

BACKGROUND  
NOTE

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5

**Conditions  
of Youth  
in El Salvador<sup>1</sup>**

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The comments of María Dávalos, Aylín Isik-Dikmelik, and Ruth Llovet are especially appreciated.

## **Abstract**

El Salvador enjoys a significant demographic bonus: one in five Salvadorans is between 15 and 24 years old. Ensuring the well-being of this segment of the population is doubly beneficial: it improves the living conditions of a large sector of the population and contributes to improving human capital that will bear fruit for several decades. In both social and economic terms, it is a profitable investment. However, it is worrying to note that there is a higher incidence of extreme poverty and vulnerability in the young population than in the rest of the population.

To achieve improvements in human capital, education and employment must be the primary focus areas. In education, we document a low percentage of young people who attend and remain in school, and a high level of learning poverty. In addition, a high percentage of young people do not study or work. On the other hand, the percentage of young men who study and work has fallen in recent years, while the percentage of women has remained constant.

In employment, we find about half of young people active in the labor market, although most employed young people have informal jobs, with men having a higher incidence in informality. In terms of wages, the monthly labor income of young people is 17 percent lower than that of adults, and in the aggregate, the total income of young people represents 12 percent of the income generated by workers in El Salvador.

In addition, gender gaps differ according to the type of employment. In general, men receive a higher salary than women. This is also true in the case of dependent employment. However, in self-employment, the situation is the other way around. The decompositions made for all three cases indicate that women should receive a higher salary. But, in general, there is evidence of men being favored.

In this note, we present an overview of the situation of young people in El Salvador, paying special attention to their conditions in education and work and emphasizing gender differences and the poverty conditions in their households.

JEL Classification: J13, J21, I21

Keywords: Youth, Gender, Employment, Education

## I.

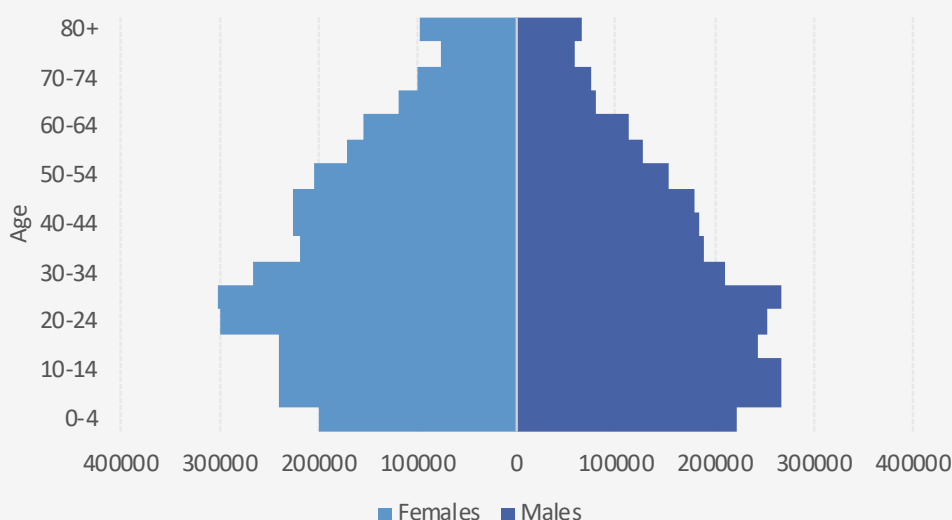
## Introduction

El Salvador's population pyramid in 2023 (Figure 5.1.) has two important characteristics:

- **The young population predominates.** About 16 percent of the Salvadoran population is between 15 and 24 years old. This is a higher proportion than the average of Latin America and the European Union (16 percent and 11 percent, respectively). The country enjoys a demographic bonus that gives it a lot of potential for development if it is well used.

- **There is a notorious gender imbalance in the adult population. Among the child population** (under 15 years of age) and young people (between 15 and 24), 49 percent are women, a figure not far from the balance. However, among the adult population (35 years of age and older), the proportion of women grows to 56 percent, that is, only 44 percent are men, which means that in this age segment there are 1.3 women for every man.

**FIGURE 5.1.** POPULATION PYRAMID OF EL SALVADOR (2023)



Source: EHPM (2023).

El Salvador's population composition shows that the country will face some demographic challenges in the medium term. For the time being, while the benefits of the demographic bonus are still being enjoyed, it is necessary to invest in the human capital of young people, with a gender approach.

We first look at the welfare conditions of young Salvadorans based on the per capita income of their households. To do this, we use the World Bank's proposed classifications, which divide the population into four groups: (i) extreme poor (daily per capita income of less than USD 2.15 PPP 2017), (ii) moderate poor (daily per capita income

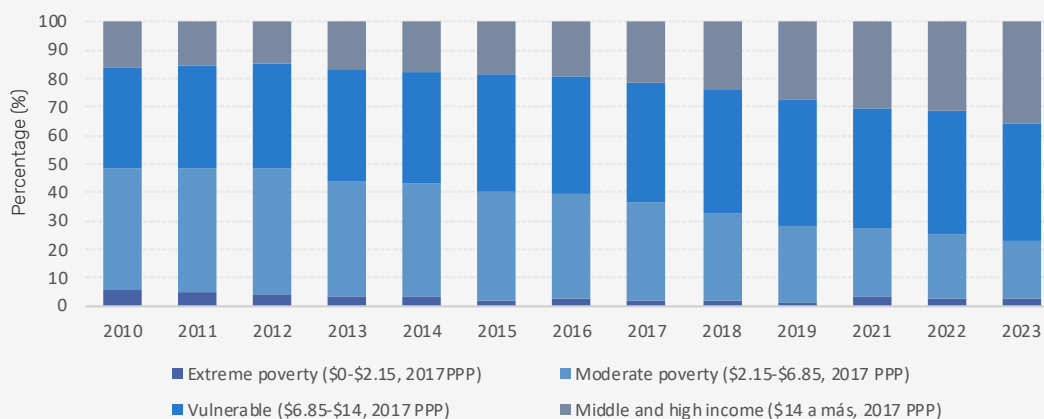
between USD 2.15 and USD 6.85), (iii) vulnerable (daily per capita income between USD 6.85 and USD 14), and (iv) medium and high income (daily per capita income greater than USD 14).

The young segment of the population has a lower incidence of extreme poverty than the general population (in 2023 data, 2.4 percent versus 3.1 percent) and moderate poverty (20.6 percent versus 21.7 percent). On the other hand, the incidence of vulnerability among young people is higher than that found among the general

population (41.3 percent versus 38.9 percent) (Figure 5.2.).

In the last decade, especially between 2018 and 2023, the percentage of young people with medium and high incomes has grown. In the same period, the proportion of young people in moderate poverty has fallen, while the proportion of vulnerable people has remained constant. Extreme poverty showed a downward trend until before the COVID-19 pandemic, which resulted in a return to levels similar to those recorded in 2012.

**FIGURE 5.2.** EVOLUTION OF YOUTH POVERTY IN EL SALVADOR (2010-2023)



Source: EHPM 2023 and LAC Equity LAB estimations.

One of the main challenges to take advantage of the demographic bonus in El Salvador and boost the well-being of youth is the fact that a large percentage of young people are not accumulating human capital at work or school. This perpetuates existing gaps throughout the life

cycle. It should be noted that, at present, due to the way labor laws and regulations are designed, they reduce the possibilities of finding a flexible formal job that could serve as a springboard to the labor market.<sup>2</sup>

2. Banegas and Winkler (2020)

In the following sections, we present a diagnosis of the situation of the country's young population (between 15 and 24 years old), with special attention to gender differences. Our focus is on

the accumulation of human capital at this stage of life, which is achieved through education and work experience.

## II.

### Education

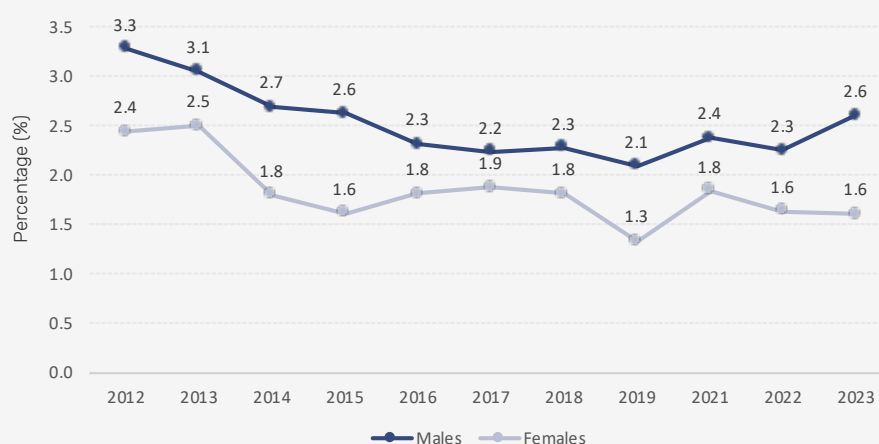
The accumulation of human capital basically happens through two channels: education and work experience. In the life cycle of people, the educational channel happens first. Therefore, education is the first instrument for the generation of opportunities for young people. Such opportunities for children and young people allow them to be productive workers in their adult lives and lead a good life in society.

A first extremely worrying fact, however, is that there are still young people who do not know how to read or write. As of 2023, 2.6 percent of men and 1.6 percent of women between 15 and 24 years of age are in this situation (Figure 5.3.). Although

illiteracy shows a downward trend, in the last 10 years, the reduction in illiteracy among young people—both men and women—has been only 1 percentage point. The COVID-19 pandemic also resulted in a slight setback in the progress made.

