

ECUADOR

1. Socio-economic and perceived impacts of the coronavirus (COVID-19) pandemic

Ecuador's economy has been hit hard by the COVID-19 pandemic. In 2020, gross domestic product (GDP) contracted by more than 7%, compared to a year earlier. In 2020, based on the latest international comparable estimations the poverty rate reached 33.5%, almost ten percentage points higher than in 2019. The extreme poverty rate was 12.8%, more than five percentage points higher than a year earlier. These rates are among the highest in the Latin America and the Caribbean (LAC) region, where average poverty and extreme poverty rates were 30.9% and 10.0%, respectively, in 2020. Between March 2020 and May 2021, schools were fully closed for 39 weeks, more than the averages in LAC (26 weeks) and the Organisation for Economic Co-operation and Development (OECD) (15 weeks). Given the overall low rate of Internet use (54.1%), school closures had a negative impact on both children's education and families due to expanded care responsibility. Ecuador entered the pandemic with increasing public expenditures on health. In the last decade, they increased by 1.2 percentage points of GDP and had reached 8.3% of GDP before the crisis. This figure is higher than in LAC (6.8%) but lower than in the OECD (8.8%). However, people's perceptions of the quality of health services are negative. In 2020, just 44.3% of people declared being satisfied with health care, compared to 48.2% in LAC and 70.7% in the OECD. In 2020, 86.0% of citizens thought that the government was corrupt. This proportion is high, both compared to LAC (72.4%) and the OECD (58.8%).

2. National policies and international co-operation initiatives aimed to build forward better

Ecuador's initial response to the COVID-19 crisis was very different from the majority of LAC countries. In May 2020, the government announced a comprehensive package aimed at cutting USD 4 billion from the national budget. The measures included reducing the workday for most workers, closing or merging 10 public entities, closing 11 embassies and restructuring Ecuador's public debt. A new Humanitarian Support Law went into effect in June. The law's primary new feature is to allow work hours and salaries to be reduced by up to 50% and 45%, respectively, for two years at a time. To help firms cope with the liquidity crisis, social security payments were postponed for 90 days, and taxes were deferred for the tourism and export sectors, as well as for micro, small and medium-sized enterprises (MSMEs), between April and June. An executive decree was issued that required about 1 200 companies that recorded a profit in the first half of 2020 to pay their income tax at least five months ahead of schedule. The country's tax authority estimated that it would collect USD 280 million through the measure, to be distributed to 125 000 MSMEs affected by the pandemic. To sustain households income, the government introduced a moratorium on utility cut-offs due to lack of payment. A programme that handed out USD 60 over two months to 950 000 families earning under USD 400 per month was expanded to reach 2 million people as part of the package.

Ecuador has put in place many international co-operation initiatives to cope with the COVID-19 crisis. In September 2020, an agreement was approved for a new programme with the International Monetary Fund under the modality of Extended Fund Facility. This programme foresees a total of USD 6.5 billion, of which USD 4 billion were disbursed in 2020. Its main objectives are to protect the living conditions of people, expanding social protection coverage, while guaranteeing macroeconomic stability, with the implementation of a tax reform package, and the ordering of public spending. Other multilateral organisations provide support to the country with various loans. Resources have been committed by the World Bank, the Inter-American Development Bank and the CAF-Development Bank of Latin America. The loan amount totalled USD 2.32 billion by the end of 2020. Within the framework of COVID-19, the last phase (2020-21) of the EUROsociAL+ co-operation programme with the European Union supported the judiciary council to develop measures guaranteeing access to services for victims of gender-based violence. Additionally, the European Union launched a pilot exercise of Team Europe country roundtables to discuss how better to join forces and provide coherent EU support to COVID-19 management and recovery in the country.

