

Poverty, defined as living with an income below \$5.50 per person per day in 2011 PPP, fell from 39 to 29 percent between 2007 and 2017 in El Salvador. Poverty reduction has been mainly driven by steeper poverty reduction in rural areas due to an increase in both rural labor and rural non-labor income. Rural labor income increased mainly in the industrial sector (agribusiness) and basic service sectors (electricity, gas, and water). Incomes in those sectors were low compared to urban incomes. Although urban labor income increased, non-labor income in urban areas remains largely unchanged.

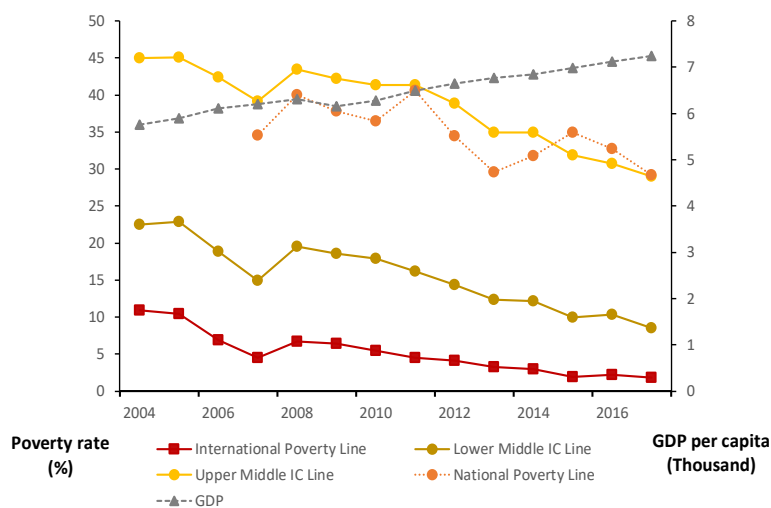
Income growth among poorer households, those at the bottom 40 percent of the income distribution, was 4.1 percent per year between 2012 and 2017. This change is around 1.9 percentage points higher than the per capita household income growth of the overall population. Growth was largely driven by services, mostly commerce (wholesale and retail) and real state. Between 2012 and 2017, GDP per capita growth averaged 1.7 percent a year, while the annual median income (estimated from household surveys) averaged 3.6 percent per year.

Economic growth in El Salvador has been low but inclusive, translating into a decline in inequality. Reduction in inequality was mainly driven by those at the bottom 20 percent of the income distribution, their income growth almost tripled the income growth for the overall population. As such, El Salvador remained as the country with the second lowest inequality in the region in 2017, after Uruguay.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line (Households)	N/A	29.2	2017
International Poverty Line 1.1 in U.S. dollar (2017) or US\$1.90 (2011 PPP) per day per capita	119.5	1.9	2017
Lower Middle Income Class Poverty Line 1.8 in U.S. dollar (2017) or US\$3.20 (2011 PPP) per day per capita	542.2	8.5	2017
Upper Middle Income Class Poverty Line 3.1 in U.S. dollar (2017) or US\$5.50 (2011 PPP) per day per capita	1,852.8	29.0	2017
Multidimensional Poverty Measure		5.5	2017
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		4.12	2012-2017
INEQUALITY			
Gini Index		38.0	2017
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.85	2012-2017
GROWTH			
Annualized GDP per capita growth		1.7	2012-2017
Annualized Income Growth per capita from Household Survey		2.27	2012-2017
MEDIAN INCOME			
Growth of the annual median income		3.64	2012-2017

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

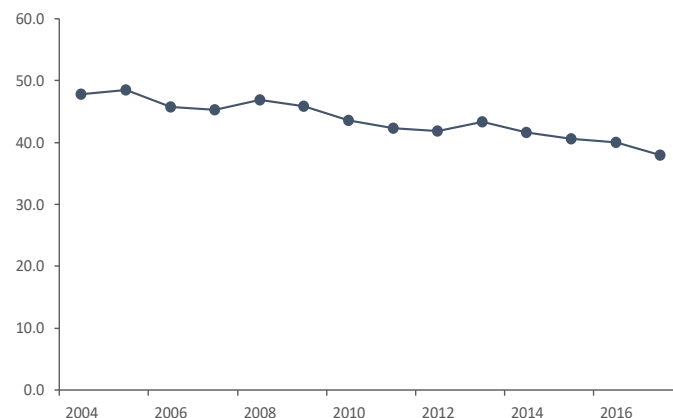
POVERTY HEADCOUNT RATE, 2004-2017



Source: World Bank using EHPM/SEDLAC/GMD

INEQUALITY TRENDS, 2004-2017

Gini Index



Source: World Bank using EHPM/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2017	Upper Middle Income line (%)		Relative group (%)		Multidimensional Poverty Measures (% of people): 2017
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	80	20	30	70	Monetary poverty (Income)
Rural population	57	43	55	45	Daily Consumption or income is less than US\$1.90 per person
Males	70	30	40	60	Education
Females	72	28	40	60	At least one school-age child is not enrolled in school
0 to 14 years old	60	40	53	47	No adult in the household has completed primary education
15 to 64 years old	74	26	36	64	Access to basic infrastructure
65 and older	78	22	32	68	No access to limited-standard drinking water
Without education (16+)	58	42	54	46	No access to limited-standard sanitation
Primary education (16+)	67	33	45	55	No access to electricity
Secondary education (16+)	81	19	29	71	
Tertiary/post-secondary education (16+)	96	4	8	92	

Source: World Bank using EHPM/SEDLAC/GMD

Source: World Bank using EHPM/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

Official poverty estimates in El Salvador are produced by the General Directorate of Statistics and Census (DIGESTYC) based on data from the Household Survey of Multiple Purposes (EHPM). El Salvador uses an income-based monetary measure to estimate poverty. This household measure includes household labor and non-labor income. The national poverty lines reflect the cost of a minimum level of calories (extreme poverty line) and the cost of obtaining both food and other basic needs (overall poverty line).

The country estimates poverty based on the Cost of Basic Needs method by determining an absolute extreme poverty line (equivalent to the cost of the basic basket) and an overall poverty line (equivalent to double the cost of the basic basket). This poverty line refers to the lack of household income required to access a basket of goods and services needed to achieve adequate living conditions. The latest harmonized poverty numbers for 2017 are available at the LAC Equity Lab (<https://www.worldbank.org/en/topic/poverty/lac-equity-lab1/poverty>).

HARMONIZATION

The numbers presented in the brief are based on the regional data harmonization effort known as the Socio-economic Database for Latin America and the Caribbean (SEDLAC) - a joint effort of the World Bank and CEDLAS from the National University of La Plata (Argentina). SEDLAC includes 18 countries and more than 300 household surveys since the 80s. Several Caribbean countries have not been included in the SEDLAC project due to lack of data. Since an income-based welfare aggregate is widely used in the region for official poverty estimates, income-based microdata is used for the Global Monitoring Database (GMD) and Global Poverty Monitoring. SEDLAC covers demographics, income, employment, and education. Terms of use of the data adhere to agreements with the original data producers.