The data on learning poverty are not encouraging either. In El Salvador, as of 2024, 69 percent of 10-year-olds are not able to understand a simple text. The country's overall result is 17 percentage points above the result of Latin America and the Caribbean.<sup>3</sup> This is also an indicator of the low quality of education in El Salvador, which adds to the socioeconomic barriers and inequalities that affect access to quality education.

**FIGURE 5.3.** PERCENTAGE OF 15–24-YEAR-OLDS WHO CANNOT READ OR WRITE (2012–2023)



Source: EHPM 2023.

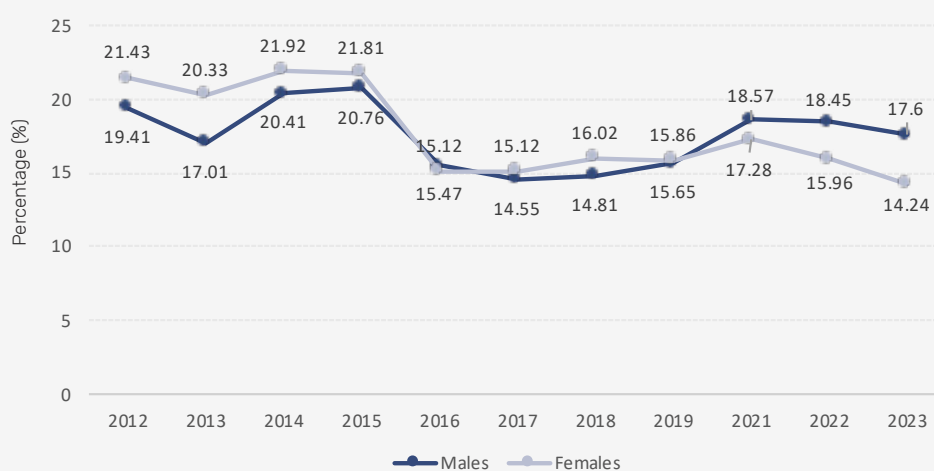
Basic education is fundamental to the training of young people, providing students with the skills and knowledge that cement their development. This is mainly made up of two stages: (i) primary education, which is usually from 6 or 7 years old, to 11 or 12 years old, and (ii) secondary education, which is usually up to 16 or 17 years old. Despite its importance, however, the data on the situation of young people in basic education in El Salvador also show worrying results.

Only 2 out of 10 young people have completed their basic education studies. Here again, a differentiated trend can be seen according to gender: among men the percentage has been increasing slightly, while in the case of women there is a decrease. Overall, the percentage remains low. It is also interesting to note that

a few years ago women completed secondary education in a higher proportion than men; this has been reversed (Figure 5.4.).

In addition, it is essential to analyze the school dropout rate, measured as young people ages 18 to 24 who have completed lower secondary school (that is, the first three levels of secondary education) as the highest level of education achieved and are not attending any level of education. In El Salvador for 2022, the school dropout rate was 36 percent, around 10 percentage points higher than the average school dropout rate in the region.<sup>4</sup> Therefore, in the country approximately one in three young people between 18 and 24 years of age drop out of school.

**FIGURE 5.4.** YOUNG PEOPLE FROM 18 TO 24 YEARS OLD WITH COMPLETED SECONDARY SCHOOL (2012–2023)



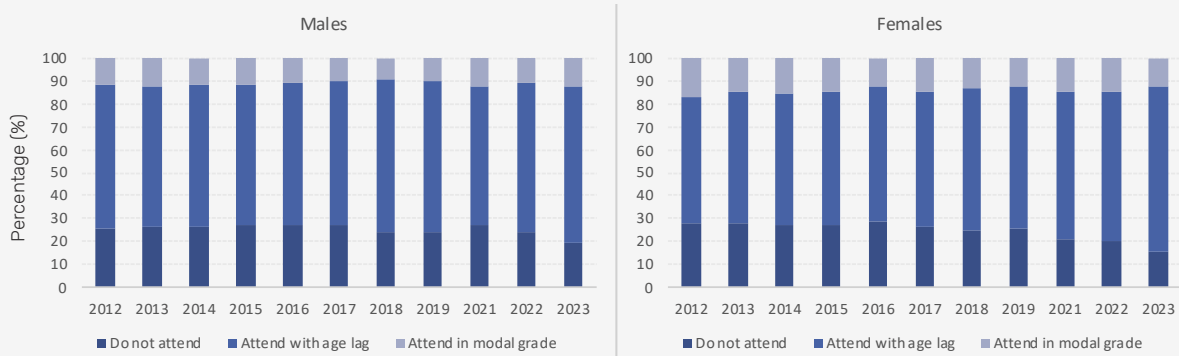
Source: EHPM 2023.

2. CIMA-IDB (2023).

The number of overage young people is another piece of data that accounts for the challenges faced by the education system. This refers to students who are older than the typical age for their grade level. A 15-year-old Salvadoran is supposed to accumulate 10 years of education. However, more than 60 percent of students

ages 15, 16, and 17 accumulate fewer years of education than they should for their age. Figure 5.5. makes it clear that, for both genders, young people who attend school and who are in the grade that corresponds to their age are a clear minority.

**FIGURE 5.5.** YOUNG PEOPLE AGES 15, 16, AND 17 ACCORDING TO SCHOOL STATUS (PERCENTAGE, 2012–2023)

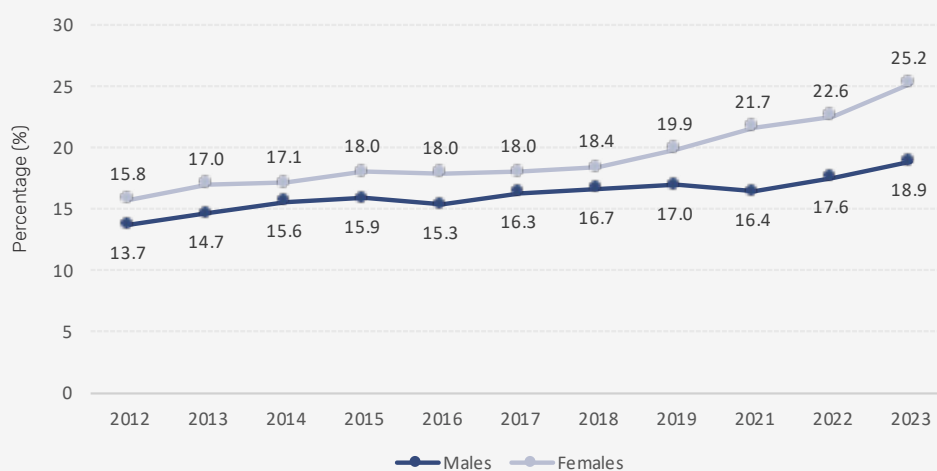


Source: EHPM 2023.

Upon completion of basic education, students should continue their studies in higher education. It is through higher education that people acquire the necessary skills for the development of productive activities. The job outlook for skilled workers is significantly more favorable than that of their less-skilled counterparts.<sup>5</sup> In addition, in El Salvador, the lack of skills or correctly qualified workers turns out to be one of the main obstacles for companies. According to the World Bank enterprises survey, the top three obstacles to firms' development are the access to finance, the informal sector, and the poorly educated workers.<sup>6</sup>

Looking at the situation of higher education in El Salvador, it can be seen that the figures are consistent with the low percentage of young people who complete basic education (Figure 5.6.). Only 2 out of 10 young people reach the level of higher education, and although the percentage has been increasing, the variation registered between 2012 and 2020 is less than 10 percentage points. Women reach the higher level more often than men, and the gap between the two genders is widening. In 2023, 25.2 percent of young women in El Salvador were pursuing higher education, in contrast to 18.9 percent of men.

**FIGURE 5.6.** HIGHER EDUCATION ATTENDANCE (YOUNG PEOPLE AGES 18–24) (2012–2023)



Source: EHPM 2023.

5. Banegas and Winkler (2020)

6. World Bank (2023)



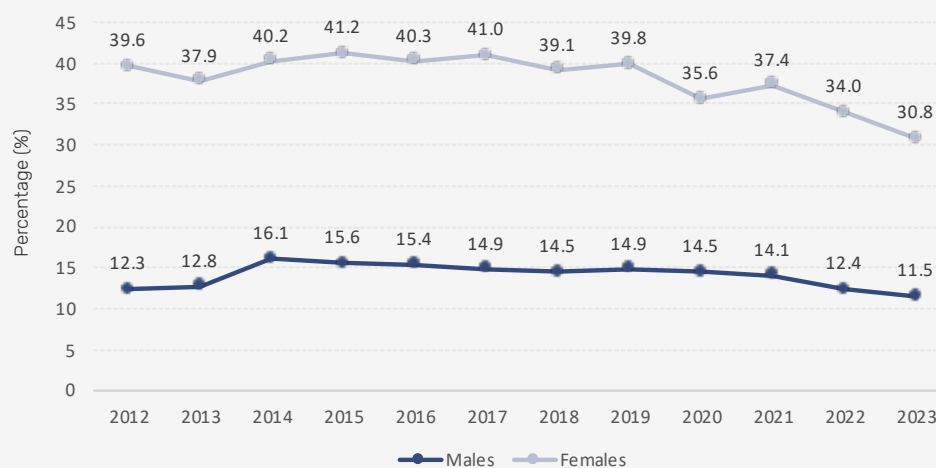
A considerable number of young Salvadorans are not studying or working. These are the so-called 'NEETs' (Figure 5.7). In other words, we can say that a significant group of the country's young population is not generating income nor is it receiving the necessary training to be able to successfully enter the labor market later. More than one-third (32 percent) of young NEETs have not completed primary school and those who have completed secondary school barely exceed 17 percent (Figure 5.8.).

