policy)	2,0	2,0	0,0				5,9	14,9	0,9	0,9	19,0	0,2	0,1	0,0	
		8	Reduction in other non-labor incomes	2,6	41,4	1,1	2,8	29,0	0,8	3,8	34,7	1,3	4,9	38,5	1,9	3,3	32,5	1,1
	III - labor and non-labor income events	**9**	Reduction in labor and non-labor incomes	17,6	59,2	10,4	14,6	72,0	10,5	14,4	61,7	8,9	15,8	41,5	6,6	13,0	64,9	8,4
DEMOGRAPHIC & COMBINED EVENTS	IV Exclusively demographic events	**10**	Growth in the total **number of household members**; the total nominal income remains constant	4,9	13,3	0,6	3,4	27,9	0,9	4,0	35,5	1,4	3,7	27,1	1,0	6,2	21,2	1,3
	V - Demographic events leading to income changes	**11**	Reduction in the number of labor or non-labor income earners due to the entrance of members to the household	1,4	41,5	0,6	1,9	48,6	0,9	1,5	55,9	0,8	0,5	24,6	0,1	2,1	39,5	0,8
	VI - Combination of demographic and income events	**12**	Reduction in the **total nominal income** and growth in the **number of household members.**	6,3	59,9	3,8	4,4	79,5	3,5	4,0	68,9	2,7	4,6	64,6	2,9	8,5	68,9	5,9
	VII - Events not classified			7,4	47,0	3,5	6,5	70,6	4,6	9,3	56,4	5,3	5,5	33,8	1,9	10,7	62,0	6,6
	TOTAL HOUSEHOLDS WITH EVENTS			81,3	48,6	39,5	76,9	56,2	43,2	81,1	51,1	41,4	72,8	39,8	29,0	71,6	50,2	36,0
	TOTAL HOUSEHOLDS WITHOUT EVENTS			18,7	0	0,0	23,1	0	0	18,9	0		27,2	5,0	1,4	28,4	3,6	1,0
	TOTAL HOUSEHOLDS			100,0	0	39,5	100	0	43,2	100	0	41,4	100	0	30,4	100,0	0	37,0
	TOTAL NUMBER of HOUSEHOLDS WITH EVENTS			1.951.506	0	0	4.363.983	0	0	64.888	0	0	2.259.462	0	0	3.237.279		
	TOTAL NUMBER of HOUSEHOLDS WITHOUT EVENTS			448.669	0	0	1.309.712	0	0	15.119	0	0	844.749	0	0	1.280.932		
	TOTAL NUMBER of HOUSEHOLDS			2.400.175	0	0	5.673.695	0	0	80.007	0	0	3.104.211	0	0	4.518.211		

1/ Decomposition based on equation (2)

2/Metropolitan areas of Recife, Salador, Belo Horizonte, Rio de Janeiro and Porto Alegre