	Key indicators – Ecuador ¹					
	Ecuador		LAC ²		OECD ³	
	2019	2020	2019	2020	2019	2020
Socio-environmental						
Extreme poverty ⁴	7.6	12.8	8.1	10.0	N/A	N/A
Poverty ⁵	2019	2020	2019	2020	2019	2020
	25.7	33.5	26.8	30.9	N/A	N/A
Gini index ⁶	2009	2019	2009	2019	2009	2018
	0.48	0.46	0.50	0.46	0.31	0.31
Total population in informal households by quintile, 2018 ⁷	Bottom 20%	Top 20%	Bottom 20%	Top 20%	Bottom 20%	Top 20%
	N/A	N/A	78.0	19.1	N/A	N/A
Health expenditures ⁸	2010	2017	2010	2017	2010	2017
	7.1	8.3	6.5	6.8	8.1	8.8
Out-of-pocket health expenditures ⁹	2010	2017	2010	2017	2010	2017
	47.5	39.4	35.6	34.1	20.2	20.6
Weeks of full school closure ¹⁰	03/2020-05/2021					
	39		26		15	
Effective online learning ¹¹	N/A		2018		54.1	
			2018			
Effective online learning in disadvantaged schools ¹¹	N/A		2018		48.8	
	2009	2019	2009	2019	2009	2019
Share of Internet users ¹²	24.6	54.1	29.3	67.8	68.3	85.8
	2009	2019	2009	2019	2009	2019
Number of students per computer ¹³	N/A	N/A	2.4	1.6	1.8	1.1
	2010	2019	2010	2019	2010	2019
Exposure to PM 2.5 ¹⁴	22.1	20.6	18.1	18.0	15.7	13.9
	2000-16					
% change in intact forest landscape ¹⁵	-5.7		-8.8		-6.3	
Competitiveness and innovation						
	Ecuador		LAC ²		OECD ³	
	2009	2019	2009	2019	2009	2019
Labour productivity ¹⁶	25.4	26.1	29.3	26.7	72.2	70.7
	2009	2019	2009	2019	2009	2019
High-tech exports ¹⁷	4.6	5.5	8.7	8.3	19.5	17.9
	2009	2017	2009	2017	2009	2017
R&D expenditures ¹⁸	0.4	0.4	0.4	0.4	2.4	2.5
	2009	2017	2009	2017	2009	2017
ICT patents ¹⁹	3	0	726	521	173 440	141 358
Citizens' perceptions and institutions						
	Ecuador		LAC ²		OECD ³	
	2009	2020	2009	2020	2009	2020
Citizens' perceptions of corruption in government ²⁰	80.3	86.0	72.0	72.4	67.5	58.8
	2009	2018	2009	2018	N/A	N/A
Citizens' perceptions of country governed in the interests of few ²¹	58.0	82.8	64.8	82.0	N/A	N/A
	2009	2020	2009	2020	2009	2020
Satisfaction with health care ²²	48.5	44.3	56.9	48.2	69.2	70.7
	2009	2020	2009	2020	2009	2020
Satisfaction with water quality ²³	63.7	78.6	74.8	76.0	77.9	79.4
	2010	2016	2010	2016	N/A	N/A
% of people victim of criminality ²⁴	29.1	30.6	19.6	23.8	N/A	N/A
	2021					
Rank in the Press Freedom Index ²⁵	96		82		36	
	2009-18					
Change in political polarisation ²⁶	5.6		9.6		N/A	
	2019					
SIGI index ²⁷	28.9		25.6		16.3	
Fiscal position						
	Ecuador		LAC ²		OECD ³	
	2009	2019	2009	2019	2009	2019
Total tax revenues ²⁸	15.7	20.1	20.6	22.9	31.6	33.8
	2009	2019	2009	2019	2009	2019
Share of VAT in total revenues ²⁹	33.8	30.3	25.3	27.7	19.8	20.7
	2009	2018	2009	2018	2009	2018
Social expenditures ³⁰	8.1	9.0	11.3	11.4	21.0	19.7

Sources, footnotes and technical details can be found at the end of the country notes.

