

COUNTRY PROFILE



El Salvador



GLOBAL RANK: 76th of 104



El Salvador ranks much better in Comparative Liveability (62nd) than Economic Competitiveness (83rd), particularly as a result of high levels of religious faith, resulting in an overall rank of 76th.

BACKGROUND

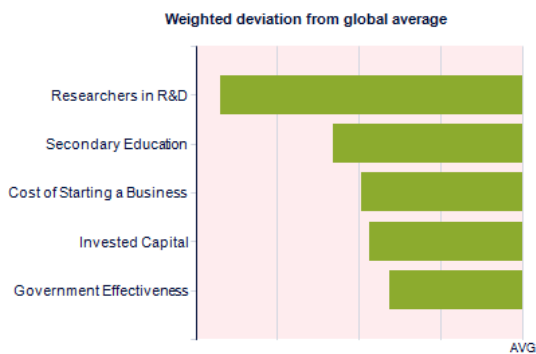
El Salvador is the most densely populated country in Central America, and overcrowding and unsustainable exploitation of its land has led to severe environmental problems. Levels of air and water pollution are high, and extensive deforestation has reduced biological diversity and made settlements vulnerable to flooding. The maquila factories producing low-cost garments for US consumers are a key component of the economy. National wages are low, and the economy is highly dependent on remittances from Salvadorans working in the United States. Gang membership is rife in urban areas, and levels of violent crime are among the highest in the world.

FAST FACTS

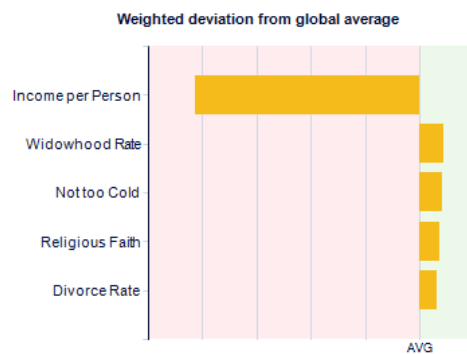
Population:	7 million (2008 est.)	FDI (net inflow):	2.35% (2006 est.)
Life Today	5.5 (2007 est.)	Exports	18.84% (2006 est.)
GDP (PPP)	\$41.65 billion (2007 est.)	Imports	40.90% (2006 est.)
GDP (Growth)	4.7% (2007 est.)	Unemployment:	6.2% (2007 est.)
GDP (per Capita)	\$5,800 (2007 est.)	Life Expectancy	72.06 years (2008 est.)
Political System:	Republic		
Foreign Aid:	0.78% (2006 est.)		

KEY SCORE DRIVERS

ECONOMIC COMPETITIVENESS



COMPARATIVE LIVEABILITY



Although El Salvador has a steadily growing economy, it is one of the poorest countries in Latin America. Capital investment is limited, and investment in education is exceptionally poor, with the average worker possessing less than a year and a half of secondary education. The country's ability to diversify is limited by low levels of commercialisation of innovation and entrepreneurship, particularly the lack of highly-skilled researchers in the workforce, and the high costs of starting a business.

El Salvador scores relatively badly on governance. Salvadoran regulations and the bureaucratic environment are below the global average for effectiveness. Under these circumstances, only a few

El Salvador's Comparative Liveability ranking is significantly higher than that for Economic Competitiveness. Low income is the most negative indicator: income per capita of \$4,776 is almost half the average for Latin America, and far below the global average. The country is densely populated and more than one-third of the population lives below the poverty line.

In addition, health-adjusted life expectancy in El Salvador is less than 60 years, well below the global average, aggravated by the presence of debilitating disease. Nevertheless, 84%⁹ report satisfaction with individual health. Other subjective indicators are similarly strong. El Salvador is one of the most religious societies in Latin American and

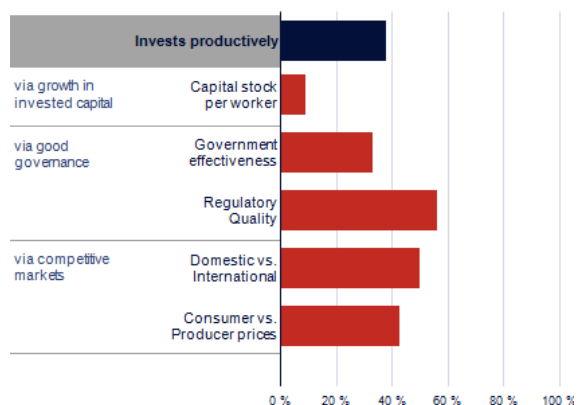
investors are willing to risk their capital by founding businesses, opening factories and encouraging new industries in the country, although dependence on commodities is not a current problem. The country's poor economic performance has resulted in poverty and significant material deprivation.

The Salvadoran economy has also been harmed by a number of natural disasters in the last few years, such as earthquakes and hurricanes. These have a disproportionately negative impact on such a poor society.