Note: all estimations are significant at 1%

Source: Authors' elaboration based on data from national household surveys

TABLE 3. B

DECOMPOSITION OF THE EXIT RATES TO POVERTY IN HOUSEHOLDS WITH CHILDREN 1/

Events		N°		ARGENTINA			BRAZIL 2/			COSTA RICA			ECUADOR			PERU		
				P(event)	P(S/E)	Exit	P(event)	P(S/E)	Exit	P(event)	P(S/E)	Exit	P(event)	P(S/E)	Exit	P(event)	P(S/E)	Exit
				(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
NON DEMOGRAPHIC	I - Exclusively labor income events		**TOTAL LABOR EVENTS**	**35,5**	**43,5**	**15,4**	**35,9**	**33,3**	**12,0**	**38,7**	**52,0**	**20,1**	**38,5**	**34,1**	**13,1**	**28,0**	**40,3**	**11,3**
		1	Reduction in the **number of employed** members	3,4	29,5	1,0	6,4	35,0	2,3	3,6	38,9	1,4	3,1	30,0	0,9	5,9	32,8	1,9
		1,1	Reduction in the number of **registered wage earners**	0,6	81,9	0,5	2,7	45,7	1,2	1,2	88,2	1,1	0,5	52,7	0,3	0,8	44,9	0,3
		1,2	Reduction in the number of **non-registered wage earners**	2,0	17,6	0,4	2,4	25,7	0,6	1,0	15,1	0,1	1,5	26,5	0,4	2,6	28,6	0,8
		1,3	Reduction in the number of **non-wage earners**	0,7	18,9	0,1	1,3	29,8	0,4	1,4	11,7	0,2	1,1	24,3	0,3	2,5	32,5	0,8
		2	Reduction in total **hourly wage** of members employed in both observations	13,5	39,7	5,4	14,7	20,9	3,1	14,9	40,8	6,1	13,5	32,2	4,4	5,9	30,4	1,8
		3	Reduction in the number of **working hours** of members employed in both observations	3,3	29,1	1,0	2,5	12,3	0,3	3,0	0,0	0,0	3,1	14,9	0,5	4,0	28,1	1,1
		4	Reduction in the number of **working hours** and in the total **hourly wage** of members employed in both observations	8,6	41,9	3,6	5,4	38,4	2,1	7,9	49,1	3,9	8,4	34,5	2,9	5,1	54,8	2,8
		5	Reduction in the total **monthly wage** of members employed in both observations and in the number of **employed members**	6,7	67,1	4,5	6,9	62,0	4,3	9,3	94,3	8,7	10,3	43,4	4,5	7,3	50,9	3,7
			TOTAL NON-LABOR EVENTS	**5,8**	**12,9**	**0,7**	**8,9**	**42,8**	**3,8**	**5,3**	**9,1**	**0,5**	**4,4**	**24,9**	**1,1**	**2,7**	**31,3**	**0,8**
	II - Exclusively non-labor income events	**6**	Reduction in the **income from pensions**	1,9	21,2	0,4	5,8	55,1	3,2	0,8	15,1	0,1	0,6	37,6	0,2	0,1	0,0	0,0
		7	Reduction in **public monetary transfers** (social policy)	2,2	1,5	0,0				2,8	0,0	0,0	0,9	16,6	0,1	0,1	0,0	
		8	Reduction in other non-labor incomes	1,7	18,8	0,3	3,2	20,6	0,7	1,8	21,1	0,4	2,9	24,9	0,7	2,5	33,8	0,8
	III - labor and non-labor income events	**9**	Reduction in labor and non-labor incomes	19,7	54,8	10,8	15,0	62,4	9,4	16,7	57,3	9,6	16,3	36,8	6,0	13,3	63,5	8,5
DEMOGRAPHIC & COMBINED EVENTS	IV Exclusively demographic events	**10**	Growth in the total **number of household members**; the total nominal income remains constant	5,4	10,5	0,6	3,8	30,8	1,2	5,0	35,8	1,8	3,6	29,5	1,1	6,4	18,1	1,1
	V - Demographic events leading to income changes	**11**	Reduction in the number of labor or non-labor income earners due to the entrance of members to the household	1,2	43,9	0,5	1,1	31,1	0,3	0,0	0,0	0,0	0,3	12,7	0,0	2,0	32,1	0,6
	VI - Combination of demographic and income events	**12**	Reduction in the **total nominal income** and growth in the **number of household members.**	6,1	52,7	3,2	4,8	73,9	3,5	5,4	69,9	3,8	4,4	61,9	2,7	8,8	66,8	5,8
	VII - Events not classified			6,9	40,9	2,8	4,6	51,2	2,4	8,6	41,2	3,5	4,5	28,8	1,3	9,8	60,8	6,0
	TOTAL HOUSEHOLDS WITH EVENTS			80,6	42,3	34,1	74,1	43,9	32,6	79,7	49,3	39,3	72,1	35,2	25,4	71,0	48,2	34,2
	TOTAL HOUSEHOLDS WITHOUT EVENTS			19,4	0	0,0	25,9	0	0,0	20,3	0,0		27,9	4,3	1,2	29,0	3,8	1,1
	TOTAL HOUSEHOLDS			100,0	0	34,1	100,0	0	32,6	100,0	0,0	39,3	100,0	0,0	26,6	100,0	0,0	35,3
	TOTAL NUMBER of HOUSEHOLDS WITH EVENTS			1.481.529	0	0	2.784.656	0	0	40.351	0	0	1.724.419	0	0	2.759.411	0,0	0,0
	TOTAL NUMBER of HOUSEHOLDS WITHOUT EVENTS			356.948	0	0	971.696	0	0	10.252	0	0	667.736	0	0	1.127.986	0,0	0,0
	TOTAL NUMBER of HOUSEHOLDS			1.838.477	0	0	3.756.352	0	0	50.603	0	0	2.392.155	0	0	3.887.397	0,0	0,0

