



Socioeconomic inequality in Ecuador

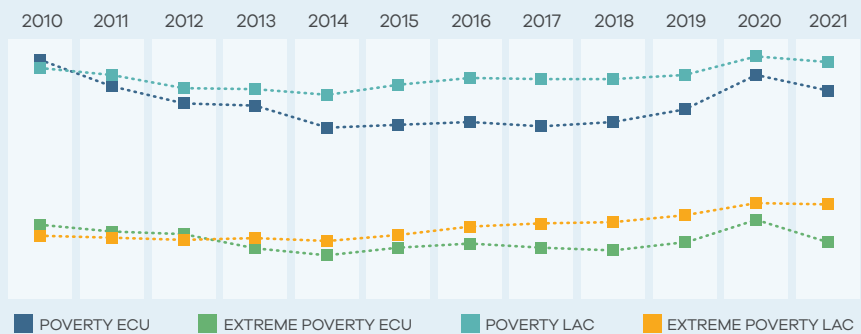
In 2020, socioeconomic inequality in Ecuador gained substantial importance and relevance.

According to the World Bank, 30.6 % of the Ecuadorian population lived in poverty and 10.8 % in extreme poverty, while the Gini coefficient recorded a value of 0.45, indicating high income disparity. The country also ranked 86th on the Human Development Index worldwide, stressing the need to address existing gaps in education, health and income levels in order to foster more equitable and sustainable development. Although in 2021 poverty in Ecuador was reduced compared to 2020 and is lower than the regional average, there is a setback that places poverty close to 2011 levels (World Bank, 2021).

Graph 1
Poverty and extreme poverty percentages vs. income in Ecuador and LAC

	POVERTY 2021	EXTREME POVERTY 2021
ECUADOR	28.5 %	7.6 %
LAC	32.3 %	12.9 %

Source: CEPALSTAT (2022).



1. Inequality in several societal spheres



1.1. Employment inequality

In recent years, Ecuador has faced inequality in employment and social protection. According to the International Labor Organization (ILO), the unemployment rate in 2020¹ stood at 8.1 %, affecting the youth in particular. Although this figure was reduced to 4.8 % by 2021, inequality was observed in terms of

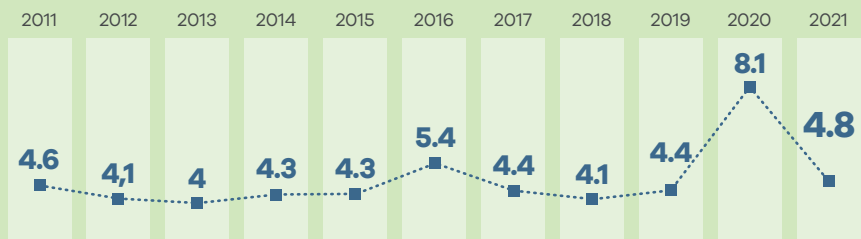
access to social protection, since it was estimated that more than 40 % of workers were part of the informal economy, and had limited access to social security in the same year. Moreover, only 47.9 % of the population was covered by at least one social protection benefit (contributory or non-contributory).

These disparities highlight the need to

PROMOTE POLICIES that encourage the creation of formal jobs, improve working conditions and guarantee social protection for all workers (International Labor Organization, 2022).

Graph 2
Unemployment rate in Ecuador

Source: ILO (2022).



¹Includes hidden unemployment.

1.2. Health inequality

DURING 2020, ECUADOR REGISTERED

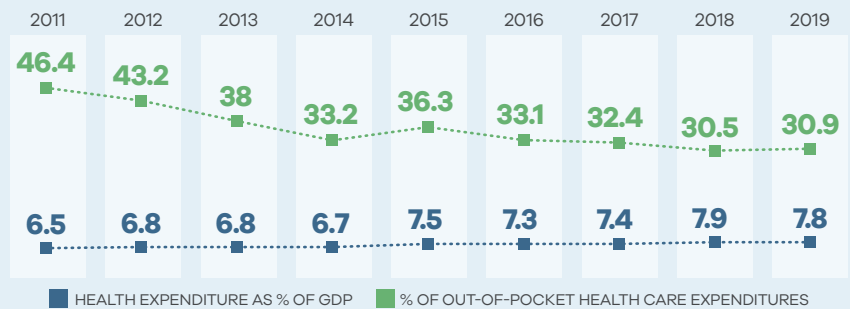
23% of children under age five with chronic malnutrition. Rural areas are the most affected by this problem.

35 out of every 1,000 pregnant women are between ages 15 and 17. This reality not only has an impact on the health of teenage girls and their children, but also on their educational and employment futures.

