

ECUADOR

1. Recent trends

Poverty in Ecuador was 25.7% in 2022, above the Latin America and the Caribbean (LAC) average of 24.1%. Extreme poverty fell from 7.5% in 2016 to 6.9% in 2022, below the LAC average (8.3%). The Gini index was 45.8 in 2021, remaining above the LAC average (44.8). Regarding investment and production transformation indicators, total investment in Ecuador decreased from 25.1% of GDP in 2016 to 21.3% in 2022. In the same period, total regional investment increased on average from 20.8% to 21.3%. Notably, in parallel, private investment rose sharply, from 13.1% of GDP to 17.8%, rising above the LAC average (15.8% in 2019). Ecuador's labour productivity, compared to output per employed person in the United States, decreased from 20.5% in 2016 to 18.2% in 2023, falling further below the LAC average of 27.1% in 2023. The share of exports of high-tech products in total exported manufactured goods was 4.8% in 2021, well below the LAC average (7.2%). Positive perceptions of foreign direct investment (FDI), which declined across the LAC region, dropped sharply in Ecuador, from 83.9% in 2016 to 48.3% in 2020. The country's tax revenue decreased slightly, from 19.9% of GDP in 2016 to 19.4% in 2021 (below 21.5% as the LAC average). Environment-related tax revenues remained low and almost unchanged, at 0.4% of GDP in 2016 and 0.3% in 2021.

2. Long-term policies to promote investment and production transformation

Ecuador has made significant efforts **to attract and mobilise high-quality investment**, focusing mainly on simplifying, facilitating and optimising investment processes. It established a National System for Investment Attraction and Facilitation aiming to: reduce the time, costs and procedures for private investment; improve the effectiveness of actions to attract and promote investment; and better manage and evaluate the implementation of investment projects. Since 2021, Ecuador has also implemented a One-Stop Investment Window that offers investors a single channel to manage the necessary permits and authorisations to start operations quickly and transparently. In line with these efforts, Executive Decree No. 68 of 2021 declares as priority public policies the efforts to facilitate trade and production, and to simplify procedures and the country's Competitiveness Agenda.

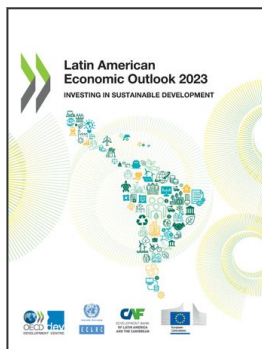
To advance an inclusive and sustainable production model, Ecuador has focused its Opportunity Creation Plan for 2021-25 on five fundamental axes: economic, social, comprehensive security, environmental and institutional. The plan has an estimated total investment of more than USD 14 billion. In 2021, the Technical Secretariat for Public-Private Partnerships and Delegated Management was established, along with regulation for public-private partnerships (PPPs). This entity co-ordinates and articulates inter-institutional actions to attract, facilitate, materialise and maintain private investments, focused on the generation of infrastructure and provision of public services through various modalities of delegated management. **To strengthen the energy sector**, Ecuador designed an Electricity Master Plan 2020-31. As of 2022, six hydroelectric, one wind and one photovoltaic projects were under implementation, while nine additional projects are due to be operational by 2024. In terms of climate change mitigation, in June 2023, Ecuador issued the Technical regulation establishing the greenhouse gas emissions compensation scheme in Ecuador, which aims to reduce emissions and increase the removal of greenhouse gases.

In terms of **regional and international partnerships** to support the attraction of quality investments, Ecuador has established collaborative initiatives with partners both within and beyond LAC. **Within** the region, Ecuador's Public-Private Investment Secretariat signed an Inter-Institutional Co-operation Framework Agreement for the period 2023-25 with Peru's Private Investment Promotion Agency (Proinversión). The agreement aims to promote co-operation, exchange of experiences and mutual assistance between the institutions, with a special focus on the transfer of knowledge related to PPPs. **Beyond** LAC, Ecuador is a member of Euroclima, the European Union's flagship programme to promote green action in LAC countries. The EU-LAC Global Gateway Investment Agenda can further strengthen efforts to promote sustainable development and both local and international investments. Some specific ongoing projects on climate and energy are: "A green deal for Ecuador" promoting actions and institutional frameworks to implement low-carbon and climate mitigation projects at the subnational level; supporting the development of a green bond market; strengthening regional energy integration in the Andean region, particularly electricity transmission infrastructure between Ecuador and Peru; and the *Ukumari* EU-Ecuador Forest Partnership to promote sustainable use of forest biodiversity, agroforestry and forest recovery, including the protection of the *Galápagos* reserve.