1/ Decomposition based on equation (2)

2/Metropolitan areas of Recife, Salador, Belo Horizonte, Rio de Janeiro and Porto Alegre

Note: all estimations are significant at 1%

Source: Authors' elaboration based on data from national household surveys

TABLE 3. C

DECOMPOSITION OF THE EXIT RATES TO POVERTY IN HOUSEHOLDS WITHOUT CHILDREN 1/

Events		N°		ARGENTINA			BRAZIL 2/			COSTA RICA			ECUADOR			PERU		
				P(event)	P(S/E)	Exit	P(event)	P(S/E)	Exit	P(event)	P(S/E)	Exit	P(event)	P(S/E)	Exit	P(event)	P(S/E)	Exit
				(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
NON DEMOGRAPHIC	I - Exclusively labor income events		**TOTAL LABOR EVENTS**	**25,4**	**67,4**	**17,1**	**20,5**	**59,5**	**12,2**	**22,5**	**69,0**	**15,6**	**27,5**	**58,7**	**16,1**	**24,7**	**58,6**	**14,5**
		1	Reduction in the **number of employed** members	7,0	66,2	4,6	7,1	66,6	4,7	7,1	57,8	4,1	3,1	50,9	1,6	6,8	66,5	4,6
		1,1	Reduction in the number of **registered wage earners**	1,1	100,0	1,1	2,9	84,2	2,5	1,4	100,0	1,4	0,7	69,7	0,5	1,1	100,0	1,1
		1,2	Reduction in the number of **non-registered wage earners**	3,2	57,9	1,8	2,0	54,4	1,1	1,1	18,3	0,2	1,3	42,1	0,5	4,1	53,7	2,2
		1,3	Reduction in the number of **non-wage earners**	2,7	62,9	1,7	2,2	54,2	1,2	4,6	54,3	2,5	1,1	49,4	0,6	1,7	75,6	1,3
		2	Reduction in total **hourly wage** of members employed in both observations	6,8	62,5	4,3	6,0	39,4	2,3	5,2	88,2	4,6	5,6	64,6	3,6	5,3	71,0	3,8
		3	Reduction in the number of **working hours** of members employed in both observations	2,3	43,9	1,0	1,2	25,8	0,3	1,5	16,6	0,2	2,5	33,4	0,9	2,8	48,0	1,3
		4	Reduction in the number of **working hours** and in the total **hourly wage** of members employed in both observations	5,0	70,1	3,5	2,3	62,3	1,4	3,9	46,5	1,8	8,9	59,5	5,3	4,0	23,8	0,9
		5	Reduction in the total **monthly wage** of members employed in both observations and in the number of **employed members**	4,3	87,0	3,7	3,9	86,3	3,3	4,8	100,0	4,8	7,3	65,4	4,8	5,8	66,8	3,8
	II - Exclusively non-labor income events		**TOTAL NON-LABOR EVENTS**	**26,5**	**67,6**	**17,9**	**28,4**	**85,7**	**24,3**	**32,2**	**30,0**	**9,7**	**14,9**	**54,6**	**8,2**	**9,2**	**35,1**	**3,2**
		6	Reduction in the **income from pensions**	19,9	71,9	14,3	26,5	87,9	23,3	13,6	31,4	4,3	2,6	83,3	2,2	0,7	100,0	0,7
		7	Reduction in **public monetary transfers** (social policy)	1,0	5,0	0,0				11,1	21,4	2,4	0,9	27,5	0,2	0,0	0,0	0,0
		8	Reduction in other non-labor incomes	5,7	63,4	3,6	1,9	55,9	1,1	7,5	40,2	3,0	11,5	50,2	5,8	8,6	30,1	2,6
	III - labor and non-labor income events	**9**	Reduction in labor and non-labor incomes	10,7	85,9	9,2	13,8	92,4	12,8	10,3	74,2	7,6	14,2	59,4	8,4	10,7	75,5	8,1
DEMOGRAPHIC & COMBINED EVENTS	IV Exclusively demographic events	**10**	Growth in the total **number of household members**; the total nominal income remains constant	3,2	28,8	0,9	2,5	19,4	0,5	2,2	34,0	0,7	4,0	20,1	0,8	5,0	45,6	2,3
	V - Demographic events leading to income changes	**11**	Reduction in the number of labor or non-labor income earners due to the entrance of members to the household	2,0	36,7	0,7	3,4	59,5	2,0	4,0	55,9	2,2	0,9	39,5	0,3	3,2	67,4	2,2
	VI - Combination of demographic and income events	**12**	Reduction in the **total nominal income** and growth in the **number of household members.**	7,1	80,2	5,7	3,6	94,0	3,4	1,6	63,2	1,0	5,0	72,7	3,6	7,0	85,4	6,0
	VII - Events not classified			8,8	62,6	5,5	10,2	87,7	9,0	10,7	77,4	8,3	8,7	42,7	3,7	15,9	66,5	10,8
	TOTAL HOUSEHOLDS WITH EVENTS			83,7	68,2	57,1	82,4	77,8	64,1	83,4	54,0	45,1	75,1	54,8	41,2	75,8	61,8	46,8
	TOTAL HOUSEHOLDS WITHOUT EVENTS			16,3	0,6	0,1	17,6	0,2	0,0	16,6	0,0		24,9	7,6	1,9	24,2	2,0	0,5
	TOTAL HOUSEHOLDS			100,0	0,00	57,2	100	0	64,2	100	0	45,1	100	0	43,1	100,0	0,0	47,3
	TOTAL NUMBER of HOUSEHOLDS WITH EVENTS			469.977	0	0	1.579.327	0	0	24.537	0	0	535.043	0	0	477.868	0,0	0,0
	TOTAL NUMBER of HOUSEHOLDS WITHOUT EVENTS			91.721	0	0	338.016	0	0	4.867	0	0	177.013	0	0	152.946	0,0	0,0
	TOTAL NUMBER of HOUSEHOLDS			561.698	0	0	1.917.343	0	0	29.404	0	0	712.056	0	0	630.814	0,0	0,0

