The most recent official poverty figures, from 2021, still show lasting effects of the pandemic on extreme poverty. The percentage of households below the extreme poverty line is at 7.8, below the 8.6 of 2020 but still higher than the pre-pandemic 4.5 of 2019. Official moderate poverty, on the other hand, maintains a decreasing tendency since 2015. International poverty figures show a similar story, with projections for a moderate decrease.

El Salvador managed an important decline in poverty and inequality before the COVID-19 crisis. From 2012 to 2019, poverty at the upper-middle country international line of US$ 6.85/day (2017 PPP) decreased from 47.1 to 28.8 percent; although this was accompanied by an expansion of the vulnerable group (those earning between US$ 6.85 and US$ 14 per capita per day), from 35.3 to 41.1 percent, and the middle class (earning between US$14 and US$81 per capita per day), from 17.3 to 29.8. All in all, the Gini coefficient dropped from 0.418 in 2012 to 0.388 in 2019, below the regional average. In 2020, however, the COVID-19 crisis induced important changes in wellbeing, especially for those in the bottom part of the distribution. Our estimates indicate that between 2019 and 2020 poverty increased almost 4 percentage points while extreme poverty (US$ 2.15/day, 2017 PPP) tripled its value (from 1.4 in 2019 to 5.7 in 2020).
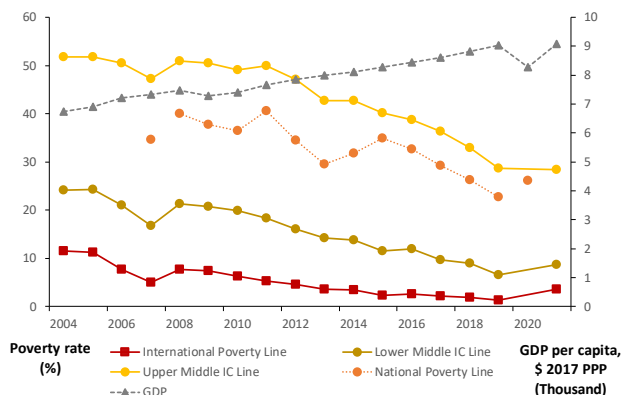
After a strong rebound in economic activity, the poverty levels fell in 2021 in comparison to 2020, although not enough to return to pre-pandemic levels. The vulnerable segment of the population moved in the opposite direction such that the combined poor and vulnerable groups accounted for 69.9 percent, 70.6 percent, and 67.8 percent of the population in 2019, 2020 and 2021 respectively. The relatively stable tendency of it reveals the difficulties of escaping poverty in a permanent way.

Preliminary estimates for 2022 indicate that the rate of poverty reduction is expected to decline, especially when compared to the sharp decline observed in 2020-2021. Something similar is expected to happen in 2023. A sustained poverty reduction requires actions in the short and the long run. For the former, it is necessary to promote productivity and quality employment, as well as improving safety nets; for the latter, the necessary condition is improving human capital accumulation.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	N/A	26.2	2020
International Poverty Line 1.2 in U.S. dollar (2021) or US$2.15 (2017 PPP) per day per capita	226.4	3.6	2021
Lower Middle Income Class Poverty Line 2 in U.S. dollar (2021) or US$3.65 (2017 PPP) per day per capita	550.2	8.7	2021
Upper Middle Income Class Poverty Line 3.8 in U.S. dollar (2021) or US$6.85 (2017 PPP) per day per capita	1,793.0	28.4	2021
Multidimensional Poverty Measure		6.3	2021
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		3.36	2016-2021
INEQUALITY			
Gini Index		39.0	2021
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.02	2016-2021
GROWTH			
Annualized GDP per capita growth		1.46	2016-2021
Annualized Income Growth per capita from Household Survey		3.38	2016-2021
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		4.12	2016-2021

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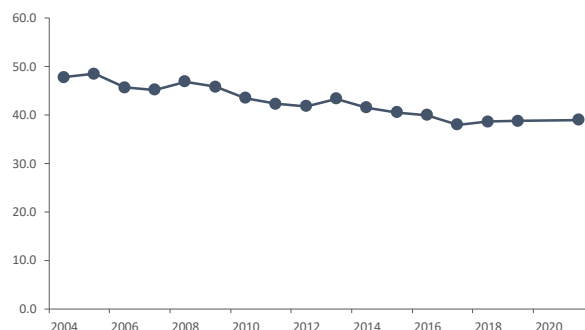
POVERTY HEADCOUNT RATE, 2004-2021

Poverty rate (%)
- ■ International Poverty Line
- ● Upper Middle IC Line
- --▲-- GDP
- ● Lower Middle IC Line
- ○○○ National Poverty Line

GDP per capita, $ 2017 PPP (Thousand)

Source: World Bank using EHPM/SEDLAC/GMD

INEQUALITY TRENDS, 2004-2021
Gini Index

Source: World Bank using EHPM/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2021	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	79	21	32	68
Rural population	60	40	53	47
Males	72	28	40	60
Females	71	29	40	60
0 to 14 years old	59	41	55	45
15 to 64 years old	75	25	36	64
65 and older	78	22	32	68
Without education (16+)	61	39	53	47
Primary education (16+)	70	30	42	58
Secondary education (16+)	82	18	29	71
Tertiary/post-secondary education (16+)	93	7	12	88

Multidimensional Poverty Measures: 2021	(% of population)
Monetary poverty (Income)	
Daily income less than US$2.15 per person	3.6
Education	
At least one school-aged child is not enrolled in school	4.2
No adult has completed primary education	25.2
Access to basic infrastructure	
No access to limited-standard drinking water	3.0
No access to limited-standard sanitation	9.2
No access to electricity	1.7

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 now produced by National Office of Statistics and Census (ONEC), which has replaced the former General Directorate of Statistics and Census (DIGESTYC). The estimates are based on data from the Household Survey of Multiple Purposes (EHPM) and use an income-based monetary approach to estimate poverty. The household income includes labor and non-labor income.

The country uses the Cost of Basic Needs method for the poverty estimates, providing two estimates: (i) extreme poverty (the cost of a basic consumption basket that would allow household members to consume a minimal amount of calories), and (ii) moderate poverty (the cost of obtaining food and satisfying other basic needs such that the household achieve adequate living conditions).

The most recent monetary numbers in El Salvador correspond to 2021. In that measurement 24.6 percent of households have consumption below the poverty line. The latest harmonized poverty numbers for 2019 are available at the LAC Equity Lab (https://www.bancomundial.org/es/topic/poverty/lac-equity-lab1/overview)

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

HARMONIZATION

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