| | Key indicators – Ecuador | | | | | |
|--|--------------------------|---------|---------|---------|---------|---------|
| | Ecuador | | LAC | | OECD | |
| | 2016 | 2022 | 2016 | 2022 | 2016 | 2022 |
| Social | | | | | | |
| Extreme poverty | 7.5 | 6.9 | 8.1 | 8.3 | N/A | N/A |
| Poverty | 24.3 | 25.7 | 25.9 | 24.1 | N/A | N/A |
| | 2016 | 2021 | 2016 | 2021 | 2016 | 2021 |
| Share of internet users (% of population) | 54.1 | 76.2 | 54.5 | 74.2 | 81.8 | 89.6 |
| | 2016 | 2021 | 2016 | 2021 | 2016 | 2020 |
| Gini index | 45.0 | 45.8 | 46.3 | 44.8 | 34.1 | 33.6 |
| | 2009 | 2021 | 2009 | 2021 | 2009 | 2021 |
| Share of total population in informal households (%) | N/A | N/A | 44.2 | 46.8 | N/A | N/A |
| Share of total population in informal households, upper-income quintile (%) | N/A | N/A | 23.9 | 21.3 | N/A | N/A |
| Share of total population in informal households, lower-income quintile (%) | N/A | N/A | 77.6 | 78.2 | N/A | N/A |
| | 2019 | 2023 | 2019 | 2023 | 2019 | 2023 |
| SIGI index | 28.9 | 17.0 | 25.4 | 21.6 | 17.5 | 15.3 |
| | 2015 | 2018 | 2015 | 2018 | 2015 | 2018 |
| PISA score in science | N/A | N/A | 411 | 407 | 489 | 487 |
| Productivity and innovation | | | | | | |
| | 2016 | 2023 | 2016 | 2023 | 2016 | 2023 |
| Labour productivity (% of the United States) | 20.5 | 18.2 | 29.3 | 27.1 | 70.0 | 68.5 |
| | 2016 | 2021 | 2016 | 2021 | 2016 | 2021 |
| High-tech exports (% of manufactured exports) | 9.2 | 4.8 | 8.4 | 7.2 | 16.5 | 16.0 |
| | 2016 | 2019 | 2016 | 2019 | 2016 | 2019 |
| R&D expenditures (% of GDP) | N/A | N/A | 0.3 | 0.4 | 1.8 | 2.0 |
| Investment and production transformation | | | | | | |
| | 2016 | 2022 | 2016 | 2022 | 2016 | 2022 |
| Total investment, gross fixed capital formation (% of GDP) | 25.1 | 21.3 | 20.8 | 21.3 | 21.9 | 22.8 |
| Foreign direct investment (FDI), net capital inflow (% of GDP) | 0.8 | 0.7 | 4.4 | 4.6 | 6.8 | 3.5 |
| | 2016 | 2019 | 2016 | 2019 | 2016 | 2019 |
| Private investment (% of GDP) | 13.1 | 17.8 | 16.1 | 15.8 | 18.2 | 18.8 |
| | 2016 | 2021 | 2016 | 2021 | 2016 | 2021 |
| Public investment in economic infrastructure (% of GDP) | 2.9 | 0.3 | 2.3 | 1.6 | N/A | N/A |
| Citizens' perceptions and institutions | | | | | | |
| | 2016 | 2020 | 2016 | 2020 | 2016 | 2020 |
| Share of population who perceive FDI as beneficial (%) | 83.9 | 48.3 | 70.9 | 53.9 | N/A | N/A |
| | 2018 | 2020 | 2018 | 2020 | 2018 | 2020 |
| Share of population who consider that, in general, domestic products are of lower quality than imported ones (%) (agreeing or strongly agreeing) | 51.4 | 45.8 | 44.6 | 42.7 | N/A | N/A |
| | 2016 | 2022 | 2016 | 2022 | 2016 | 2022 |
| Corruption Perception Index (score on a scale of 0 [highly corrupt] to 100 [totally clean]) | 31.0 | 36.0 | 41.2 | 40.6 | 67.3 | 66.3 |
| Security risks indicator (score from 0 [low security risks] to 10 [high security risks]) | 6.5 | 5.6 | 5.9 | 5.6 | 2.8 | 2.6 |
| | 2010-14 | 2017-22 | 2010-14 | 2017-22 | 2010-14 | 2017-22 |
| Belief that science and technology will create more opportunities for the next generation (score on a scale from 1 [strongly disagree] to 10 [strongly agree]) | 7.3 | 7.0 | 7.3 | 7.2 | 7.6 | 7.2 |
| Share of population who worry (very much or a great deal) about not being able to provide a good education for their children (%) | 78.0 | 80.0 | 75.4 | 74.0 | 49.8 | 41.4 |
| Fiscal position | | | | | | |
| | 2016 | 2021 | 2016 | 2021 | 2016 | 2021 |
| Total tax revenues (% of GDP) | 19.9 | 19.4 | 22.0 | 21.5 | 33.6 | 34.1 |
| Environmentally related tax revenue (% of GDP) | 0.4 | 0.3 | 1.1 | 0.9 | 2.4 | 2.0 |
| Share of VAT (% GDP) | 6.0 | 6.2 | 5.9 | 6.1 | 6.6 | 7.0 |
| Share of PIT (% GDP) | N/A | N/A | 2.0 | 2.0 | 7.8 | 8.3 |
| Share of CIT (% of GDP) | N/A | N/A | 3.2 | 3.4 | 2.9 | 3.1 |
| Debt service (% of total tax revenue) | 7.7 | 6.7 | 11.3 | 12.3 | 5.4 | 5.3 |
| Social expenditure (% of GDP) | 8.8 | 11.0 | 11.3 | 13.3 | 20.1 | 22.0 |
| | 2016 | 2020 | 2016 | 2020 | 2016 | 2019 |
| Perception of tax evasion (%) | N/A | 27.9 | N/A | 27.3 | N/A | N/A |

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

StatLink  <https://stat.link/h4ukiw>



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