This is a worrying reality that clearly affects the ability of families to generate income. Data from the EHPM 2023 show that households with

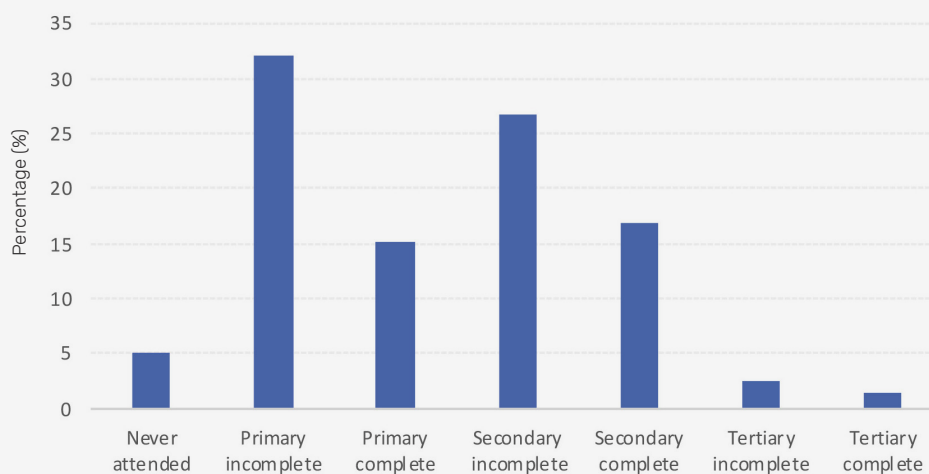
young people who are neither in education nor in work have, on average, much less income than those with no NEETs (Table 5.1.). But, in addition, the negative impact of this reality on the future productivity of this group of young people is immense, so their families will have more difficulty generating income in the future.

On the other hand, this indicator highlights the size of the gender gap in the country: among women, the percentage of NEETs reaches 30.8 percent of the young population, while among men the percentage—which is still high—reaches 11.5 percent.

**FIGURE 5.7.** PERCENTAGE OF NEETs (PERCENTAGE OF THE YOUNG POPULATION AGES 15–24 YEARS) (2012–2023)



Source: EHPM 2023.

**FIGURE 5.8.** LEVEL OF EDUCATION OF NEETS (PERCENTAGE OF YOUNG POPULATION AGES 15–24 YEARS) (2012–2023)

Source: EHPM 2023.

**TABLE 5.1.** HOUSEHOLD INCOME OF NEETS (YOUNG POPULATION AGES 15–24 YEARS) (2023)

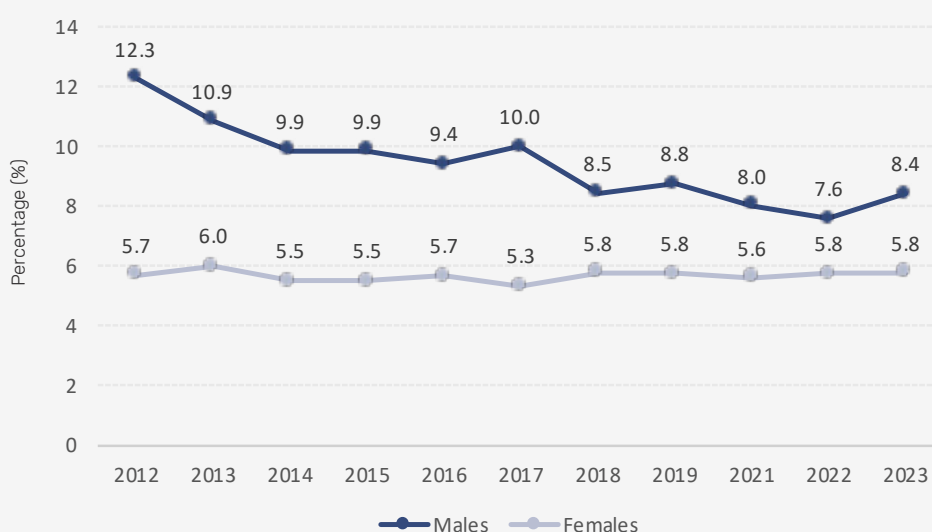
Household income (US\$)		Total income		Income per capita	
		Mean	Median	Mean	Median
With NEET's	Males	743.7	577.8	188	156.5
	Females	721	589.2	183.9	152.7
Without NEET's	Males	869.9	656.8	314.2	242.1
	Females	775.2	595.2	301.6	228.8

Source: EHPM 2023.

In contrast, there is also a group of young people who combine studies with work. However, the percentage of young people in this situation is relatively low: 8.4 percent of men and 5.8 percent of women are in this situation, according

to 2023 figures. With regard to this indicator, it is striking to note that the percentage of men who study and work has fallen steadily over the last 10 years, while for women it has remained constant (Figure 5.9).

**FIGURE 5.9.** YOUNG PEOPLE (15–24 YEARS OLD) COMBINING STUDY WITH WORK (2012–2023)



Source: EHPM 2023.

To try to explain the reduction in the percentage of men who study and work, we have made an estimate in differences, taking the group of women as counterfactual and exploiting the

variation over time to gain identification. To do this, we make use of explanatory variables that may have changed between 2012 and 2023. The equation to be estimated is as follows:

$$Y_{it} = \beta_1 + \beta_2 * X_{it} + \beta_3 * Z_{it} + \delta(X_{it} * Z_{it}) + \beta_4 * W_{it} + \varepsilon$$

where  $Y_{it}$  is an indicator that takes the value 1 if individual  $i$  in year  $t$  studies and works, and 0 otherwise;  $X_{it}$  is a dummy that takes the value of 1 if it is a man and 0 if it is a woman;  $Z_{it}$  is a dummy that takes the value of 1 if the observation corresponds to 2023 and 0 if it corresponds to 2012, and  $W_{it}$  groups a series of controls with characteristics of young people, their households, and their jobs.  $\varepsilon$  is the term that measures error in regression.

Table 5.2 shows the results of the regression. In the first column, the regression is done without adding any controls. In the following columns, various factors that could be associated with the change observed between 2012 and 2023 are added successfully. It is interesting to note that the regression of differences-in-differences (the interaction of gender and year) remains practically constant around 0.04 despite the inclusion of almost all controls (Table 5.2.).

**TABLE 5.2.** REGRESSION IN DIFFERENCES-IN-DIFFERENCES OF YOUNG PEOPLE AGES 15 TO 24 YEARS WHO COMBINE STUDY AND WORK (2012 AND 2023)

Variables	Young people who study and work						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Male (1 = Male, 0 = Female)	0.0661*** -0.00437	0.0654*** -0.00436	0.0641*** -0.00436	0.0641*** -0.00436	0.0628*** -0.00435	0.0454*** -0.00435	0.0241** -0.00996
Year 2023 (1 = 2023, 0 = 2012)	0.000804 -0.0046	-0.00863* -0.00463	-0.00790* -0.00463	-0.00797* -0.00463	-0.00857* -0.00463	-0.0125*** -0.00457	-0.0258** -0.0119
Male*Year	0.0399*** -0.00658	-0.0423*** -0.00656	-0.0415*** -0.00656	-0.0416*** -0.00656	-0.0415*** -0.00655	-0.0446*** -0.00647	-0.0521*** -0.0146
Household per capita income (real USD)		7.95e- 05*** -0.00656	7.91e- 05*** -0.00656	7.98e- 05*** -0.00656	8.52e- 05*** -0.00655	7.28e- 05*** -0.00647	0.000200*** -0.0146
Presence of both parents in the home (1 = both parents present in the home, 0 = otherwise)			0.0245*** -0.00327	0.0244*** -0.00327	0.0240*** -0.00327	0.0306*** -0.00324	0.0698*** -0.0071
Presence of minors in the household (1 = presence of minors in the home, 0 = otherwise)				0.00605 -0.00658	0.00633 -0.00657	0.0156** -0.0065	0.0452*** -0.0127
Overage student (1 = attends school overage, 0 = otherwise)					0.0349*** -0.00427	0.0335*** -0.00422	0.0636*** -0.0094
Type of employment (1 = dependent, 0 = other case)						0.0957*** -0.00364	-0.137*** -0.0083
Informal (1 = yes, 0 = no)							0.0170* -0.00913
Constant	0.0572*** -0.00309	0.0355*** -0.00344	0.0245*** -0.00374	0.0187** -0.00733	-0.0109 -0.00817	-0.0348*** -0.00812	0.0928*** -0.0198
Observations (without r weight)	27,816	27,794	27,794	27,794	27,794	27,794	12,169
Observations (with weights)	2,348,222	2,345,792	2,345,792	2,345,792	2,345,792	2,345,792	983,957
R-square	0.01	0.018	0.02	0.02	0.022	0.046	0.06

Source: EHPM 2012 and 2023.

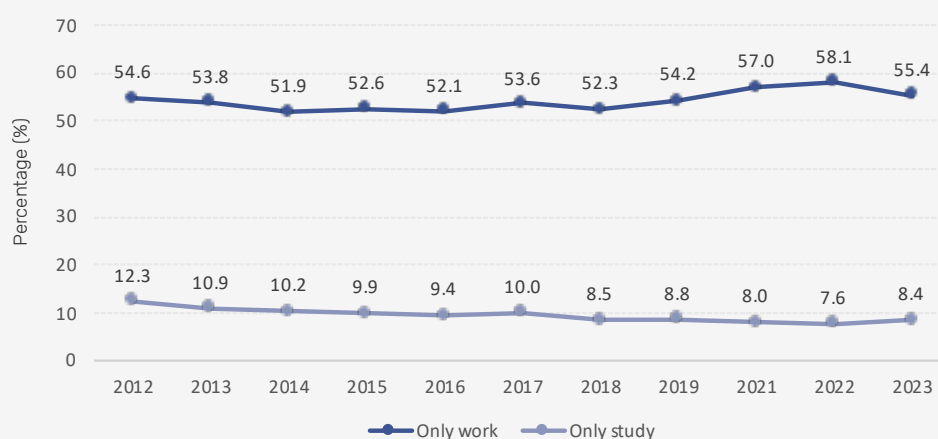
Note: Standard errors in parentheses.

