El Salvador | Country profile
Changing Wealth of Nations 2021

The World Bank's wealth accounts capture the value of assets in a country that generate income and support human well-being. Wealth accounts—including produced, human and natural capital—are useful complements to other economic indicators, such as GDP. The accounts provide a measure of capital stocks or the balance sheet of a nation, including assets not traditionally included in national accounts. Furthermore, disaggregated accounts show how countries are balancing their portfolio of assets, including whether GDP growth is accompanied by asset accumulation or depletion, and show the degree of asset diversification in a country. These economic indicators, therefore, can provide guidance for managing economies more sustainably over time, and allow for cross-country comparisons on economic performance and sustainable development.

Note: this is an automated country profile that presents an overview of the most recent wealth estimates for **El Salvador** as part of the Changing Wealth of Nations 2021: Managing Assets for the Future report (CWON 2021). CWON 2021 data uses readily available global datasets and may deviate from the actual country data. To access the full report, methodology, and database please visit www.worldbank.org/cwon.

$230
billion US dollars of total wealth in 2018

$36
thousand US dollars per person in 2018

79%
total wealth change from 1995 to 2018

57%
per capita wealth change from 1995 to 2018

Overview of wealth

The sum of the stock of total wealth, comprising produced capital, renewable and nonrenewable natural capital, human capital, and net foreign assets in **El Salvador** reached **230** billion US dollars in 2018. Between 1995 and 2018 **El Salvador**'s GDP has increased by **58** percent, while its total wealth has increased by **79** percent during the same years. Figure 1 shows **El Salvador**'s total wealth by year compared to annual GDP between 1995 and 2018.

Figure 1. Total wealth and GDP by year, 1995-2018

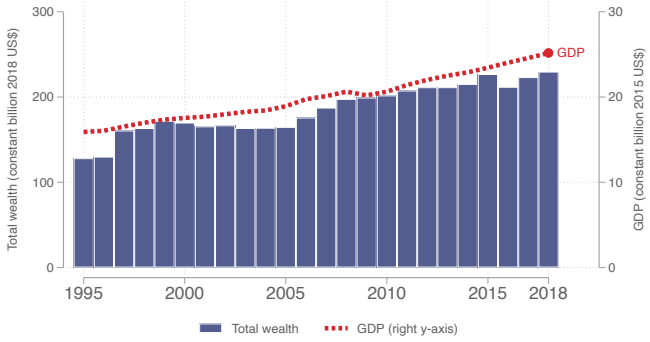

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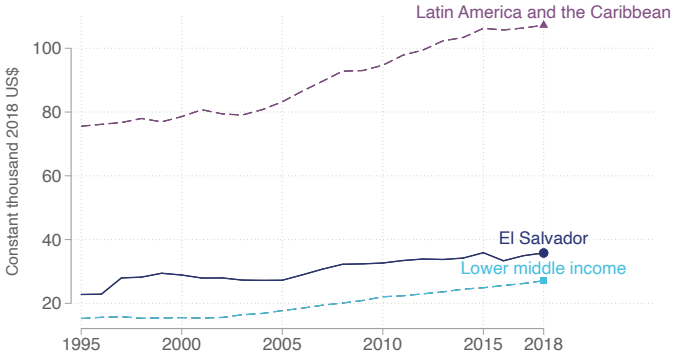
Figure 2. Total wealth per capita by year, 1995-2018



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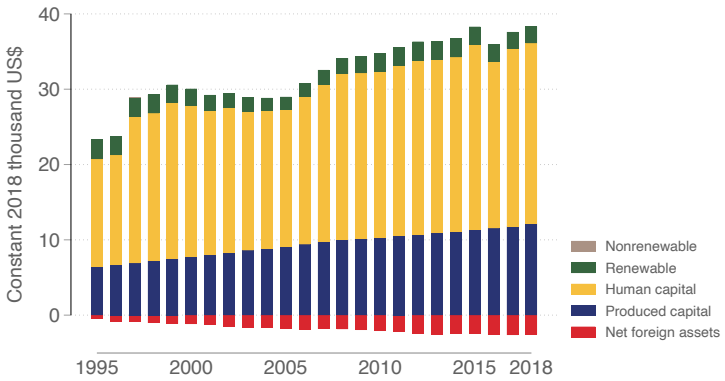
The change in wealth per capita is a leading measure of long-term sustainability. Declining wealth per capita could indicate insufficient investment in a nation's assets, or that they are being mismanaged or misvalued. In 1995, **El Salvador**'s total wealth per capita was **23** thousand US dollars and in 2018 it reached **36** thousand US dollars, a change of **57** percent. Figure 2 shows **El Salvador**'s total wealth per capita compared to its region and income group.