1/ Decomposition based on equation (2)

2/Metropolitan areas of Recife, Salador, Belo Horizonte, Rio de Janeiro and Porto Alegre

Note: all estimations are significant at 1%

Source: Authors' elaboration based on data from national household surveys

TABLE 4. A
DECOMPOSITION OF THE ENTRY RATES TO POVERTY. ALL HOUSEHOLDS 1/

Events		N°		ARGENTINA P(event) (1)	ARGENTINA P(S/E) (2)	ARGENTINA Entry (3)	BRAZIL 2/ P(event) (1)	BRAZIL 2/ P(S/E) (2)	BRAZIL 2/ Entry (3)	COSTA RICA P(event) (1)	COSTA RICA P(S/E) (2)	COSTA RICA Entry (3)	ECUADOR P(event) (1)	ECUADOR P(S/E) (2)	ECUADOR Entry (3)	PERU P(event) (1)	PERU P(S/E) (2)	PERU Entry (3)
NON DEMOGRAPHIC	I - Exclusively labor income events		**TOTAL LABOR EVENTS**	**13,6**	**18,3**	**2,5**	**11,7**	**20,3**	**2,4**	**21,8**	**20,9**	**4,6**	**22,3**	**27,9**	**6,2**	**0,4**	**18,9**	**32,9**	**6,2**
		1	Reduction in the **number of employed** members	2,9	28,6	0,8	2,5	38,6	1,0	3,5	31,5	1,1	2,8	30,1	0,9		4,0	47,4	1,9
		1,1	Reduction in the number of **registered wage earners**	0,9	22,2	0,2	1,2	41,1	0,5	1,4	27,2	0,4	0,8	27,4	0,2		1,2	40,1	0,5
		1,2	Reduction in the number of **non-registered wage earners**	1,2	28,6	0,4	0,7	34,2	0,2	0,9	31,8	0,3	1,1	36,0	0,4		1,2	59,4	0,7
		1,3	Reduction in the number of **non-wage earners**	0,8	35,8	0,3	0,6	38,3	0,2	1,2	36,4	0,4	1,0	26,0	0,3		1,5	43,4	0,7
		2	Reduction in total **hourly wage** of members employed in both observations	5,0	10,9	0,5	4,7	10,6	0,5	9,6	15,8	1,5	8,5	24,4	2,1		5,7	24,1	1,4
		3	Reduction in the number of **working hours** of members employed in both observations	2,1	15,3	0,3	1,2	9,8	0,1	2,6	19,8	0,5	2,7	20,3	0,5		1,9	25,5	0,5
		4	Reduction in the number of **working hours** and in the total **hourly wage** of members employed in both observations	2,4	17,8	0,4	2,1	16,0	0,3	3,4	20,2	0,7	5,0	25,6	1,3		3,7	29,3	1,1
		5	Reduction in the total **monthly wage** of members employed in both observations and in the number of **employed members**	1,1	30,9	0,4	1,2	38,2	0,5	2,7	27,2	0,7	3,2	45,2	1,4		3,6	38,5	1,4