\*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$

The variables that have been introduced as controls are not enough to explain why the percentage of men who study and work at the same time is steadily falling. Other factors, beyond the observable variables of the household survey, must be at work. This may be the subject of further study in research specially designed to answer the question: Why has the percentage of young men who combine study with work fallen between 2012 and 2023, while for women such a statistic has remained almost constant?

In addition, we carried out a brief analysis of the trends of young men ages 15 to 24 who only work or study (Figure 5.10.). As shown in the graph, young men who only work have had an increasing trend in recent years, increasing almost 1 percentage point in 2023 compared to 2012. Meanwhile, young men who only study have a downward trend, with a reduction of almost 4 percentage points from 2012 to 2023.

**FIGURE 5.10.** YOUNG MEN (AGES 15–24) WHO ARE ONLY STUDYING OR ONLY WORKING (2012–2023)



Source: EHPM 2023.

### III.

## Work

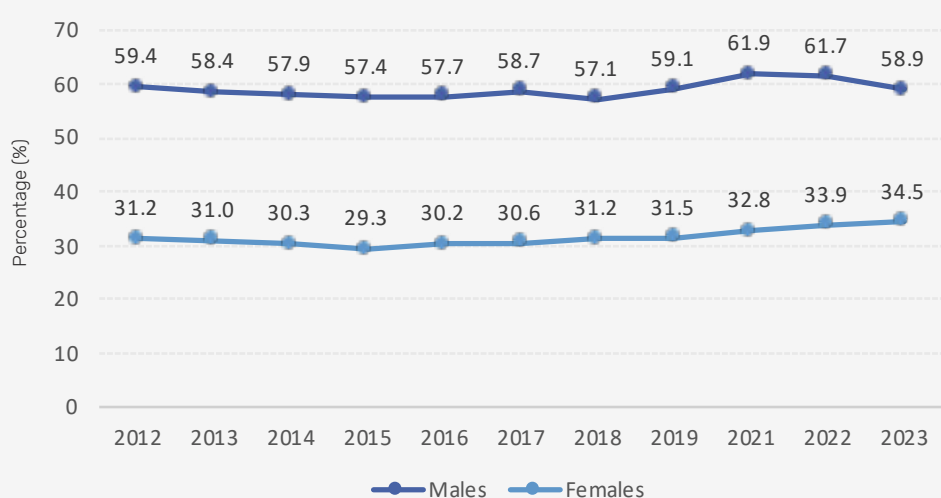
The second relevant component for the formation of human capital is practice, that is, access to job opportunities that allow young people to develop productive skills by performing tasks.

In El Salvador, the legal age to start working is 14 years old. However, the lack of opportunities and deficiencies in the labor market make it difficult to access formal and stable jobs. The proportion of the working-age population employed is 60.5 percent, 4 percentage points below the average for Latin America and the Caribbean.<sup>7</sup> In addition, of the total working-age population, it is observed that young people and adult women (50 percent are employed) have greater difficulties in finding work compared to adult men (70 percent are employed). These differences can also be

explained by high inactivity rates, which may be a consequence of disadvantages in the labor market that discourage them from continuing to look for work.<sup>8</sup>

As shown in Figure 5.11., the percentage of young people (between 15 and 24 years old) who participate in the labor market is considerable (46.1 percent) but below the average for the region (46.8 percent).<sup>9</sup> More than half of young men and about one-third of women are in this condition. This, in turn, shows the existing differences in the labor market.

**FIGURE 5.11.** EVOLUTION OF THE PARTICIPATION OF YOUNG PEOPLE AGES 15 TO 24 IN THE LABOR MARKET (2012–2023)



Source: EHPM 2023.

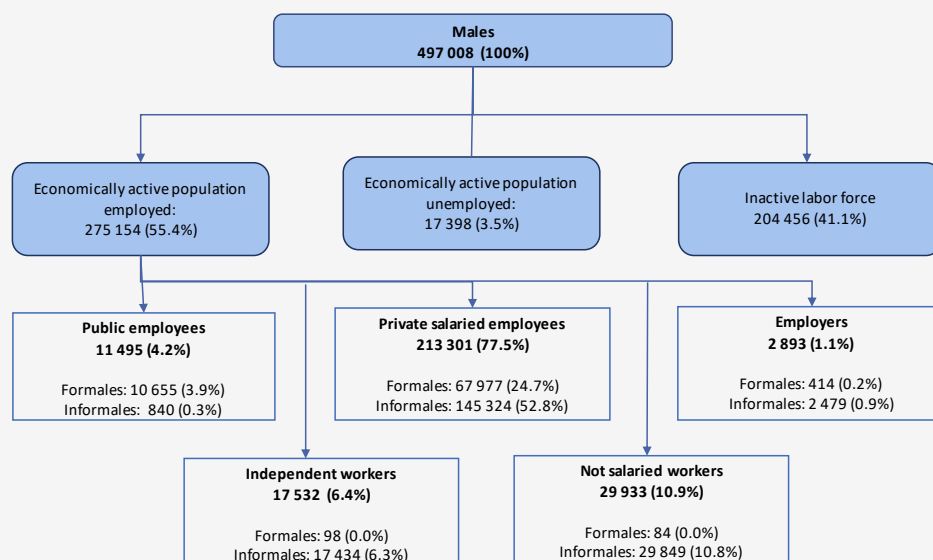
7. Banegas and Winkler (2020)  
 8. Banegas and Winkler (2020)  
 9. ILOSTAT (2023)

In Figure 5.12., the distribution of the young population in the world of work can be observed according to occupational categories and labor informality. Both men (81.7 percent) and women (75.7 percent) are working mainly as salaried workers (dependents). Of these, most are private salaried employees (77.5 percent of men of the total employed Economically Active Population [EAP] and 72.3 percent of women of the total employed EAP). In both cases, about half of the workers are informal. There is also a high number of unpaid workers: 10.9 percent of men and 12.9 percent of women (of the total employed EAP). As for independent workers, 6.4 percent of men and 10.9 percent of women fit into this category. They are all informal. While employers represent around than 1 percent for both cases.

Overall, unemployment figures are low, with 7.2 percent of young people unemployed in

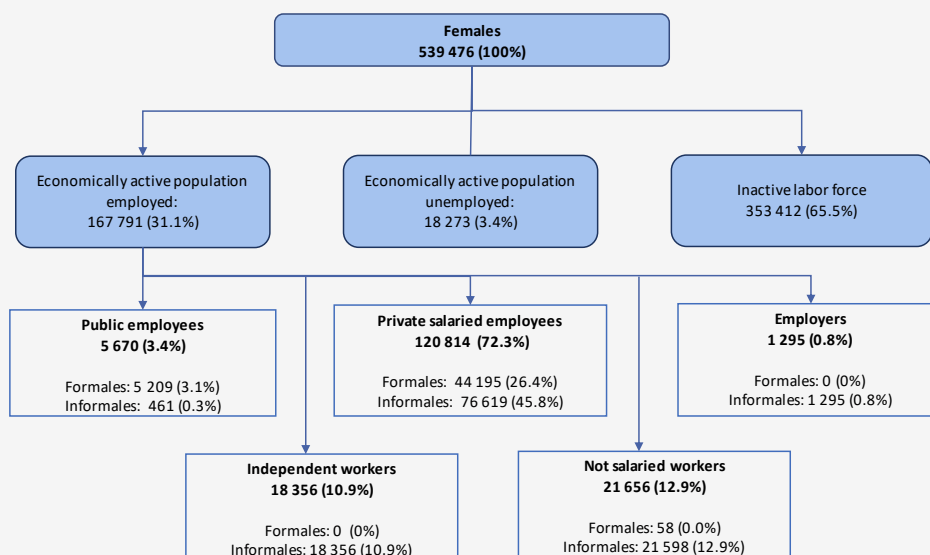
El Salvador compared to 13.6 percent in Latin America and the Caribbean.<sup>10</sup> However, informality is extremely high. Three out of four young workers in El Salvador have informal jobs, a rate higher than the average for Latin America and the Caribbean. In 2022 the percentage of young people working in the informal sector was 62.5 percent.<sup>11</sup> Of the total number of young men employed in the labor market, 71.1 percent of jobs are informal, while in the case of women the figure is slightly lower (70.7 percent). Women and young workers are much more likely to have informal employment than an average skilled worker.<sup>12</sup> Finally, inactivity rates are high, especially among women. Almost twice as many women (65.5 percent) are inactive compared to men (41.1 percent). This is consistent with the previous analysis of the disadvantages in the labor market for women, which leads to a situation of inactivity, since they are discouraged from continuing to look for work.

**FIGURE 5.12 .** DISTRIBUTION OF THE YOUNG POPULATION (15–24 YEARS OLD) IN THE WORLD OF WORK, BY SEX (2023)



Source: EHPM 2023.

10. World Bank - Databank (2023b)  
 11. World Bank - LAC Equity Lab (2022)  
 12. Banegas and Winkler (2020)



Source: EHPM 2023.