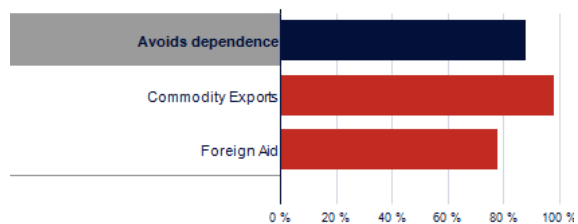
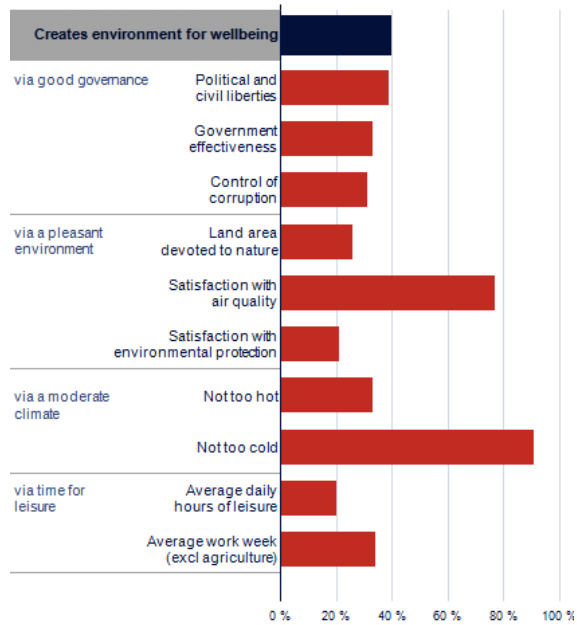
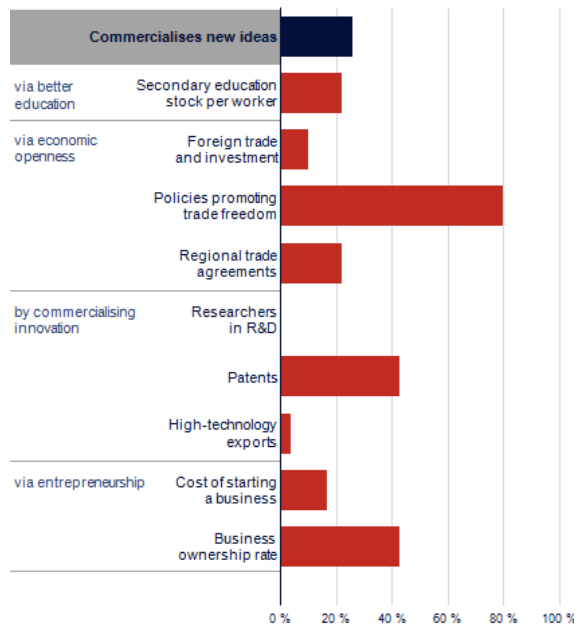
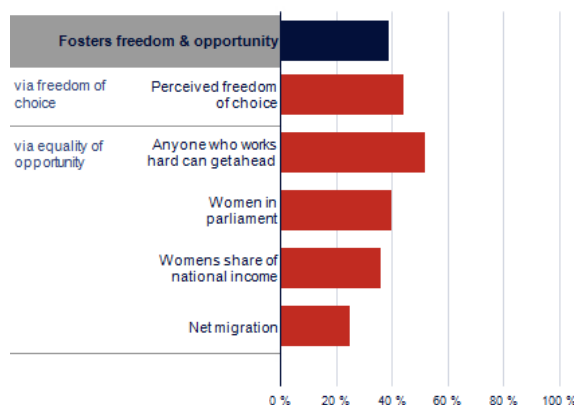
in the world, with 97% ^w of the population reporting religious faith as important, according to the World Values Survey. The Roman Catholic Church plays an important role in Salvadoran culture and consequently, divorce rates are remarkably low. Widowhood rates are low, and the warm climate is also a positive factor.

Salvadorans report longer working hours (49 hours a week), and correspondingly less leisure time than the rest of the continent. Although it is overall no worse than the regional average, equality of opportunity is limited in El Salvador, particularly along gender lines. This contributes to pessimism about social mobility.

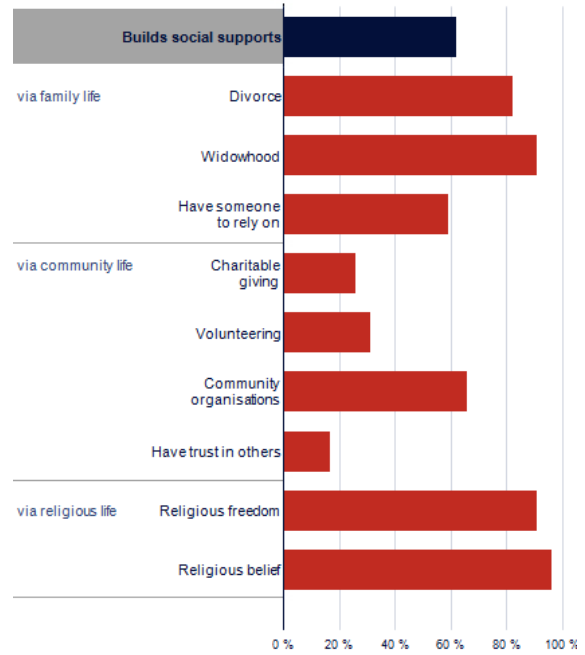
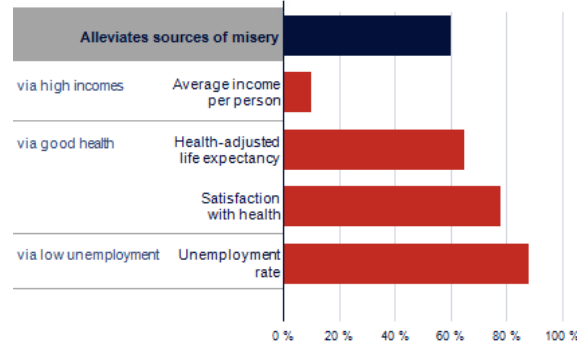
ECONOMIC COMPETITIVENESS: SCORECARD



COMPARATIVE LIVEABILITY: SCORECARD



All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



References:

^{g, w} See www.prosperity.com/references.aspx for further details including date of survey, sample size, and margin of error.