EL SALVADOR

1. Recent trends

Poverty in El Salvador has decreased from 40.4% in 2016 to 30.7% in 2020, although it remained above the Latin America and the Caribbean (LAC) average of 26.3%. Extreme poverty also decreased in that period from 10.7% to 8.3%, below the LAC average (8.7%). The population living in completely informal households was 54.4% in 2018, above the LAC average (36.3%). Regarding environmental indicators, in 2019, greenhouse gas (GHG) emissions per capita were 2.0 tonnes of carbon dioxide equivalent (t CO_2e), lower than the averages for LAC (6.3) and countries belonging to the Organisation for Economic Co-operation and Development (OECD) (9.1). That year, the share of the population exposed to air pollution levels that pose risks to human health (PM2.5 at more than 10 µg/m³) was 99.9%, higher than 95.4% for LAC and 61.0% for the OECD. The marine protected area of El Salvador accounted for just 0.7% of its territorial waters in 2021, compared to 7.3% for LAC and 18.6% for the OECD. On the fiscal side, environmentally related tax revenue was 0.5% of GDP in 2020, below LAC (1.0%) and the OECD (2.1%). Total tax revenue as a percentage of GDP in 2020 was 21.9%, on par with the LAC average (21.9%), but below the OECD average (33.5%).

2. Long-term development policies for a green transition

The impacts of climate change are already severely affecting El Salvador's livelihoods and economy. As a policy response, the National Climate Change Plan (2022-26) went through public consultation in 2022 and will serve as a strategic reference tool for public administration measures. In addition, the National Energy Policy 2020-2050 defines long-term strategic objectives for El Salvador's energy system, including the development of renewable energy sources to reduce dependence on imported fossil fuels.

Regarding **mitigation**, El Salvador is developing a Long-Term Climate Strategy (ED 2050), with support from EUROCLIMA+ and the International and Ibero-American Foundation for Administration and Public Policy of Spain. El Salvador participates in the Advancing a Regional Approach to e-mobility in Latin America initiative of the United Nations Environment Programme (UNEP) and the Green Climate Fund (GCF). **Adaptation** plays a crucial role in El Salvador. A project to elaborate a National Adaptation Plan, with support from the UNEP and the GCF, is expected to be launched before the end of 2022. Two large regional adaptation projects are currently underway. Project RECLIMA applies an integrated landscape approach in the country's dry corridor area, with support from the GCF and the Food and Agriculture Organization (FAO). To enhance the climate resilience of rural communities and ecosystems in the *Ahuachapán-Sur* region, El Salvador promotes forest landscape restoration, productive alternatives and the production of climate and hydrological information, with support from the United Nations Adaptation Fund and the United Nations Development Programme (UNDP).
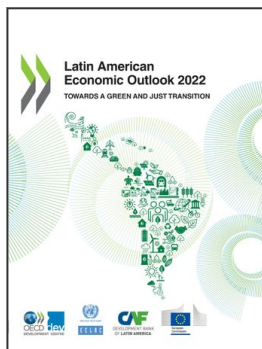
El Salvador's **international partnerships** largely focus on environmental conservation and restoration. **Within** LAC, El Salvador co-operates with Costa Rica, Guatemala, Honduras, Nicaragua and Panama to promote ecosystem-based adaptation technologies in the Central American Dry Corridor, supported by the Central American Commission for Environment and Development, UNEP and the FAO. **Beyond** LAC, El Salvador is currently working with the Global Environment Facility (GEF) on the sustainable urban development of the San Salvador metropolitan area, supported by the UNDP (2019), and on integrated landscape management and restoration of land in the *El Imposible-Barra de Santiago* conservation area, supported by the World Bank (2021). Ecosystems in degraded areas of the *Complejo Jaltepeque* are restored, with financial support from the European Union and Germany (2021).

Regarding **green finance**, El Salvador established the *Mesa de Financiamiento Climático* for the implementation of a financial strategy to mobilise and track public and private funding for sectoral implementation plans to achieve its nationally determined contributions (NDCs). To reverse its high degree of environmental degradation, mainly due to agricultural activities and fires, El Salvador established a National REDD+ (Reducing Emissions from Deforestation and Forest Degradation) Strategy to access funding for the restoration of ecosystems and landscapes.