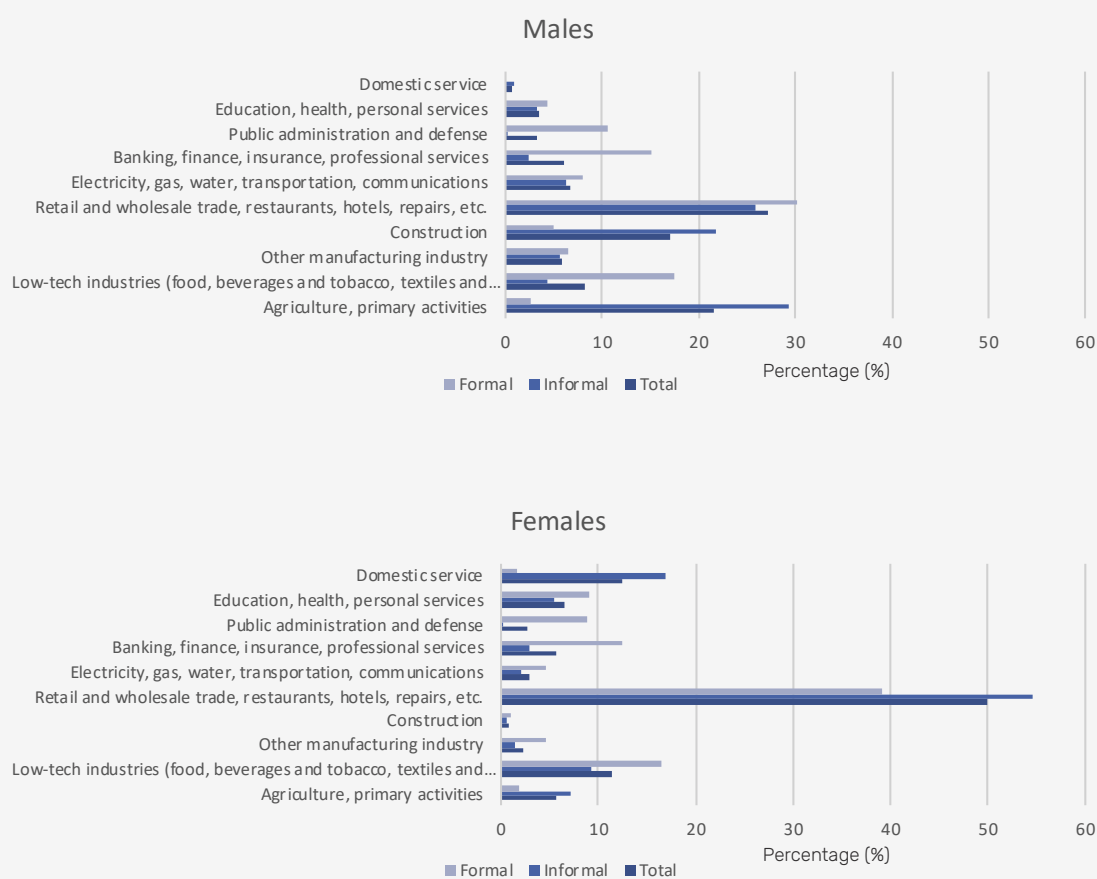
If the sectors where young people work are analyzed taking into account labor informality, great differences are observed (Figure 5.13.). In both cases, the most common sector is commerce. For women, more than half work in the sector of restaurants, hotels, and repairs. In addition, it is the main sector for both informal and formal workers. As young people are concentrated in the trade and services sector, with a greater incidence among those with informal jobs, there

is evidence of a greater vulnerability of young people to possible changes. For example, the pandemic exposed the susceptibility of the trade and services sector to possible crises or to the restrictions that were established in response to the pandemic.<sup>13</sup> Therefore, young people, mainly women, are more exposed to job losses in the event of an eventual crisis

13. World Bank (2022b)



**FIGURE 5.13.** SECTORS WHERE YOUNG PEOPLE WORK (15 TO 24 YEARS OLD) BY GENDER AND INFORMALITY (2023)

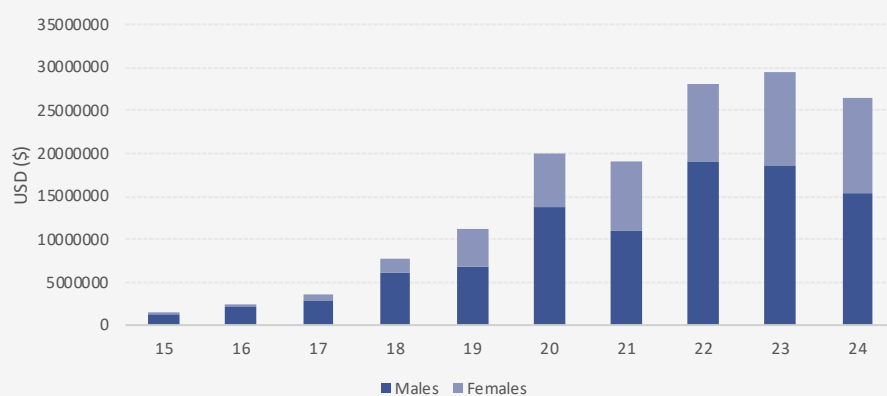


Source: EHPM 2023.

Overall, the average monthly labor income of youth (USD 377.9) is 17 percent lower than the average of adults. Meanwhile, the average hourly labor income of young people (USD 2.02) is 24 percent lower than that of adults. In the aggregate, the total income of young people represents around 12 percent of the total income of workers in El Salvador for 2023. As shown in Figure 5.14., total wage income grows as age increases. However, the income of men is much

higher than that of women. This is true for all ages and is even more noticeable among younger individuals. The total income of 15-year-old women is surprisingly low. This may be the result of the fact that the percentage of employed women (employed EAP) is approximately half of the percentage of employed men (employed EAP), resulting in fewer women receiving labor income in the aggregate.

**FIGURE 5.14.** TOTAL WAGE INCOME OF YOUNG PEOPLE (AGES 15–24) BY AGE AND GENDER (2023)



Source: EHPM 2023.

Continuing with the analysis, special attention is paid to those in dependent employment and in self-employment separately. A fundamental difference between the two types of employment is the presence of an employer with whom working conditions, including salary, are negotiated. In this sense, the first corresponds to the traditional Mincer model of determining labor income, while the second does not. Self-employment, in addition, is seen as an easily accessible option for young people to start an economic activity with flexible schedules.

As previously observed (Figure 5.12.), 81.7 percent of employed young men and 75.7 percent of employed young women are in dependent (salaried) jobs. Meanwhile, self-employment

(workers without dependents) covers 5.4 percent and 9.9 percent of employed young men and women, respectively. The remaining percentages correspond to workers with dependents (employers or independent workers) or unpaid workers. In both cases, the rate of informality in self-employment is almost absolute—that is, almost all of them are working in the informal sector.

Analyzing the hours spent at work, it can be seen in all cases that men work longer than women. In the field of self-employment, men work, on average, 14 hours more per week than their female peers. Among dependent workers, the difference is considerably smaller, only 0.2 hours (Table 5.3.).

**TABLE 5.3.** AVERAGE HOURS WORKED PER WEEK FOR YOUNG PEOPLE (AGES 15–24) IN SELF-EMPLOYMENT AND DEPENDENT EMPLOYMENT (2023)

Average of hours worked		
Self-employment	Males	44
	Females	29.7
Dependent employment	Males	45.5
	Females	45.7

Source: EHPM 2023.

Men spend more hours at work than women, which translate into a noticeable difference between the average labor income of both sexes. Among dependent workers, in fact, the figures are similar: men earn on average USD 398.4 and women USD 382.7. The difference in income is greater among self-employed workers. In this area, men earn USD 328.8 and women only USD 196. In this case, the average amount men dedicate to work is higher than that of women, unlike dependent work (Table 5.4.).

The difference in average labor income between self-employed young people and those who have dependent jobs is also striking. By comparison, self-employed young people earn much less. In El Salvador, a young woman with dependent employment can generate, on average, monthly labor income of USD 382.7, while a self-employed woman only generates USD 196.

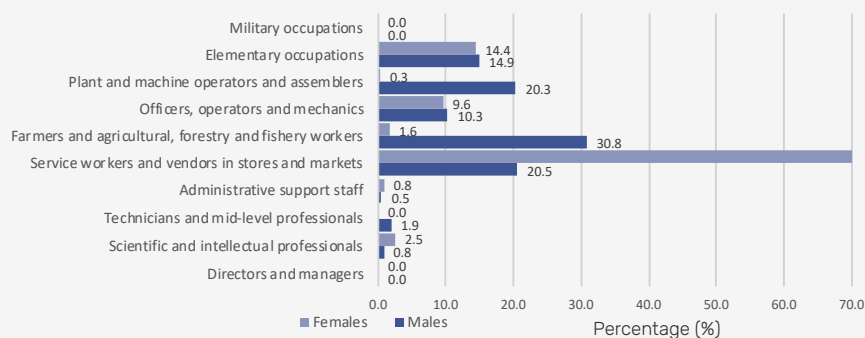
**TABLE 5.4.** AVERAGE MONTHLY AND HOURLY LABOR EARNINGS OF YOUNG PEOPLE (AGES 15–24 YEARS) IN SELF-EMPLOYMENT AND DEPENDENT EMPLOYMENT (2023) (USD)

Labor income (USD)		Monthly		Hourly	
		Mean	Median	Mean	Median
Self-employment	Males	328.8	155.2	1.7	0.8
	Females	196	101	1.6	1
Dependent employment	Males	398.4	381.2	2.1	1.9
	Females	382.7	370	2	1.8

Source: EHPM 2023.