	II - Exclusively non-labor income events		**TOTAL NON-LABOR EVENTS**	**6,3**	**11,1**	**0,7**	**17,7**	**22,4**	**3,9**	**5,2**	**13,0**	**0,7**	**6,4**	**25,1**	**1,6**		**4,8**	**14,8**	**0,7**
		6	Reduction in the **income from pensions**	3,8	10,0	0,4	15,2	23,0	3,5	1,6	8,5	0,1	1,5	7,2	0,1		0,8	8,8	0,1
		7	Reduction in **public monetary transfers** (social policy)	0,4	27,8	0,1				0,1	14,8	0,0	0,1	44,0	0,1				
		8	Reduction in other non-labor incomes	2,2	9,7	0,2	2,4	18,1	0,4	3,4	15,1	0,5	4,9	30,0	1,5		4,0	15,9	0,6
	III - labor and non-labor income events	**9**	Reduction in labor and non-labor incomes	2,2	31,8	0,7	5,2	29,5	1,5	4,1	28,5	1,2	7,9	31,7	2,5		11,0	40,1	4,4
DEMOGRAPHIC & COMBINED EVENTS	IV Exclusively demographic events	**10**	Growth in the total **number of household members**; the total nominal income remains constant	5,7	6,6	0,4	4,8	7,4	0,4	6,9	2,2	0,2	8,7	14,3	1,3		9,4	9,1	0,9
	V - Demographic events leading to income changes	**11**	Reduction in the number of labor or non-labor income earners due to the entrance of members to the household	3,1	14,2	0,4	2,4	14,1	0,3	2,9	14,4	0,4	1,5	13,9	0,2		2,4	23,1	0,5
	VI - Combination of demographic and income events	**12**	Reduction in the **total nominal income** and growth in the **number of household members.**	1,5	46,5	0,7	2,3	41,5	0,9	2,5	34,2	0,9	3,7	46,5	1,7		11,9	46,1	5,5
	VII - Events not classified			3,2	23,3	0,7	5,1	27,1	1,4	4,0	20,1	0,8	5,4	29,1	1,6		8,2	39,5	3,2
	TOTAL HOUSEHOLDS WITH EVENTS			35,6	17,3	6,1	49,2	22,1	10,9	47,4	18,2	8,6	56,0	26,9	15,1		66,5	32,3	21,5
	TOTAL HOUSEHOLDS WITHOUT EVENTS			64,4	0,7	0,5	50,8	0,5	0,3	52,6	0,6	0,3	44,0	3,4	1,5		33,5	1,2	0,4
	TOTAL HOUSEHOLDS			100	0	6,6	100	0	11,2	100,00	0,00	9,0	100,0	0	16,6		100,00		21,9
	TOTAL NUMBER of HOUSEHOLDS WITH EVENTS			3.475.427	0	0	8.720.335	0	0	154.796	0	0	2.815.042	0	0		4.291.020		
	TOTAL NUMBER of HOUSEHOLDS WITHOUT EVENTS			6.295.460	0	0	9.000.372	0	0	171.710	0	0	2.213.441	0	0		2.161.061		
	TOTAL NUMBER of HOUSEHOLDS			9.770.887	0	0	17.700.000	0	0	326.506	0	0	5.028.483	0	0		6.452.081		