This data reflects the urgent need to improve access to health care. It is clear that the State's action is still insufficient, even though public spending on health as a percentage of GDP stood at 7.8 % in 2019. This is also observed in the fact that out-of-pocket spending on health care for Ecuadorians is 31 % of total expenses on this item. This is

consistent with ECLAC (2021) figures indicating that households in the region on average cover more than a third of health care financing with out-of-pocket payments. This implies that a significant percentage of the population covers catastrophic expenses and may even fall into poverty because of it.

Graph 3
Health spending as a percentage of GDP and % of out-of-pocket health care spending



Source: INEC (2023).

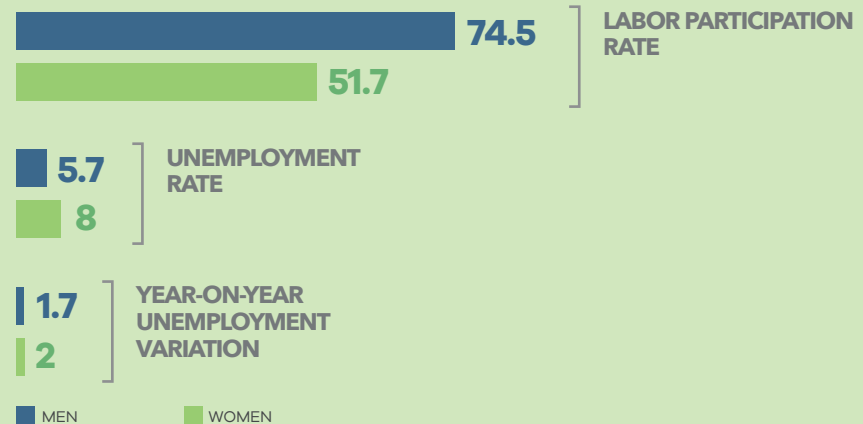
1.3. Inequality and the COVID-19 pandemic

The COVID-19 pandemic has exacerbated inequality among vulnerable populations in Ecuador. According to the World Bank (2023), informal workers, women, youth and indigenous communities are the

most affected groups. The ECLAC's 2021 report shows that an estimated 70 % of women suffered a decrease in income and an increased burden of unpaid work during the pandemic in Ecuador (CEPAL, 2021). Also,

there was an increase in the youth unemployment rate, reaching 31 % in the 15 to 24 age group. This data illustrates the unequal impact that the pandemic had on women and the youth, exacerbating existing gaps.

Graph 4
Labor market indicators by gender for 2020



Source: ECLAC (2021).

2. Civil society's contributions to equity

In view of the situation of inequality in Ecuador, there are innovative initiatives arising from civil society for inequality reduction and construction of equity. Some of these initiatives are:

SOCCER FOR DEVELOPMENT



Project implemented by Foundation of the Americas - Fudela for 20 years in

12 PROVINCES of Ecuador.

The project seeks to improve living conditions of teenagers and youth struggling with education and lack of opportunities.

Through the creative, inclusive and dynamic use of soccer and other channels, the project strengthens soft skills' development, fosters leadership and promotes job placement. Through innovative methods, sports activities and social plans, Fudela raises awareness and collaborate with other stakeholders to improve the beneficiaries' living conditions, prevent risks and promote the good use of free time. With a focus on education, the project seeks to empower participants, especially women.

TEENAGE PREGNANCY FREE ZONE



GUARANDA, COLTA AND GUAMOTE

There has been a

40% & 50%

reduction in teenage pregnancies between 2016 and 2018.

This is a project implemented by International Plan - Ecuador as of 2016, with the aim of reducing pregnancy in girls and teenagers, sexual violence and support the consolidation of their life projects.

This comprehensive initiative addresses the complex problems faced by girls and teenagers regarding their sexual and reproductive rights, especially in communities with indigenous populations. To date, results have been so encouraging that the project has been replicated in other countries such as Paraguay and El Salvador. In addition, there was a 40 % and 50 % reduction in teenage pregnancies as a result of the project in Guaranda, Colta, and Guamote between 2016 and 2018. These results show how a comprehensive approach can change the course of young women's lives and their families, providing new opportunities.

LEARNING COMMUNITIES



BENEFITS

47 000

Students

1 900

Teachers

135 000

Families

This is a project implemented by FARO since 2017, seeking to transform education, improve academic performance and promote cohabitation in the educational community.

Significant results have been achieved through the Learning Communities Model, such as an 83 % reduction in school absenteeism for involved institutions, a 75 % increase in family participation and a 92 % decrease in school dropout rates. By benefiting over 47,000 students, 1,900 teachers and 135,000 families, more than 19,000 successful educational actions have been achieved. The project has been incorporated into the Ministry of Education's Single and Multiple Teacher Models and has demonstrated how innovation can positively influence communities and the quality of education.

To learn more about these and other initiatives, review the full research here.



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