For young self-employed women, the main occupations are—by far—those related to services and sales in shops and markets. In this category are 7 out of 10 women, while among men the proportion is much lower (around 3 out of 10). For

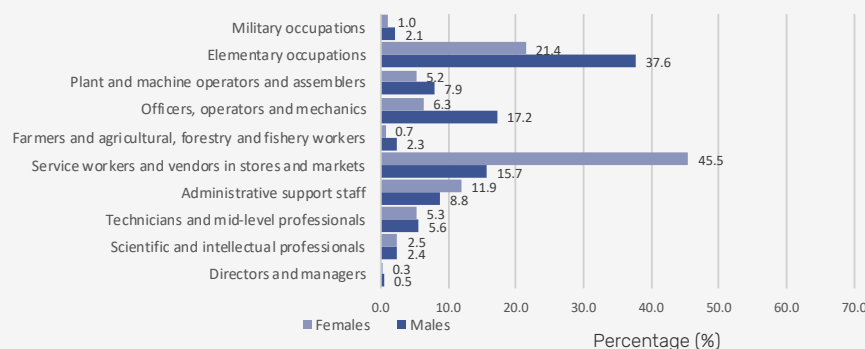
men in self-employment, the main occupations are also related to agricultural work, forestry, and fishing—an area in which women have little participation (Figure 5.15.).

**FIGURE 5.15.** OCCUPATIONS OF YOUNG PEOPLE (AGES 15–24) IN SELF-EMPLOYMENT (2023)

Source: EHPM 2023

With regard to dependent employment occupations, it is observed, as in self-employment, that women work mainly as service workers and salespeople in shops and markets (Figure 5.16.). Men, on the other hand, are

concentrated in occupations that involve simple and routine tasks (most occupations in this major group require competencies at the first level of the International Classification of Occupations - ISCO classification).

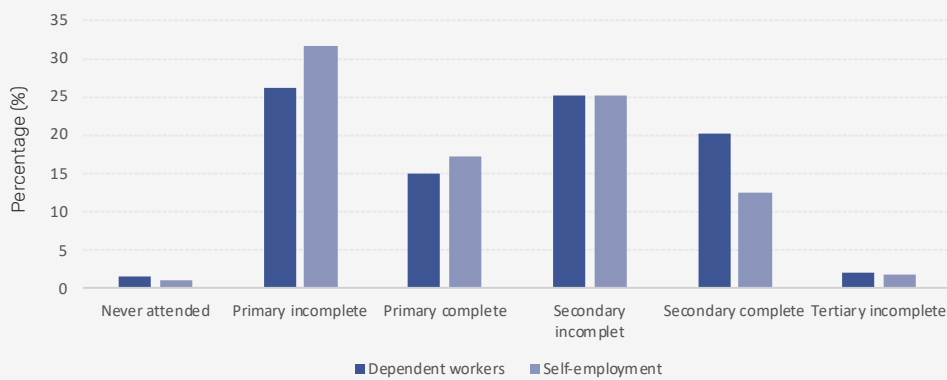
**FIGURE 5.16.** OCCUPATIONS OF YOUNG PEOPLE (AGES 15–24) IN DEPENDENT EMPLOYMENT (2023)

Source: EHPM 2023

Likewise, the level of education of young people working in both dependent and self-employed employment shows that only 2 percent of young people in dependent employment and 1.6 percent of young people in self-employment

have completed higher education. In most cases, for both types of employment, the level of education of young people is incomplete primary or secondary (Figure 5.17.).

**FIGURE 5.17.** EDUCATION LEVEL OF YOUNG PEOPLE (AGES 15–24) IN DEPENDENT EMPLOYMENT AND SELF-EMPLOYMENT (2023)

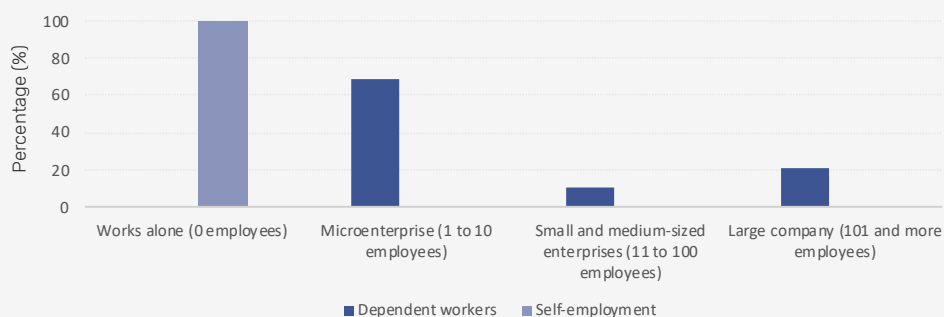


Source: EHPM 2023.

Only 20 percent of young people (dependents) work in large companies (101 or more workers). Most young people who work are working alone or in micro-enterprises (from 1 to 10 workers). This can present challenges, given that they

have a limited number of resources. In addition, smaller companies tend to be more unstable and susceptible to economic fluctuations, so their life in the market is low (Figure 5.18.).

**FIGURE 5.18.** SIZE OF COMPANY WHERE YOUNG PEOPLE (15–24 YEARS OLD) WORK IN DEPENDENT EMPLOYMENT AND SELF-EMPLOYMENT (2023)



Source: EHPM 2023.

To have a better understanding of gender differences in the labor market, we applied the Oaxaca-Blinder method of decomposition. This allows us to analyze the factors that influence gender differences. Two results are presented: the first component, or an explanatory component, finds how much of the differences in the labor market are due to observed characteristics and the second component, or a non-explanatory component, finds how much of the differences

in the labor market is due to other factors such as discrimination and other associated unknown factors.

To analyze gender gaps, the Oaxaca-Blinder decomposition was developed for three groups: (i) employed young people (Table 5.5.), (ii) dependent employed young people (Table 5.6), and (iii) young people engaged in self-employment (Table 5.7.).

If we look at all young workers, we see that there is a gap that favors males. Their average salary is higher than that of their female peers. But, as shown in the table, the part explained is negative, suggesting that women should earn even more. The unexplained part, on the other hand, shows a favoring of men.

Analysis of the two subgroups yields opposite results. Among dependent young workers, men

have, on average, a higher hourly wage than women. The gap in this case is 6 percent, but the explained part is negative (-4 percent), which suggests that women have characteristics that should be reflected in better incomes. In the group of self-employed young people, the opposite is appreciated, as women earn more per hour than men and the gap is considerable: 29 percent.

**TABLE 5.5.** OAXACA-BLINDER DECOMPOSITION RESULTS FOR YOUNG WORKERS (15 TO 24 YEARS OLD) (2023)

	Average (x)		Regression coefficients ( $\beta$ )		Component explained by characteristics $\beta_{\text{Male}} * (x_{\text{Males}} - x_{\text{Females}})$	Component not explained by characteristics ( $\beta_{\text{Male}} - \beta_{\text{Female}}) * x_{\text{Female}}$
	Males	Females	Males	Females		
Hourly labor income (USD) logarithm	0.54	0.49	—	—	—	—
Age	20.96	21.49	0.01	0.00	0.00	0.22
Years of education	9.27	10.45	0.01	0.03	-0.02	-0.15
Informal (informal = 1, otherwise = 0)	0.68	0.66	-0.42	-0.49	-0.01	0.05
Single (single = 1, otherwise = 0)	0.73	0.69	0.00	0.06	0.00	-0.04
Area of residence (urban = 1, rural = 0)	0.53	0.61	-0.02	-0.05	0.00	0.01
Constant	—	—	0.56	0.57	—	-0.01
TOTAL	—	—	—	—	-0.02	0.07
Number of observations (without weighing)	2,245	1,326	2,245	1,326	—	—
Number of observations (with weights)	245,155	146,135	245,155	146,135	—	—

Source: EHPM 2023.



**TABLE 5.6.** OAXACA-BLINDER DECOMPOSITION RESULTS FOR YOUNG WORKERS  
(15 TO 24 YEARS OLD) (2023)

	Average (x)		Regression coefficients (β)		Component explained by characteristics $\beta_{\text{Male}} * (x_{\text{Males}} - x_{\text{Females}})$	Component not explained by characteristics $(\beta_{\text{Male}} - \beta_{\text{Female}}) * x_{\text{Female}}$
	Males	Females	Males	Females		
Hourly labor income (USD) logarithm	0.61	0.55	—	—	—	—
Age	20.90	21.46	0.02	0.01	-0.01	0.36
Years of education	9.23	10.60	0.01	0.04	-0.02	-0.22
Informal (informal = 1, otherwise = 0)	0.65	0.61	-0.31	-0.42	-0.01	0.07
Single (single = 1, otherwise = 0)	0.73	0.72	-0.01	-0.01	0.00	0.00
Area of residence (urban = 1, rural = 0)	0.53	0.62	-0.09	-0.05	0.01	-0.02
Constant	—	—	0.23	0.31	—	-0.08
TOTAL	—	—	—	—	-0.04	0.10
Number of observations (without weighing)	2,039	1,138	2,039	1,138	—	—
Number of observations (with weights)	224,730	126,484	224,730	126,484	—	—

Source: EHPM 2023.

**TABLE 5.7.** OAXACA-BLINDER DECOMPOSITION RESULTS FOR YOUNG WORKERS  
(15 TO 24 YEARS OLD) SELF-EMPLOYED (2023)

	Average (x)		Regression coefficients ( $\beta$ )		Component explained by characteristics $\beta_{\text{Male}}*(x_{\text{Males-xFemales}})$	Component not explained by characteristics $(\beta_{\text{Male}}-\beta_{\text{Female}})*x_{\text{Female}}$
	Males	Females	Males	Females		
Hourly labor income (USD) logarithm	-0.25	0.04	—	—	—	—
Age	21.50	21.78	-0.05	-0.07	0.01	0.41
Years of education	9.46	9.56	0.09	0.01	-0.01	0.80
Informal (informal = 1, otherwise = 0)	0.99	1.00	-0.44	0.00	0.00	-0.44
Single (single = 1, otherwise = 0)	0.69	0.46	0.04	0.32	0.01	-0.13
Area of residence (urban = 1, rural = 0)	0.50	0.52	0.65	-0.28	-0.01	0.48
Constant	—	—	0.02	1.43	—	-1.41
TOTAL	—	—	—	—	0.00	-0.29
Number of observations (without weighing)	147	159	147	159	—	—
Number of observations (with weights)	14,892	16,722	14,892	16,722	—	—

Source: EHPM 2023.