1/ Decomposition based on equation (2)
2/Metropolitan areas of Recife, Salador, Belo Horizonte, Rio de Janeiro and Porto Alegre
Note: all estimations are significant at 1%
Source: Authors' elaboration based on data from national household surveys

TABLE 4. B

DECOMPOSITION OF THE ENTRY RATES TO POVERTY IN HOUSEHOLDS WITH CHILDREN 1/

Events		N°		ARGENTINA P(event) (1)	ARGENTINA P(S/E) (2)	ARGENTINA Entry (3)	BRASIL 2/ P(event) (1)	BRASIL 2/ P(S/E) (2)	BRASIL 2/ Entry (3)	COSTA RICA P(event) (1)	COSTA RICA P(S/E) (2)	COSTA RICA Entry (3)	ECUADOR P(event) (1)	ECUADOR P(S/E) (2)	ECUADOR Entry (3)	PERU P(event) (1)	PERU P(S/E) (2)	PERU Entry (3)
NON DEMOGRAPHIC			**TOTAL LABOR EVENTS**	17,72	24,73	4,38	17,59	25,60	4,50	28,03	27,06	7,58	27,42	33,14	9,09	20,2	41,3	8,3
	I - Exclusively labor income events	**1**	Reduction in the **number of employed** members	2,67	38,82	1,03	3,30	45,41	1,50	3,71	33,95	1,26	3,23	37,89	1,23	3,8	57,9	2,2
		1,1	Reduction in the number of **registered wage earners**	0,94	31,48	0,30	1,81	48,39	0,88	1,67	46,74	0,78	1,07	29,97	0,32	1,1	60,4	0,6
		1,2	Reduction in the number of **non-registered wage earners**	1,07	37,06	0,40	0,86	41,51	0,36	1,11	23,27	0,26	1,14	43,26	0,49	1,2	61,5	0,7
		1,3	Reduction in the number of **non-wage earners**	0,66	52,07	0,34	0,63	42,13	0,26	0,93	23,73	0,22	1,02	40,25	0,41	1,6	53,4	0,8
		2	Reduction in total **hourly wage** of members employed in both observations	7,03	16,99	1,19	7,09	14,94	1,06	12,63	22,18	2,80	10,63	29,58	3,15	6,1	29,5	1,8
		3	Reduction in the number of **working hours** of members employed in both observations	2,84	17,88	0,51	1,84	14,64	0,27	3,80	26,04	0,99	3,17	29,30	0,93	2,0	38,4	0,8
		4	Reduction in the number of **working hours** and in the total **hourly wage** of members employed in both observations	3,47	25,41	0,88	3,27	20,29	0,66	3,93	30,78	1,21	6,37	29,37	1,87	4,3	37,4	1,6
		5	Reduction in the total **monthly wage** of members employed in both observations and in the number of **employed members**	1,71	44,60	0,76	2,09	48,55	1,01	3,95	33,45	1,32	4,01	47,75	1,92	4,0	49,1	2,0
			TOTAL NON-LABOR EVENTS	2,61	26,83	0,70	11,21	29,29	3,28	3,01	7,31	0,22	4,05	32,41	1,31	4,1	19,0	0,8
	II - Exclusively non-labor income events	**6**	Reduction in the **income from pensions**	0,63	38,17	0,24	8,16	30,63	2,50	0,42	0,00	0,00	0,36	12,94	0,05	0,4	20,8	0,1
		7	Reduction in **public monetary transfers** (social policy)	0,74	36,36	0,27				0,11	0,00	0,00	0,15	68,38	0,11	0,0	0,0	0,0
		8	Reduction in other non-labor incomes	1,24	15,44	0,19	3,05	25,69	0,78	2,48	8,89	0,22	3,54	32,80	1,16	3,7	18,8	0,7
	III - labor and non-labor income events	**9**	Reduction in labor and non-labor incomes	3,17	44,31	1,40	5,72	42,53	2,43	3,91	32,31	1,26	8,93	37,73	3,37	12,1	44,9	5,5
DEMOGRAPHIC & COMBINED EVENTS	IV Exclusively demographic events	**10**	Growth in the total **number of household members**; the total nominal income remains constant	6,33	8,28	0,52	2,76	7,28	0,20	4,94	0,00	0,00	6,99	18,06	1,26	8,1	8,2	0,7
	V - Demographic events leading to income changes	**11**	Reduction in the number of labor or non-labor income earners due to the entrance of members to the household	2,76	21,12	0,58	2,33	15,93	0,37	1,57	10,29	0,16	1,16	13,25	0,15	2,2	34,4	0,8
	VI - Combination of demographic and income events	**12**	Reduction in the **total nominal income** and growth in the **number of household members.**	1,84	48,26	0,89	1,92	51,90	0,99	2,05	50,89	1,04	3,80	48,62	1,85	12,7	49,5	6,3
	VII - Events not classified			3,42	37,87	1,30	4,46	37,68	1,68	3,68	22,30	0,82	4,84	39,84	1,93	8,6	45,6	3,9
	TOTAL HOUSEHOLDS WITH EVENTS			37,85	25,83	9,78	46,00	29,28	13,47	47,19	23,51	11,09	57,19	33,15	18,96	68,0	38,5	26,2
	TOTAL HOUSEHOLDS WITHOUT EVENTS			62,15	1,42	0,88	54,00	1,18	0,63	52,81	1,18	0,62	42,81	4,82	2,06	32,0	1,2	0,4
	TOTAL HOUSEHOLDS			100	0	10,66	100	0	3,92	100	0	11,71561	100	0	21,02	100,0	0,0	26,6
	TOTAL NUMBER of HOUSEHOLDS WITH EVENTS			1.458.499	0	0	2.868.113	0	0	77.515	0	0	1.441.136	0	0	2.795.666	0,0	0,0
	TOTAL NUMBER of HOUSEHOLDS WITHOUT EVENTS			2.394.630	0	0	3.366.696	0	0	86.736	0	0	1.078.929	0	0	1.313.840	0,0	0,0
	TOTAL NUMBER of HOUSEHOLDS			3.853.129	0	0	6.234.809	0	0	164.251	0	0	2.520.065	0	0	4.109.506	0,0	0,0