Composition of total wealth

In addition to measuring the change in wealth per capita, quantifying contributions from individual wealth components allow policy makers to monitor the sustainability of development and its resilience to shocks. **El Salvador**'s wealth is composed of natural capital, human capital, produced capital and net foreign assets. Globally, natural capital comprises renewable assets—such as forests, mangroves, fisheries, and land—and nonrenewable assets, including fossil fuels, metals, and minerals. In 2018 **El Salvador**'s natural capital per capita reached **2** thousand US dollars, about **6.2** percent of its total wealth per capita.

Figure 3. Wealth per capita composition



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Human capital estimates the value of the expected future labor income that could be generated over the lifetime of the current working population. This is disaggregated by gender and employment status (employed and self-employed). In 2018 **El Salvador**'s human capital per capita was worth **24** thousand US dollars, which represents **66.9** percent of its total wealth per capita.

Produced capital measures the sum of investment minus normal depreciation, including assets such as machinery, buildings, equipment, intangible wealth such as intellectual property and mineral exploration, and residential and nonresidential urban land. In 2018 **El Salvador**'s produced capital per capita reached a total of **12** thousand US dollars, a **34.0** percent of **El Salvador**'s total wealth per capita.

Net foreign assets are the sum of a country's external assets and liabilities: for example, foreign direct investment and reserve assets. Net foreign assets can be positive or negative. When these are negative, they are subtracted from total wealth. In 2018 **El Salvador**'s net foreign assets per capita reached **-3** thousand US dollars, **7.1** percent the size of the country's total wealth per capita.

Figure 3 shows annual composition of **El Salvador**'s wealth per person between 1995 and 2018 distinguishing between net foreign assets, produced capital, human capital, and renewable and nonrenewable natural capital.

A diverse asset portfolio is more resilient than one overly dependent on a single asset. Countries can choose to invest in different wealth components and achieve a more balanced and resilient asset portfolio. Analyzing the evolution of the main wealth components, policy makers can have better tools to build and manage a comprehensive wealth portfolio and decide what mix of assets would help them achieve this goal. Figure 4 shows the evolution of **El Salvador**'s total produced, human and natural capital between 1995 and 2018. Figure 5 shows these same wealth components divided by the country's total population.

Figure 4. Produced, human, and natural capital

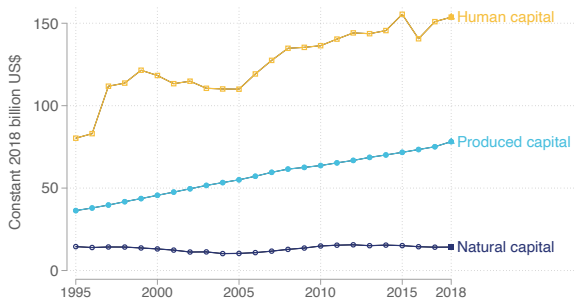

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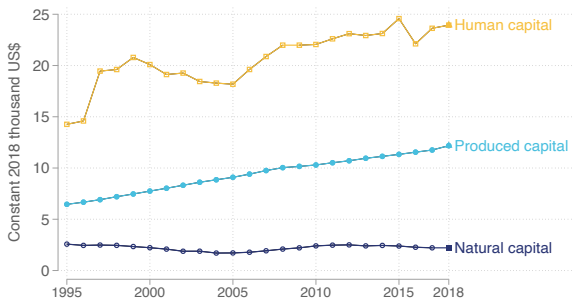
Figure 5. Produced, human, and natural capital per capita



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Natural capital

Natural capital is a vital part of **El Salvador**'s total wealth and is linked to natural resources. Environmentally harmful fossil fuels are often overrewarded by markets, while essential renewable natural assets are often undervalued and underpriced. Declining stocks of renewable natural capital, for example, may reflect overexploitation or degradation of these assets. Likewise, declining stocks of nonrenewable natural capital, could indicate decreasing value or increasing depletion of these natural resources. The analysis of such assets can help us identify when natural resources are mismanaged or help guide more sustainable policies. Figure 6 compares **El Salvador**'s total renewable and nonrenewable natural capital, while figure 7 shows the value of these assets divided by the country's population between 1995 and 2018.