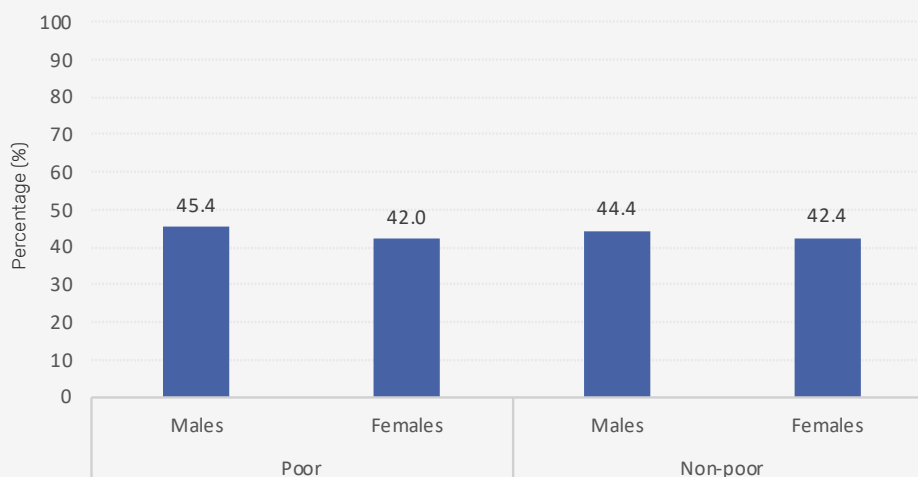
## IV.

### The homes in which young people live

In general, the well-being of the young population depends largely on the relationships they develop at home. The composition and quality of the homes in which young people live have a great influence on their development and the decisions they make, mainly in relation to access to education and the labor market. In homes, young people find the support and motivation to foster positive attitudes toward studying or to accept the responsibility that comes with a job. For this reason, it is essential to analyze the homes of young people in El Salvador and the conditions in which they find themselves.

In El Salvador, slightly less than half of young people ages 15 to 24 live in the same household with both parents. The proportion is higher for men and poor households. Households in which both parents are present are called 'traditional' and are linked to certain variables of well-being, such as greater economic stability, possibility of receiving support from both parents, and so on (Figure 5.19.).

**FIGURE 5.19.** HOUSEHOLD COMPOSITION OF YOUNG PEOPLE (15–24 YEARS OLD): PROPORTION OF YOUNG PEOPLE LIVING WITH BOTH PARENTS (2023)



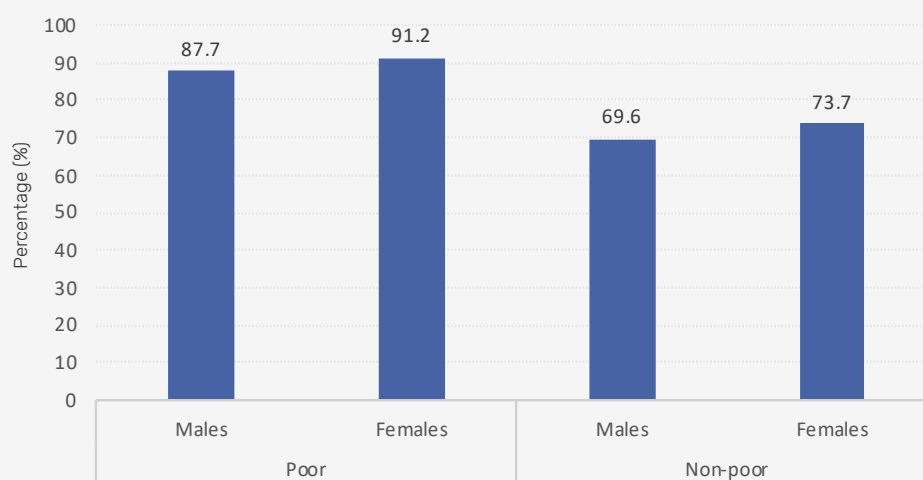
Source: EHPM 2023.

Note: Information is only available for young people who are children of the head of household. It is assumed that both parents are present when the young person is the child of the head of the household and the spouse of the head of household also lives in the household.

About 87.7 percent of young men and 91.2 percent of young women share a home with minors. This situation is especially noticeable in poor households. For young people, sharing the home with minors often means the need to take

on more responsibilities, either because they must collaborate in care tasks or because they have to generate income to maintain the level of well-being of their families (Figure 5.20.).

**FIGURE 5.20.** HOUSEHOLD COMPOSITION OF YOUNG PEOPLE (15–24 YEARS OLD): PROPORTION OF YOUNG PEOPLE LIVING IN HOUSEHOLDS WITH CHILDREN (2023)



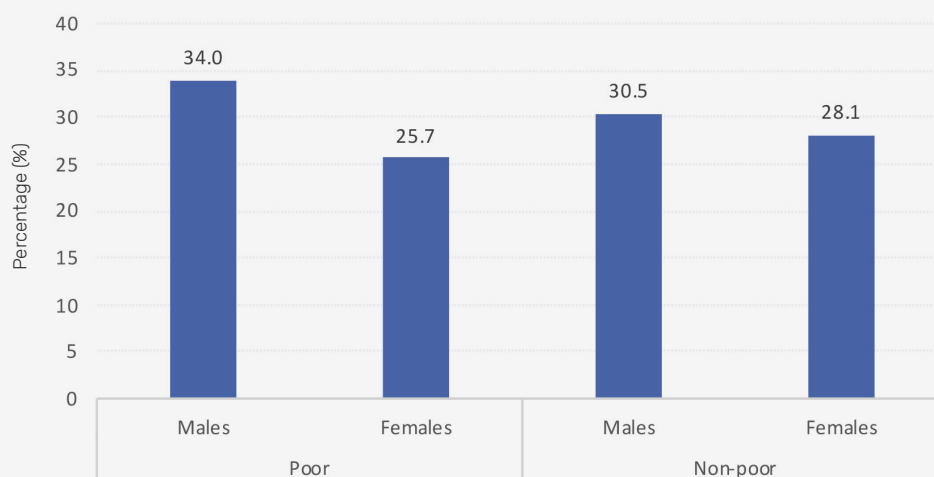
Source: EHPM 2023

Likewise, about 30 percent of young Salvadorans live in households in which there is also at least one older adult, people who have exceeded the legal retirement age in the country: 55 years for women and 60 years for men (Figure 5.21).

The effects of this circumstance depend on the specific dynamics of each household, but in general terms it can be stated that the presence

of older adults in homes can have positive impacts on the well-being of young people, to the extent that they can provide emotional support and learning opportunities. In turn, older adults can also generate greater economic pressures on households, since they are people who are no longer of productive age.

**FIGURE 5.21.** HOUSEHOLD COMPOSITION OF YOUNG PEOPLE (AGES 15–24): PROPORTION OF YOUNG PEOPLE LIVING IN HOUSEHOLDS WITH OLDER ADULTS (OF RETIREMENT AGE OR OLDER) (2023)



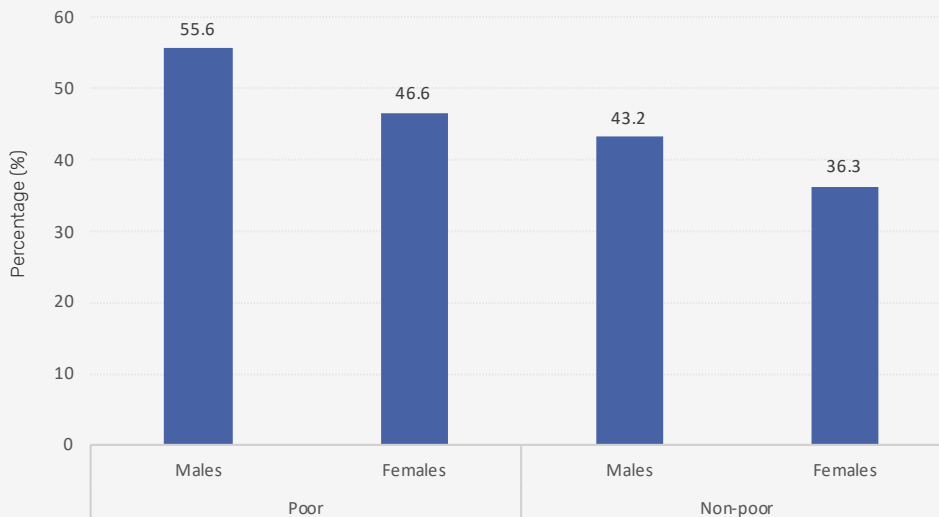
Source: EHPM 2023.

Note: To define older adults, the legal retirement age in El Salvador is taken as a reference: 60 years for men and 55 years for women.

Regarding the income of young people who are already in the labor market, the income they contribute to the household represents a significant proportion, especially in poor households. In these households, the income

of young men represents more than half of the total household income, while the income of women represents 46.6 percent. In non-poor households, in both cases they represent less than half (Figure 5.22.).

**FIGURE 5.22.** PROPORTION OF YOUNG PEOPLE'S INCOME (AGES 15–24) OF TOTAL HOUSEHOLD INCOME (2023)



Source: EHPM 2023.