1/ Decomposition based on equation (2)

2/Metropolitan areas of Recife, Salador, Belo Horizonte, Rio de Janeiro and Porto Alegre

Note: all estimations are significant at 1%

Source: Authors' elaboration based on data from national household surveys

TABLE 4. C
DECOMPOSITION OF THE ENTRY RATES TO POVERTY IN HOUSEHOLDS WITHOUT CHILDREN 1/

Events		N°		ARGENTINA P(event) (1)	ARGENTINA P(S/E) (2)	ARGENTINA Entry (3)	BRAZIL 2/ P(event) (1)	BRAZIL 2/ P(S/E) (2)	BRAZIL 2/ Entry (3)	COSTA RICA P(event) (1)	COSTA RICA P(S/E) (2)	COSTA RICA Entry (3)	ECUADOR P(event) (1)	ECUADOR P(S/E) (2)	ECUADOR Entry (3)	PERU P(event) (1)	PERU P(S/E) (2)	PERU Entry (3)
NON DEMOGRAPHIC	I - Exclusively labor income events		**TOTAL LABOR EVENTS**	**10,9**	**11,5**	**1,3**	**8,5**	**14,3**	**1,2**	**15,5**	**9,8**	**1,5**	**17,2**	**19,4**	**3,3**	16,70	**16,1**	**2,5**
		1	Reduction in the **number of employed** members	3,1	22,9	0,7	2,0	32,6	0,7	3,4	28,7	1,0	2,4	19,8	0,5	4,20	30,7	1,3
		1,1	Reduction in the number of **registered wage earners**	0,9	15,6	0,1	0,9	33,4	0,3	1,2	0,0	0,0	0,5	21,1	0,1	1,40	12,3	0,2
		1,2	Reduction in the number of **non-registered wage earners**	1,3	24,2	0,3	0,6	28,1	0,2	0,7	45,3	0,3	1,0	27,7	0,3	1,40	56,1	0,8
		1,3	Reduction in the number of **non-wage earners**	0,9	28,0	0,3	0,5	36,0	0,2	1,4	44,7	0,6	1,0	11,3	0,1	1,50	24,3	0,4
		2	Reduction in total **hourly wage** of members employed in both observations	3,6	3,2	0,1	3,4	5,6	0,2	6,5	3,4	0,2	6,4	15,8	1,0	5,10	12,8	0,7
		3	Reduction in the number of **working hours** of members employed in both observations	1,6	12,4	0,2	0,9	4,5	0,0	1,4	2,6	0,0	2,2	7,4	0,2	1,80	0,0	0,0
		4	Reduction in the number of **working hours** and in the total **hourly wage** of members employed in both observations	1,8	8,0	0,1	1,5	11,0	0,2	2,8	5,0	0,1	3,7	19,1	0,7	2,80	7,7	0,2
		5	Reduction in the total **monthly wage** of members employed in both observations and in the number of **employed members**	0,8	11,2	0,1	0,8	22,5	0,2	1,5	10,5	0,2	2,4	40,9	1,0	2,90	13,0	0,4
	II - Exclusively non-labor income events		**TOTAL NON-LABOR EVENTS**	**8,8**	**8,0**	**0,7**	**21,1**	**20,4**	**4,3**	**7,3**	**15,4**	**1,1**	**8,8**	**21,7**	**1,9**	**5,9**	**9,7**	**0,6**