Figure 6. Renewable vs nonrenewable natural capital

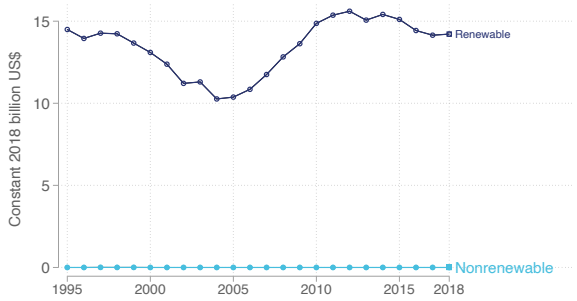

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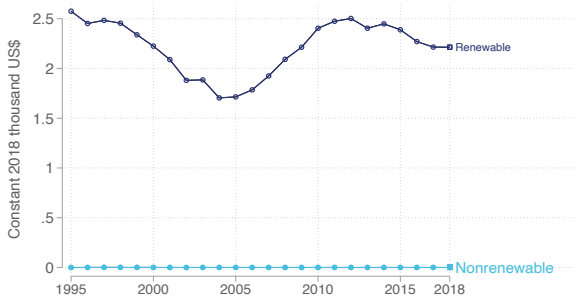
Figure 7. Renewable vs nonrenewable natural capital per capita



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The composition of renewable and nonrenewable natural capital can also fluctuate. Increasing overreliance on one asset could increase the country's macroeconomic and fiscal risk, especially if these are commodities. Figure 8 shows **El Salvador**'s composition of total renewable natural capital, while figure 9 shows the share of each asset in total renewable natural capital.

Figure 8. Renewable natural capital composition

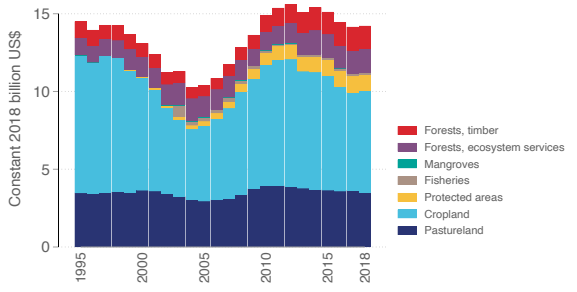

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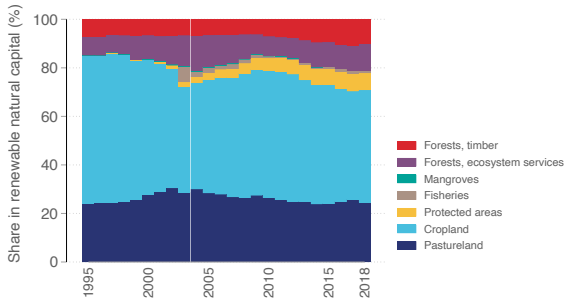
Figure 9. Renewable natural capital component share



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Human capital

Human capital, measured by the present value of estimated earnings over a person's lifetime, is the most important component of wealth globally. This edition provides wealth accounts for human capital disaggregated by gender and employment status. Analyzing CWON 2021 human capital can provide information on disparities between male and female, and between employed and self-employed human capital. Figure 10 compares **El Salvador**'s composition of total human capital per capita in 1995 and 2018, while figure 11 compares these components share in **El Salvador**'s total human capital per capita.

Figure 10. Human capital composition per capita

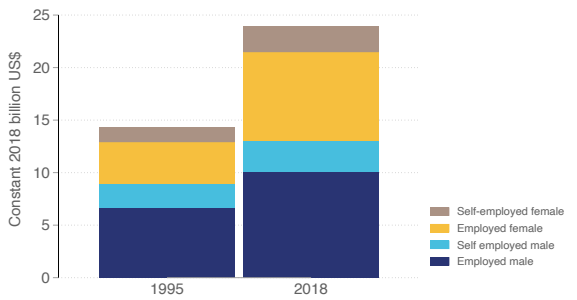

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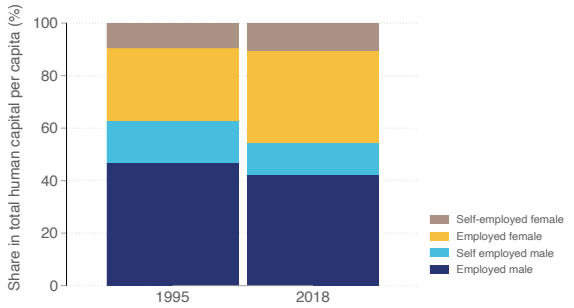
Figure 11. Human capital component share



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Note: This is an automated document using predefined text and country-specific charts based on The Changing Wealth of Nations 2021 core accounts. CWON 2021 estimates are built with readily available global datasets and may deviate from actual country data. Please visit www.worldbank.org/cwon for methodology and background materials.