Income recipients (those people who generate income for the maintenance and well-being of the household) have a determining role. In most poor households the number of recipients is between one or two, while in households considered non-poor, the number is usually

between one, two or three. As a striking fact, in the case of young women and man, more than half of the households only have one income recipient. Likewise, there is a low percentage of poor households without income earners (Table 5.8.).

**TABLE 5.8.** TOTAL INCOME EARNERS IN YOUNG PEOPLE'S HOUSEHOLDS (AGES 15-24) (2023)

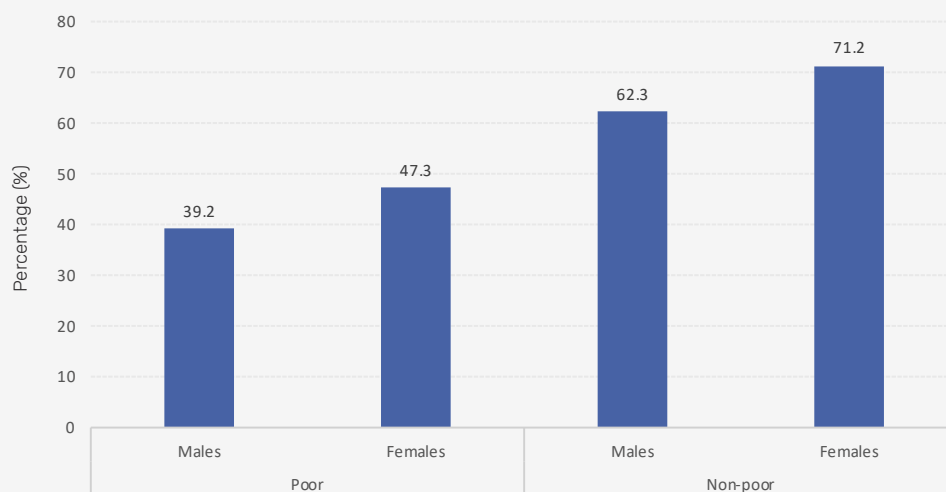
Household income earners	Poor households (%)		Non-poor households (%)	
	Males	Females	Males	Females
0	0.4	0.6	0.0	0.1
1	59.3	51.1	29.2	25.6
2	29.6	35.9	41.1	43.3
3	8.5	11.4	20.8	20.7
4	1.7	0.7	7.0	8.0
5	0.5	0.3	1.5	1.8
6	0.1	0.0	0.5	0.5
7+	0.0	0.0	0.1	0.1

Source: EHPM 2023.

Women who live in the household and are income earners have an important role in several ways. Not only do they contribute financially to the well-being of their households, but they also help reduce gender inequalities. A characteristic that distinguishes poor

households from those that are not poor in El Salvador is the presence of women who receive income: in non-poor households the presence of women who contribute economically is clearly greater, as evidenced by Figure 5.23.

**FIGURE 5.23.** PROPORTION OF YOUTH HOUSEHOLDS (AGES 15–24) WITH AT LEAST ONE FEMALE INCOME EARNER (2023)



Source: EHPM 2023.



## V.

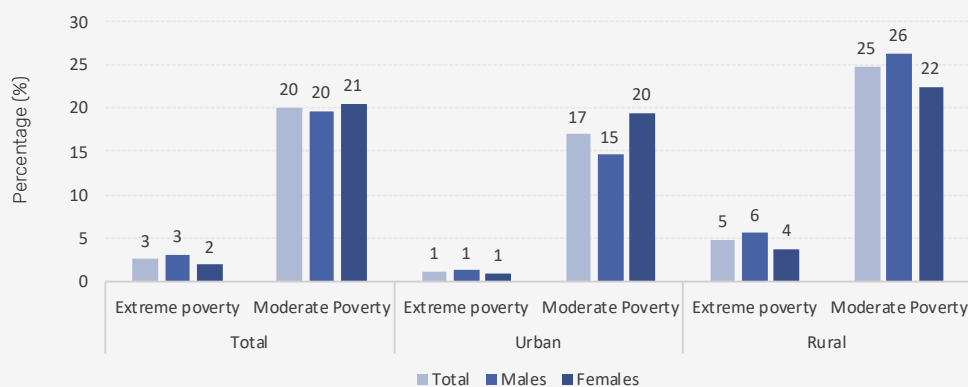
### Poverty and associated conditions

Poverty means limited access to opportunities of various kinds, such as educational, health, and employment services. But its impact goes further, because it also negatively affects emotional well-being at home and entails greater exposure to situations of risk and violence. One of these risks is intergenerational poverty—that is, their situation of poverty is perpetuated. Without access to adequate opportunities and resources, young people’s chances of being eliminated from poverty in the future are reduced.<sup>14</sup>

In El Salvador, 2 out of 10 young people live in poverty. According to the figures for 2023, the extreme poverty rate (USD 2.15) at the national level for households with young people ages 15 to 24 is 3 percent while the moderate poverty rate (from USD 2.15 to USD 6.85) reaches 20 percent (Figure 5.24).

Although poverty is a cross-cutting problem, two particularly vulnerable groups are women and those living in rural areas. Poverty rates in both groups are above average.

**FIGURE 5.24.** NATIONAL POVERTY, BY AREA AND GENDER OF HOUSEHOLDS IN WHICH AT LEAST ONE YOUNG PERSON LIVES (AGES 15–24), 2023



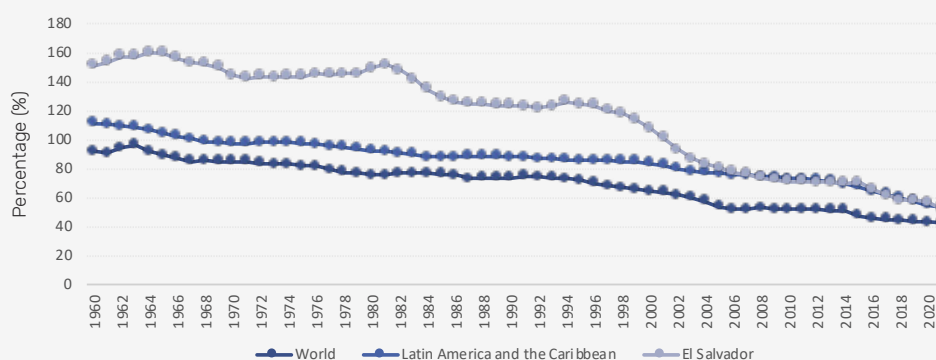
Source: EHPM 2023.

14. UNDP (2014)

Another relevant fact, due to its socioeconomic impact on the lives of young people, is the adolescent fertility rate.<sup>15</sup> As shown in Figure 5.25., El Salvador's rate has been in sharp decline in recent years, which has reached the level of Latin America and the Caribbean. Salvadoran women are having fewer children, but there are still significant numbers of young people who become mothers between the ages of 15 and 19.

A higher level of education can help reduce the adolescent fertility rate. In the region, girls with lower levels of education are more likely to have children by the age of 18 than girls with higher levels of education. In El Salvador, of the total number of women between 20 and 24 years old who have had children before the age of 18, 5.4 percent have a high level of education, while 54.1 percent only have primary education or no level at all.<sup>16</sup>

**FIGURE 5.25.** EVOLUTION OF THE ADOLESCENT FERTILITY RATE (BIRTHS PER 1,000 WOMEN AGES 15–19 YEARS) (1960–2021)



Source: World Bank data

15. World Bank (2022c)

16. World Bank (2022c)

## VI.

### Conclusions

In this note, we have presented the employment and educational situation of youth in El Salvador, paying attention to the existing gender differences.

In terms of education, the available information shows low levels of attendance and permanence in the system. A high percentage of young people are behind in their level of education or do not have the years of education they should have for their age, and the learning poverty rate remains above the levels of the region. Emphasis is placed on the case of young people who combine study with work, and it was observed that the percentage of young men in this situation has decreased considerably in the last decade. Although an analysis was carried out including various explanatory variables that help understand the reason for this trend, this was not possible. Therefore, this may be the result of the design of the survey or other characteristics that must be studied in depth.

The results of the labor market analysis, meanwhile, show that a high percentage of young people, mainly men, are active in the labor market. Although the main type of employment of young people is dependent or salaried, most of them are working informally, which puts them in a more vulnerable situation. Likewise, the salaries that young people receive for their work are relatively low. In the aggregate, the total income of young people only represents a little more than one-tenth of the country's total labor income.

On the other hand, gender gaps introduce distortions into labor markets. In the analysis carried out, emphasis was placed on gender wage gaps. It can be observed that, for general employment and dependent employment, the wage gap favors men. While, in self-employment, it favors women and is considerable (28 percent). Likewise, for all cases, it is observed that women have observable characteristics that should favor them and have a higher level of income than men.

The composition of households is a factor to be taken into account and can be decisive for young people to actively participate in the labor market or attend education. Young people who share a home with minors and/or older adults are exposed to feeling more pressure to generate income and contribute to the well-being of their households. On the other hand, the available information shows that women have an important role in household income, given that there is a high number of young people's households with women as income earners. In addition, accompaniment at home can be an incentive or motivation for young people not to abandon their studies.

In terms of poverty levels, there are no major differences between the figures for the total population and those for young people. However, in the case of young people, it is worth noting that the incidence of poverty in rural households is high, compared to urban areas.

Policy opportunities exist to strengthen youth opportunities in El Salvador. Education plays a central role: measures need to be taken to increase the number of young people attending schools, ensure that they complete their basic education studies, and make a successful transition to higher education. This, in turn, will allow them to access more and better opportunities in the labor market, including formal jobs.

To achieve these goals, policies must take into account other factors that influence young people, such as household composition and poverty levels. The fight against poverty is a cross-cutting issue that must be part of the country's policies. Giving young people access to more opportunities will prevent the problem of intergenerational poverty from deepening.

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