		6	Reduction in the **income from pensions**	5,8	8,0	0,5	19,0	21,3	4,1	2,8	9,7	0,3	2,6	6,4	0,2	1,4	2,9	0,0
		7	Reduction in **public monetary transfers** (social policy)	0,2	8,8	0,0				0,2	25,1	0,0	0,1	0,0	0,0	0,0	0,0	0,0
		8	Reduction in other non-labor incomes	2,8	8,0	0,2	2,1	12,1	0,3	4,3	18,7	0,8	6,2	28,3	1,8	4,5	11,9	0,5
	III - labor and non-labor income events	**9**	Reduction in labor and non-labor incomes	1,6	15,7	0,3	4,9	21,2	1,0	4,3	25,0	1,1	6,8	23,8	1,6	9,1	28,8	2,8
DEMOGRAPHIC & COMBINED EVENTS	IV Exclusively demographic events	**10**	Growth in the total **number of household members**; the total nominal income remains constant	5,3	5,3	0,3	5,9	7,5	0,4	8,9	3,5	0,3	10,5	11,9	1,2	11,6	10,3	1,2
	V - Demographic events leading to income changes	**11**	Reduction in the number of labor or non-labor income earners due to the entrance of members to the household	3,3	10,4	0,3	2,5	13,1	0,3	4,3	16,0	0,7	1,9	14,2	0,3	2,7	6,9	0,2
	VI - Combination of demographic and income events	**12**	Reduction in the **total nominal income** and growth in the **number of household members.**	1,3	44,8	0,6	2,5	37,1	0,9	3,0	22,4	0,7	3,5	44,3	1,6	10,5	38,7	4,1
	VII - Events not classified			3,0	12,4	0,4	5,5	22,5	1,2	4,4	18,3	0,8	6,0	20,4	1,2	7,3	27,8	2,0
	TOTAL HOUSEHOLDS WITH EVENTS			34,1	11,1	3,8	51,0	18,6	9,5	47,6	13,0	6,2	54,8	20,4	11,2	63,8	20,7	13,2
	TOTAL HOUSEHOLDS WITHOUT EVENTS			65,9	0,3	0,2	49,0	0,2	0,1	52,4	0,0	0,0	45,2	2,0	0,9	36,2	1,2	0,5
	TOTAL HOUSEHOLDS			100,0	0,0	3,9	100,0	0,0	9,6	100,0	0,0	6,2	100,0	0,0	12,1	100,00	0,0	13,7
	TOTAL NUMBER of HOUSEHOLDS WITH EVENTS			2.016.928	0	0	5.852.222	0	0	77.281	0	0	1.373.906	0	0	1.495.354	0,0	0,0
	TOTAL NUMBER of HOUSEHOLDS WITHOUT EVENTS			3.900.830	0	0	5.633.676	0	0	84.974	0	0	1.134.512	0	0	847.221	0,0	0,0
	TOTAL NUMBER of HOUSEHOLDS			5.917.758	0	0	11.500.000	0	0	162.255	0	0	2.508.418	0	0	2.342.575	0,0	0,0

1/ Decomposition based on equation (2)
2/Metropolitan areas of Recife, Salador, Belo Horizonte, Rio de Janeiro and Porto Alegre
Note: all estimations are significant at 1%
Source: Authors' elaboration based on data from national household surveys