

Quito, December 14, 2022

ECUADOR SUCCESSFULLY COMPLETES IMF PROGRAM

The economic policy of President Lasso administration is delivering positive results. For the first time in decades, **Ecuador has completed the Extended Fund Facility (EFF)** agreement with the International Monetary Fund (IMF), which has enabled Ecuador's economic recovery and development. With the support of multilateral organizations, the country has been able to strengthen fiscal and debt sustainability, boost the economic performance and expand the coverage of social assistance programs:

- In 2020, before reaching an agreement with the IMF, only 3 out of 10 vulnerable households received social assistance (cash transfers) in Ecuador. Now, **8 out of 10 vulnerable families have access to these benefits.**
- For next year, the **largest social investment in history** has been considered in the Central Government Budget: **US\$ 15.2 billion.**
- **The fiscal deficit has been reduced from 7% of GDP in 2020 to 2.7% of GDP this year,** putting a halt to the aggressive public indebtedness to which the country was subjected in past years.
- **The level of public debt is decreasing** from 64% of GDP in 2020, to 59% of GDP in 2021, and this year it will be reduced further to 57%. By 2023 it is expected to be 55% of GDP.
- Ecuador has **strengthened fiscal transparency and long past due debts were paid,** such as those of the social security IESS (pending since 2011), social security of the Army ISSFA (since 2020), local governments (since 2015), and retirement incentives (since 2008).
- **Dollarization is stronger and continues to provide economic stability.** In 2020, international reserves were US\$ 2.5 billion, insufficient to protect citizens' deposits. Currently, reserves amount to US\$ 8.5 billion and guarantee their full coverage.
- Dollarization has been also strengthened by **guaranteeing the Central Bank autonomy,** eliminating the possibility of using reserves to finance public spending, which was irresponsibly done before.
- **Inflation in Ecuador continues to be among the lowest in the world, and the IMF has estimated an economic growth of 2.7% for the country in 2023, which is above the average in the region (1.7%).**

The Ministry Pablo Arosemena has pointed out that the success of the last revision of the program provides assurance that the country will continue to have the **financial support of multilateral organizations,** under the best possible conditions, which are the main sources of financing for the Central Government Budget in 2023.

Ecuador's 27-month EFF agreement was approved by the IMF Executive Board on September 2020, allowing access equivalent to US\$ 6.5 billion, which includes the final US\$ 700 million disbursement approved today.