	Key indicators – El Salvador					
	El Salvador		LAC		OECD	
Social						
	2016	**2020**	**2016**	**2020**	**2016**	**2020**
Extreme poverty	10.7	8.3	8.1	8.7	N/A	N/A
Poverty	40.4	30.7	25.9	26.3	N/A	N/A
Share of Internet users (% of population)	29.0	54.6	53.7	68.1	81.8	88.0
	2016	**2019**	**2016**	**2020**	**2016**	**2019**
Gini index	40.0	38.8	46.3	45.3	34.9	34.2
	2010	**2018**	**2009**	**2018**	**2009**	**2018**
Share of total population in informal households (%)	N/A	54.4	43.4	36.3	N/A	N/A
Share of total population in informal households, upper-income quintile (%)	N/A	24.4	24.5	13.6	N/A	N/A
Share of total population in informal households, lower-income quintile (%)	N/A	90.8	70.4	72.0	N/A	N/A
	2016	**2019**	**2016**	**2019**	**2016**	**2019**
Health expenditure (% of GDP)	7.7	7.2	6.5	6.8	8.7	8.8
SIGI index	N/A	22.9	N/A	25.4	N/A	17.5
	2015	**2018**	**2015**	**2018**	**2015**	**2018**
PISA score in science	N/A	N/A	411	407	489	487
Productivity and innovation						
	2016	**2021**	**2016**	**2021**	**2016**	**2021**
Labour productivity (% of the United States)	N/A	N/A	29.0	26.6	69.9	67.2
	2016	**2020**	**2016**	**2020**	**2016**	**2020**
High-tech exports (% of manufactured exports)	5.4	6.4	8.4	7.2	16.5	16.2
	2016	**2019**	**2016**	**2019**	**2016**	**2019**
R&D expenditures (% of GDP)	0.1	0.2	0.3	0.4	1.8	2.0
Citizens' perceptions and institutions						
	2016	**2020**	**2016**	**2021**	**2016**	**2021**
Share of population satisfied with efforts to preserve the environment (%)	44.8	58.1	46.2	42.0	55.3	51.2
Share of population with confidence in national government (%)	25.2	80.4	34.2	39.4	40.3	46.3
Share of population that thinks corruption is widespread throughout government (%)	70.0	39.4	74.5	70.0	59.0	54.9
Share of population satisfied with the education system (%)	62.3	69.9	64.9	54.3	67.0	66.8
Share of urban population satisfied with the availability of quality health care (%)	58.7	54.0	49.2	48.9	68.2	69.5
Environment and the green transition						
	2004-19		**2004-19**		**2004-19**	
Loss of natural and semi-natural vegetated land (%)	0.6		1.5		1.3	
	2016	**2019**	**2016**	**2019**	**2016**	**2019**
GHG emissions per capita excluding LUCF (t CO_2e)	1.9	2.0	6.3	6.3	9.6	9.1
Air pollution – exposure to PM2.5 (annual average exposure to more than 10 µg/m³, % of population)	99.9	99.9	95.5	95.4	61.3	61.0
	2016	**2019**	**2016**	**2019**	**2016**	**2020**
Contribution of renewables to total primary energy supply (%)	45.8	42.9	34.2	33.4	19.7	22.9
	2016	**2021**	**2016**	**2021**	**2016**	**2021**
Marine protected areas (% of territorial waters)	0.7	0.7	2.5	7.3	16.5	18.6
Fiscal position						
	2016	**2020**	**2016**	**2020**	**2016**	**2020**
Environmentally related tax revenue (% of GDP)	0.6	0.5	1.1	1.0	2.4	2.1
	2016	2020	2016	2020	2016	2020
Total tax revenues (% of GDP)	20.5	21.9	22.2	21.9	33.6	33.5
Share of VAT (% GDP)	7.5	8.3	5.8	5.6	6.6	6.7
Share of PIT (% GDP)	3.0	3.3	2.1	2.2	7.8	8.3
Share of CIT (% GDP)	3.2	3.8	3.3	3.4	2.9	2.7
Perception of tax evasion (%)	N/A	27.0	N/A	27.3	N/A	N/A
Debt service (% of total tax revenue)	**14.2**	**20.1**	**11.3**	**13.0**	**5.6**	**5.2**
	2016	2020	2016	2020	2016	2019
Social expenditure (% of GDP)	7.8	13.8	11.5	13.6	20.0	19.9

Note: See the Reader's Guide for definitions and sources.

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