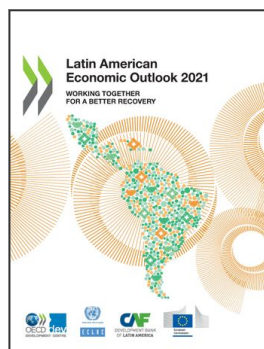
Technical notes

1. As best as possible, the table follows the key areas identified in *Latin American Economic Outlook 2021*: i) socio-environmental aspects; ii) economic competitiveness and innovation; iii) citizens' perceptions and institutions; and iv) fiscal position.
2. Latin America and the Caribbean (LAC) average is a simple average of the largest set of LAC countries for which data are available in the latest year.
3. Organisation for Economic Co-operation and Development (OECD) average is a simple average that includes all OECD member countries as of May 2021.
4. Data refer to the definition of extreme poverty as specified by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC, 2021^[1]), *Social Panorama of Latin America 2020*. www.cepal.org/sites/default/files/publication/files/46688/S2100149_en.pdf. Data for 2020 refer to an estimate based on 2019 data, as specified in Annex I.A2 of (ECLAC, 2021). Projections are based on 2017 data for Chile, 2014 for Guatemala and 2018 for Mexico. Applying the same criteria as in previous LEO editions, data selection prioritizes comparability across LAC countries and shows the latest comparable data available at the report's publication date.
5. Data refer to the definition of poverty as specified by (ECLAC, 2021^[1]), *Social Panorama of Latin America 2020*, www.cepal.org/sites/default/files/publication/files/46688/S2100149_en.pdf. Data for 2020 refer to an estimate based on 2019 data, as specified in Annex I.A2 of ECLAC (2021). Projections are based on 2017 data for Chile, 2014 for Guatemala and 2018 for Mexico. Applying the same criteria as in previous LEO editions, data selection prioritizes comparability across LAC countries and shows the latest comparable data available at the report's publication date.
6. Data for LAC from ECLAC, CEPALSTAT | Databases and Statistical Publications, <https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=3289&idioma=i>. Data for Chile refer to 2017, instead of 2019, data for Guatemala refers to 2014.
7. Data for the OECD from OECD Income Distribution Database, www.oecd.org/social/income-distribution-database.htm.
8. Indicator provides the distribution of the total population living in informal households by quintile. An informal household has all of its workers in informal work. Quintiles are based on monthly total household consumption or income. The source of this indicator is the OECD Key Indicators of Informality based on Individuals and their Households database, https://stats.oecd.org/Index.aspx?DataSetCode=KIIBIH_B5.
9. Health expenditures as % of gross domestic product (GDP). Data from OECD (2020), *Health at a Glance: Latin America and the Caribbean*. Share of current expenditure on health. Data are from OECD (2020), *Health at a Glance: Latin America and the Caribbean*.
10. Data from UNESCO, <https://en.unesco.org/covid19/educationresponse#schoolclosures>.
11. Data from OECD et al. (2020), *Latin American Economic Outlook 2020*, www.oecd.org/publications/latin-american-economic-outlook-20725140.htm.
12. Data from International Telecommunication Union (2020), www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx.
13. Data from OECD et al. (2020), *Latin American Economic Outlook 2020*, www.oecd.org/publications/latin-american-economic-outlook-20725140.htm.
14. $\mu\text{g}/\text{m}^3$. Data refer to population exposure to more than 10 micrograms/ m^3 and are expressed as annual averages. Data from OECD, <https://data.oecd.org/air/air-pollution-exposure.htm>.
15. Data from OECD, https://stats.oecd.org/Index.aspx?DataSetCode=INTACT_FOREST_LANDSCAPES.
16. Output per employed person as % of United States 2019 output per person employed. Data from the Conference Board, <https://conference-board.org/data/economydatabase/total-economy-database-productivity>.
17. High-technology exports as % of manufactured exports. Data from The World Bank, <https://data.worldbank.org/indicator/TX.VAL.TECH.MF.ZS>.
18. Research and development expenditure as % of GDP. Data from The World Bank, <https://data.worldbank.org/indicator/GB.XPD.RSDV.GD.ZS>.
19. IP5 Patent families. Data from OECD, https://stats.oecd.org/Index.aspx?DataSetCode=PATS_IPC.
20. Percentage of people who think that the government is corrupt. "Is corruption widespread throughout the government in (this country), or not?" Data from Gallup 2021.
21. Percentage of people who think that the country is governed in the interests of few. "En términos generales ¿diría usted que (país) está gobernado por unos cuantos grupos poderosos en su propio beneficio, o que está gobernado para el bien de todo el pueblo?" Data from Latinobarómetro, 2020.
22. Percentage of people who think that the health care is of good quality. "In your city of area where you live, are you satisfied or dissatisfied with the availability of quality health care?" Data from Gallup 2021.

23. Percentage of people who think that the water is of good quality. “In your city or area where you live, are you satisfied or dissatisfied with the quality of water?” Data from Gallup 2021.
24. Percentage of people who are victim of criminality, “have you been a victim of any type of crime in the past 12 months?” Data from Latin American Public Opinion Project, www.vanderbilt.edu/lapop/data-access.php.
25. Data from RFS, Reporters without Borders, https://rsf.org/en/ranking_table.
26. Percentage of people who declare being left or right on a 1-10 scale (1=left, 10 = right). “In politics, it is normal to refer to left and right. On a scale where 0 is the left and 10 is the right, where would you place yourself?” Data from Latinobarómetro, 2020.
27. Data from OECD, www.genderindex.org/ranking/.
28. Revenues as % of GDP. Data from OECD et al. (2021), *Revenue Statistics in Latin America and the Caribbean* (2021).
29. Value added taxes as % of total revenues. Data from OECD et al. (2021), *Revenue Statistics in Latin America and the Caribbean* (2021).
30. Social protection expenditures as % of GDP. Data from OECD and ECLAC.

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